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If you have sold or transferred all your securities in **Twintek Investment Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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Twintek Investment Holdings Limited

乙德投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6182)

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION RELATING
TO ACQUISITION OF A PROPERTY HOLDING COMPANY**

AND

(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Capitalised terms used on this cover shall have the same meanings as those defined in this circular unless the context requires otherwise.

A notice convening the EGM of the Company to be held at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on 19 October 2020, is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

22 September 2020

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DEFINITIONS

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

“Acquisition”	the acquisition of the Target Company by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement;
“Announcement”	the announcement of the Company dated 27 August 2020 in relation to the Acquisition;
“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended or supplemented from time to time;
“Company”	Twintek Investment Holdings Limited (乙德投資控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on 19 October 2020 at 10:30 a.m. for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Acquisition;
“Group”	the Company and its subsidiaries;

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“Helios”	Helios Enterprise Holding Limited, a company incorporated in the British Virgin Islands with limited liability and being directly held as to 70% by Mr. Lo and 30% by Ms. Fung. Helios in turn directly owns 73.5% of the total issued share capital of the Company as at the Latest Practicable Date;
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders as to the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser”	Alpha Financial Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition;
“Independent Shareholders”	Shareholders who are not interested or involved in the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules);
“Independent Valuer”	Jones Lang LaSalle Limited, the independent property valuer appointed by the Company for the purpose of the valuation of the Property;
“Latest Practicable Date”	16 September 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange commenced from 17 January 2018;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mortgage Loan”	the mortgage loan owed by the Target Company to an independent financial institution in respect of the Property;
“Mr. Lo”	Mr. Lo Wing Cheung, an executive Director, the chairman of the Board, the chief executive officer, a Controlling Shareholder of the Company and the spouse of Ms. Fung;
“Ms. Fung”	Ms. Fung Pik Mei, an executive Director, a Controlling Shareholder of the Company and the spouse of Mr. Lo;
“Net Proceeds”	the net proceeds raised from the Listing by the Company;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Property”	Unit No. 06 and storeroom on 8th Floor, Eastern Centre, 1065 King’s Road, Quarry Bay, Hong Kong
“Prospectus”	the prospectus of the Company dated 29 December 2017 relating to its Listing;
“Purchaser”	Fortuna Enterprise Holding Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 27 August 2020 entered into between the Purchaser and the Vendors in relation to the Acquisition;
“Sale Shares”	the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“SME-FRS”	the Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Target Company”	Sun Warm Holding Company Limited (新旺控股有限公司), a company incorporated in Hong Kong with limited liability on 3 December 2003;
“Vendors”	Mr. Lo and Ms. Fung;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent



Twintek Investment Holdings Limited

乙德投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6182)

Executive Directors:

Mr. LO Wing Cheung (*Chairman*)

Ms. FUNG Pik Mei

Non-Executive Director:

Mr. WAN Ho Yin

Independent non-executive Directors:

Mr. SHU Wa Tung Laurence

Mr. TAM Wai Tak Victor

Mr. TAM Wing Lok

Registered office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

22 September 2020

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED AND DISCLOSEABLE TRANSACTION RELATING
TO ACQUISITION OF A PROPERTY HOLDING COMPANY
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement of the Company dated 27 August 2020 in respect of the Acquisition.

On 27 August 2020 (after trading hours), the Purchaser (being a direct wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to purchase the Sale Shares and the Vendors have agreed to sell the Sale Shares at a consideration of HK\$32,300,000.

The Acquisition constitutes a connected and discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with: (a) further details of the Acquisition; (b) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition; (c) a letter of advice from the

LETTER FROM THE BOARD

Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; (d) the valuation report relating to the Property; and (e) the notice of EGM and the form of proxy.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date

27 August 2020

Parties to the Sale and Purchase Agreement

Purchaser: Fortuna Enterprise Holding Limited, a direct wholly-owned subsidiary of the Company

Vendors: Mr. Lo and Ms. Fung, each of whom directly holds 50% of the total issued shares of the Target Company

Asset to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, being the entire issued share capital of the Target Company. The main asset of the Target Company is the Property, which is Unit No. 06 and storeroom on 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong and currently used as office, workshop and warehouse by the Group. As at the Latest Practicable Date, the Target Company owed the Mortgage Loan granted by an independent financial institution which is intended to be repaid in full at Completion.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

Consideration

The consideration for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement is HK\$32,300,000, which shall be adjusted downward by a sum equivalent to the total of (i) loan principal instalment repayment and (ii) accrued interests payment made by the Target Company in connection with the Mortgage Loan after the signing of the Sale and Purchase Agreement and up to the date of the Completion. As at the Latest Practicable Date, the outstanding principal amount of the Mortgage Loan amounted to approximately HK\$8,595,000. The total monthly payment made by the Target Company in connection with the Mortgage Loan (including loan principal instalment repayment and interests payment) is approximately HK\$48,000.

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The consideration (after adjustment) (the “**Adjusted Consideration**”) shall be paid and satisfied by the Purchaser in cash by instalments as below:

- (i) At Completion, 60% of the Adjusted Consideration shall be payable in the following manner:
 - (a) such subsisting amount due in connection with the Mortgage Loan as of the date of the Completion shall be payable to the independent financial institution which granted the Mortgage Loan for the release thereof (the “**Mortgage Release Amount**”); and
 - (b) such remaining amount after deducting the Mortgage Release Amount shall be payable to the Vendors.
- (ii) Within two months after Completion, 40% of the Adjusted Consideration shall be payable to the Vendors.

Conditions precedent

Completion is conditional upon the fulfilment or, where permitted, the waiver of the following conditions:

- (i) the Independent Shareholders having approved the Acquisition and the transactions contemplated under the Sale and Purchase Agreement;
- (ii) the Purchaser having completed and satisfied with the results of due diligence on the Target Company (including but not limited to its financial condition) and the Property;
- (iii) the Vendors having proved that it has good title to the Sale Shares free from all encumbrances;
- (iv) the good title of the Property having been proved;
- