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TIAN CHANG GROUP HOLDINGS LTD.

天長集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2182)

**MAJOR TRANSACTION
CONSTRUCTION AGREEMENT IN RELATION TO
THE CONSTRUCTION OF FACTORY PREMISES AND
STAFF QUARTERS**

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 3 to 10 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholders’ approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

26 October 2019

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Blocks”, each a “Block”	the six factory buildings, three blocks of staff quarters, one ancillary house and one gate to be constructed and built on the Land under the Construction Agreement
“Board”	the board of Directors
“Certified Value”	value of constructions under the Construction Agreement, as certified by the competent supervisory authority and a qualified valuation organisation, save in the case of piling works, in which case shall be the value of construction as calculated based on the total length of the piles driven into the ground
“Company”	Tian Chang Group Holdings Ltd. (天長集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 2182)
“Consideration”	the total consideration payable by Huizhou Sun Leader to Shenzhen Junye under the Construction Agreement, being RMB120 million (approximately HK\$132.8 million)
“Construction Agreement”	the agreement dated 8 October 2019 entered into between Huizhou Sun Leader and Shenzhen Junye in respect of the construction of the Factory Premises and the Staff Quarters on the Land together with a maintenance warranty agreement on housing construction engineering for an aggregate consideration of RMB120 million
“Director(s)”	director(s) of the Company
“Factory Premises”	the factory premises to be constructed on the Land, with a total construction area of 56,739.96 sq. metres and comprising six factory buildings
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Huizhou Sun Leader”	Sun Leader Mould Industrial (Huizhou) Limited* (新利達模具實業(惠州)有限公司), a company established in the PRC on 27 June 2011 and an indirect wholly-owned subsidiary of the Company
“Land”	the piece of land located at No. 2, Xingye East Road, Dongjiang Hi-Tech Industrial Park, Zhongkai Hi-tech District, Huizhou City, the PRC
“Latest Practicable Date”	23 October 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Performance Deposit”	RMB5 million paid to Huizhou Sun Leader by Shenzhen Junye for the purpose of securing Shenzhen Junye’s obligations and liabilities under the Construction Agreement
“PET”	polyester fibre
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Shenzhen Junye”	Shenzhen Junye Construction and Engineering Company Limited* (深圳駿業建築工程有限公司), a company established in the PRC on 19 July 2006
“Staff Quarters”	the staff quarters to be constructed on the Land, with a total construction area of 19,399.56 sq. metres and comprising three blocks of staff quarters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

The translations between RMB and HK\$ throughout this circular are based on the exchange rate of HK\$1.00 to RMB0.90404 and are provided for information purposes only.

* For identification purpose only

LETTER FROM THE BOARD



TIAN CHANG GROUP HOLDINGS LTD. **天長集團控股有限公司**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2182)

Executive Directors:

Mr. Chan Tsan Lam (*Chief executive officer
and Chairman*)

Ms. Poon Po Han Lisa

Ms. Chan Yin Yan

Registered office in the Cayman Islands:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Mr. Ng Chi Wai

Mr. Hung Chun Leung

Mr. Chan Bing Kai

*Headquarters and principal place of
business in Hong Kong:*

Workshop Unit 6

13th Floor, Block B

Hoi Luen Industrial Centre

55 Hoi Yuen Road

Kwun Tong

Hong Kong

26 October 2019

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION **CONSTRUCTION AGREEMENT IN RELATION TO** **THE CONSTRUCTION OF FACTORY PREMISES AND** **STAFF QUARTERS**

INTRODUCTION

Reference is made to the announcement of the Company dated 8 October 2019 in relation to the entering of a construction agreement dated 8 October 2019 between Huizhou Sun Leader and Shenzhen Junye in respect of the construction of the Factory Premises and the Staff Quarters on the Land for an aggregate consideration of RMB120 million.

The purpose of this circular is to provide you with, among other things, further information on the Construction Agreement and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE CONSTRUCTION AGREEMENT

Set out below is a summary of the principal terms of the Construction Agreement:

- Date:** 8 October 2019
- Parties:**
- (a) Huizhou Sun Leader as the client; and
 - (b) Shenzhen Junye as the contractor
- Subject matter:** Shenzhen Junye shall be responsible for:
- (a) the construction and engineering works of the Factory Premises, the Staff Quarters and ancillary facilities, including piling, foundation and renovation works;
 - (b) ancillary outdoor construction and engineering works on the Land; and
 - (c) maintenance of constructions for a period ranging from one year to five years, depending on the type of constructions.
- Consideration:** RMB120 million (approximately HK\$132.8 million), tax inclusive and comprising the following:
- (a) approximately RMB5.9 million (approximately HK\$6.5 million) for piling works (the “**Piling Cost**”);
 - (b) approximately RMB33.7 million (approximately HK\$37.3 million) for the construction of the Staff Quarters (the “**Staff Quarters Cost**”);
 - (c) approximately RMB70.3 million (approximately HK\$77.9 million) for the construction of the Factory Premises;
 - (d) approximately RMB4.0 million (approximately HK\$4.4 million) for the construction of an ancillary house;

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(e) approximately RMB0.3 million (approximately HK\$0.3 million) for the construction of a gate; and

(f) approximately RMB5.8 million (approximately HK\$6.4 million) for the ancillary construction works.

Construction commencement date: within seven days from the date of the Construction Agreement

Construction Period: 460 days, commencing from the date of the Construction Agreement to the date of completion inspection by Huizhou Sun Leader upon filing of construction completion report

Consideration Adjustment and Payment Terms

The Consideration may be adjusted downwards if the Certified Value of constructions under the Construction Agreement is less than RMB120 million. In such case, the Consideration shall be adjusted to an amount equivalent to the total Certified Value.

Assuming no adjustment takes place, the Consideration payable by Huizhou Sun Leader shall be RMB120 million (approximately HK\$132.8 million) and shall be paid as follows:

- (1) RMB5.6 million (approximately HK\$6.2 million), representing 95% of the Piling Cost, shall be paid within 15 working days upon the passing of inspection of the piling construction works and the handover of passing inspection reports;
- (2) RMB3.4 million (approximately HK\$3.7 million), representing 10% of the Staff Quarters Cost, shall be paid within 15 working days upon completion of flooring works of the ground floors of all the Staff Quarters;
- (3) RMB3.5 million (approximately HK\$3.9 million), representing 10% of the total cost of construction of three designated factory buildings, shall be paid within 15 working days upon completion of flooring works of the ground floors of such factory buildings;
- (4) RMB3.5 million (approximately HK\$3.9 million), representing 10% of the total cost of construction of the remaining three factory buildings, shall be paid within 15 working days upon completion of flooring works of the ground floors of such factory buildings;
- (5) within 15 working days of completion of construction of three floors of each factory building, 10% of the total cost of construction of such factory building;
- (6) within 15 working days of completion of construction of four floors of each staff quarter, 10% of the total cost of construction of such staff quarter;

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- (7) within 15 working days of roof sealing of each Block, 10% of the total cost of construction of such Block;
- (8) within 15 working days of the passing of completion inspection of each Block, 15% of the total cost of construction of such Block;
- (9) within 15 working days of completion of renovation work, façade, doors and windows work and removal of scaffolding of each Block, 25% of the total cost of construction of such Block;
- (10) within 30 working days of completion inspection of all construction works under the Construction Agreement, 95% of the Consideration less any payment that has already been made; and
- (11) RMB6 million (approximately HK\$6.6 million), representing the remaining 5% of the Consideration, shall be withheld as retention money which shall be released in the following manner:
 - (a) 3% within 15 working days of the 2nd anniversary of completion inspection of all construction works; and
 - (b) 2% within 15 working days of the expiry of the five-year quality assurance period, subject to the completion of rectification of any defects and passing of inspection.

Basis of Consideration

The Consideration was arrived at from a tender process whereby invitation to bid for the construction of the Factory Premises and the Staff Quarters on the Land was solicited by Huizhou Sun Leader and the tender submitted by Shenzhen Junye was considered the most appropriate after taking into account the tender price and payment terms, as well as Shenzhen Junye's background, capacity, qualifications and experiences. Accordingly, the Directors consider that the Consideration is fair and reasonable.

The Consideration will be satisfied by the internal resources of the Group.

Performance Deposit

Shenzhen Junye shall pay to Huizhou Sun Leader RMB5 million prior to the signing of the Construction Agreement to secure Shenzhen Junye's due performance of its obligations under the Construction Agreement. This Performance Deposit shall be repaid to Shenzhen Junye in full without interest under the following circumstances:

- (1) where no breach of the Construction Agreement has been committed by Shenzhen Junye up to two months after completion inspection of all construction works under the Construction Agreement;

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- (2) where, due to reasons attributable to Huizhou Sun Leader, the constructions works cannot commence within three months from the date of the Construction Agreement;
or
- (3) where, due to reasons attributable to Huizhou Sun Leader, there is a delay of the construction beyond the construction period under the Construction Agreement.

As at the date of this circular, Huizhou Sun Leader has received full payment of the Performance Deposit.

INFORMATION ON THE GROUP AND SHENZHEN JUNYE

The Group

The Group is principally engaged in (a) mould design and fabrication services, as well as plastic component design and manufacturing services; and (b) manufacturing and sales of e-cigarettes products.

Shenzhen Junye

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, Shenzhen Junye is principally engaged in the business of buildings construction and holds the relevant construction qualifications as required under the laws of the PRC for the construction works it undertakes under the Construction Agreement, including, but not limited to, Second Grade Main Contractor for Construction Works (建築工程施工總承包貳級), Third Grade Professional Contractor for Foundation Construction Works (地基基礎工程專業承包叁級), Third Grade Professional Contractor for Steel Structure Construction Works (鋼結構工程專業承包叁級) and Second Grade Professional Contractor for Construction Renovation and Decoration Works (建築裝修裝飾工程專業承包貳級). The Directors believe that Shenzhen Junye is qualified under the relevant laws of the PRC to undertake the construction works under the Construction Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shenzhen Junye and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules). As at the date of this circular, Shenzhen Junye is owned as to 94.45% by Mr. Lin Hu (林湖) and 5.55% by Mr. Wu Yaqin (吳亞勤). Mr. Lin Hu is also the legal representative, general manager and executive director of Shenzhen Junye while Mr. Wu Yaqin is the supervisor of Shenzhen Junye.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT

As disclosed in the annual report of the Company for the year ended 31 December 2018 and the interim report of the Company for the six months ended 30 June 2019, the Group has planned to further expand its production capacity by addition of highly automated machineries to prepare for the continuous growth in the orders of new products from existing customers, as well as to accommodate the growth of the Group's operations. Under such plan, the Company intended to construct new factory premises with a total floor area of approximately 78,000 sq. metres to accommodate such new machines and the expansion of the Group's business. The entering into of the Construction Agreement is in line with the Company's business plan, under which the construction of the new factory premises is expected to commence in the second half of 2019.

The planned construction area of the new Factory Premises and the Staff Quarters are 56,739.96 sq.metres and 19,399.56 sq.metres respectively. New highly automated machineries will occupy the major part of the floor area in the Factory Premises, with the rest being planned for showroom, laboratory for research, development and quality control, and warehouse storage use.

The highly automated machineries to be located in the Factory Premises are more advanced models which require less manpower per machine unit, and will enable the Group to achieve higher precision standard and lower raw material wastage during its production process. These machineries will be deployed for the production of new production orders from existing customers, including plastic products not currently manufactured by the Group, PET products, new models of e-cigarette products and their accessories.

The table below illustrates the Group's production capacity as at 30 June 2019 and its expected production capacity after the expansion.

	PET products manufacturing	Plastic components manufacturing	E-cigarette product manufacturing
Production capacity – 30 June 2019			
Number of key equipment	1	278	35
Estimated annual production capacity (hours)	4,147	1,152,922	145,152
Planned additions			
Number of key equipment	1	60	20
Estimated annual production capacity (hours)	4,147	248,832	82,944
Total after completion			
Number of key equipment	2	338	55
Estimated annual production capacity (hours)	8,294	1,401,754	228,096

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Notes:

1. The production capacity hours is estimated by multiplying the number of machines by the theoretical maximum operating time of each machine.
2. Theoretical maximum operating time of equipment is calculated on the basis of 18 hours a day, 24 working days a month and 80% of the time as active time.

Since the new Factory Premises is located in the Group's production site where no staff quarter is available, the construction of the Staff Quarters will provide convenience for the Group's production workers. It will also be more appealing to candidates who wish to join the Group.

The construction of Factory Premises and Staff Quarters are expected to be completed by 10 January 2021, about 460 days from the commencement date of the Construction Agreement.

FINANCIAL EFFECTS OF THE CONSTRUCTION AGREEMENT ON THE GROUP

The Consideration is RMB120 million (approximately HK\$132.8 million). The Factory Premises and Staff Quarters to be constructed on the Land will be used for housing our production lines and provision of accommodation for our staff members, respectively. The Consideration will be satisfied by the internal resources of the Group.

The Company considers that there will not be any material effect on the earnings of the Group immediately after the execution of the Construction Agreement. Since the Consideration is expected to be funded by the Group's internal resources, after full payment of the Consideration, the cash and cash equivalents of the Group will be decreased and the property, plant and equipment will be increased by approximately RMB120 million (approximately HK\$132.8 million). The total assets and total liabilities will have no significant change.

LISTING RULES IMPLICATIONS

In respect of the Construction Agreement, as one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules exceed 25% but are all less than 100%, the transaction contemplated under the Construction Agreement constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Construction Agreement in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Oceanic Green Group Limited, New Strength Ventures Limited, Gold Alliance Ventures Limited and Treasure Line Holdings Limited, which together are beneficially interested in an aggregate of 373,395,000 Shares, representing approximately 60.2% of the entire issued share capital of the Company as at the date of this circular. Each of Oceanic Green

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Group Limited, New Strength Ventures Limited, Gold Alliance Ventures Limited and Treasure Line Holdings Limited is wholly owned by Mr. Chan Tsan Lam, an executive Director, Chairman and chief executive officer of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Shareholders has any material interest in the transactions under the Construction Agreement and no Shareholder is required to abstain from voting if an extraordinary general meeting were to be convened for the approval of the Construction Agreement. As such, since written approval has been obtained pursuant to Rule 14.44 of the Listing Rules, no extraordinary general meeting will be convened for the purpose of approving the Construction Agreement as permitted under Rule 14.44 of the Listing Rules.

RECOMMENDATIONS

The Directors, including the independent non-executive Directors, consider that while the entering into of the Construction Agreement is not in the ordinary and usual course of business of the Group, the Construction Agreement was entered into upon normal commercial terms following arm's length negotiations between the parties and that the terms of the Construction Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. If a general meeting were to be convened for the approval of the Construction Agreement, the Board would recommend its shareholders to vote in favour of the resolution to approve the Construction Agreement at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

By Order of the Board
TIAN CHANG GROUP HOLDINGS LTD.
Chan Tsan Lam
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019 are disclosed in the prospectus of the Company, annual reports of the Company for the years ended 31 December 2017 and 2018 and the interim report of the Company for the six months ended 30 June 2019, respectively, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hktcgroup.com):

- the prospectus of the Company dated 14 February 2018 which was published on 14 February 2018 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0214/ltn20180214007.pdf>), please refer to Appendix I thereto in particular;
- the annual report 2017 of the Company for the year ended 31 December 2017 which was published on 26 April 2018 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn20180426081.pdf>), please refer to pages 35 to 104 in particular;
- the annual report 2018 of the Company for the year ended 31 December 2018 which was published on 25 April 2019 (the “**Annual Report 2018**”, available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn20190425805.pdf>), please refer to pages 58 to 156 in particular; and
- the interim report 2019 of the Company for the six months ended 30 June 2019 which was published on 27 September 2019 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0927/ltn20190927183.pdf>), please refer to pages 21 to 68 in particular.

2. INDEBTEDNESS STATEMENT

As at 31 August 2019, the indebtedness of the Group primarily included loans and facilities from banks, lease liabilities and payables for construction in progress.

The following table sets forth the indebtedness as at 31 August 2019:

	<i>HK\$'000</i> <i>(unaudited)</i>
Current	
Interest-bearing borrowings	113,798
Lease liabilities	23,999
Payables for construction in progress	12,863
	<hr/>
	150,660
	<hr/>

	<i>HK\$'000</i> <i>(unaudited)</i>
Non-current	
Lease liabilities	35,221
Payables for construction in progress	12,584
	<u>47,805</u>
	<u><u>198,465</u></u>

All of the interest-bearing borrowings are secured. The assets securing interest-bearing borrowings include buildings and the right-of-use assets in respect of the prepaid land lease payments, key management insurance contracts, certain trade receivables in connection with factoring arrangements and certain machinery and equipment. The lease liabilities are secured by the lessors' charge over the leased assets. As at 31 August 2019, the carrying amount of the leased assets was HK\$86.9 million.

The following table sets forth the maturity profile of the borrowings as at 31 August 2019:

	<i>HK\$'000</i> <i>(unaudited)</i>
Within one year	150,660
One year to five years	47,805
	<u>198,465</u>

As at 31 August 2019, being the latest practicable date for the preparation of the indebtedness statement, the Group had total bank facilities of HK\$211.5 million, of which HK\$131.3 million were unutilised and can be drawn down.

As at 31 August 2019, being the latest practicable date for the preparation of the indebtedness statement prior to the printing of this circular, all of the bank facilities were either secured or guaranteed.

Save as aforesaid or otherwise disclosed herein, as at the Latest Practicable Date, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, whether guaranteed, unguaranteed, secured or unsecured.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

4. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

During the first half of 2019, the Group recorded a significant growth in revenue, both in the integrated plastic solutions segment and the e-cigarette products manufacturing segment. Such growths were primarily attributable to increases in sales to the Group's major customers and sales of new model e-cigarettes.

To prepare for the continuous growth from orders of new products from existing customers, the Group plans to further expand its production capacity by addition of highly automated machineries and construction of new factory premises in the remaining land area in Huizhou during the second half of 2019. Construction is expected to commence in the third quarter of 2019. The new factory premises will have a total floor area of approximately 78,000 sq. metres, which comprises staff quarters and workshops for the Group's new automated production line.

The Group also endeavours to mitigate business risks by maintaining a balanced and diversified customer base by offering integrated plastic solutions to customers from different industries. Through maintaining and utilising long-established relationships with a diverse range of internationally recognised and industry leading players, it is expected that the Group will be able to explore new products and potential customers for future business development.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO were as follows:

Interests in the Company

Name of Director	Capacity	Number of ordinary Shares held/interested (L) ^(Note 1)	Approximate percentage of shareholding
Mr. Chan Tsan Lam ^(Note 2)	Interest of a controlled corporation	373,395,000	60.2%

Notes:

- The letter “L” denotes the person’s long position in such Shares.
- These shares are held by Oceanic Green Group Limited (“**Oceanic Green**”), New Strength Ventures Limited (“**New Strength**”), Gold Alliance Ventures Limited (“**Gold Alliance**”) and Treasure Line Holdings Limited (“**Treasure Line**”), all of which are wholly owned by Mr. Chan Tsan Lam. By virtue of the SFO, Mr. Chan Tsan Lam is deemed to be interested in the shares held by Oceanic Green, New Strength, Gold Alliance and Treasure Line.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests and short positions of the Shareholders in the shares and underlying shares of the Company

As at the Latest Practicable Date, so far as it is known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests or short positions in Shares or underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares held/ interested (L) ^(Note 1)	Approximate percentage of shareholding
Oceanic Green ^(Note 2)	Beneficial Owner	127,100,000	20.5%
New Strength ^(Note 2)	Beneficial Owner	127,100,000	20.5%
Gold Alliance ^(Note 2)	Beneficial Owner	94,395,000	15.2%
New Straits Ventures Limited ^(Note 4)	Beneficial Owner	79,205,000	12.8%
Treasure Line ^(Note 2)	Beneficial Owner	24,800,000	4.0%
Ms. Fung Suk Yee May ^(Note 3)	Interest of Spouse	373,395,000	60.2%
Mr. Cheng Chak ^(Note 4)	Interest of a controlled corporation	79,205,000	12.8%
Ms. Chong Po Lin Pauline ^(Note 5)	Interest of Spouse	79,205,000	12.8%

Notes:

- The letter "L" denotes the person's long position in such Shares.
- Each of Oceanic Green, New Strength, Gold Alliance and Treasure Line, is wholly-owned by Mr. Chan Tsan Lam, who is therefore deemed to be interested in all the shares of the Company held by each of Oceanic Green, New Strength, Gold Alliance and Treasure Line.
- Ms. Fung Suk Yee May is the spouse of Mr. Chan Tsan Lam. Therefore, she is deemed to be interested in the shares of the Company in which Mr. Chan Tsan Lam is interested for the purpose of the SFO.
- New Straits Ventures Limited is wholly owned by Mr. Cheng Chak. By virtue of the SFO, Mr. Cheng Chak is deemed to be interested in the shares of the Company held by New Straits Ventures Limited.
- Ms. Chong Po Lin Pauline is the spouse of Mr. Cheng Chak. Therefore, she is deemed to be interested in the shares of the Company in which Mr. Cheng Chak is interested for the purpose of the SFO.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than Directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, save for Mr. Chan Tsan Lam, being the director of each of Oceanic Green, New Strength, Gold Alliance and Treasure Line, no Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholders or its/his/her respective close associates (as defined under the Listing Rules) was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors, the controlling Shareholders or his or her close associates were appointed to represent the interests of the Company and/or the Group.

4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, save as disclosed in the Annual Report 2018,

- (a) none of the Directors were materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed in section headed "Appendix VI Statutory and General Information – 2. Further information about our business – 2.1 Summary of material contracts" to the Company's prospectus dated 14 February 2018, the following are contracts entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material or of significance:

- (a) The International Underwriting Agreement (as defined in the prospectus of the Company); and
- (b) the Construction Agreement.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with our Company pursuant to which each of them has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date (as defined in the prospectus of the Company) subject to termination in certain circumstances as stipulated in the relevant service contracts.

Each of our independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date (as defined in the prospectus of the Company). Save for the directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration for holding their respective offices.

Save as disclosed aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any member of our Group other than contracts expiring or determinable by member of our Group within one year without payment of compensation (other than statutory compensation).

8. MATERIAL ACQUISITION

Since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the Group have been made up, and up to the Latest Practicable Date, no member of the Group had acquired, or agreed to acquire, or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the auditors' report or next published audited consolidated financial statements of the Group.

9. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (b) The Cayman Islands principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The Company's headquarters and principal place of business in Hong Kong is at Workshop Unit 6, 13th Floor, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Hong Kong.

- (e) The company secretary of the Company is Ms. Poon Po Han Lisa, who is a fellow member of the Association of Chartered Certified Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and an Associate of The Institute of Chartered Secretaries and Administrators.
- (f) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Workshop Unit 6, 13th Floor, Block B, Hoi Luen Industrial Centre, 55 Hoi Yuen Road, Kwun Tong, Hong Kong for a period of 14 days commencing from the date of this circular:

- (a) the memorandum of association of the Company and the Articles of Association;
- (b) the material contracts referred to in the section headed “Material contracts” in this appendix;
- (c) the annual reports of the Company for the two financial years ended 31 December 2017 and 2018, respectively;
- (d) the interim report of the Company for the six months ended 30 June 2019; and
- (e) this circular.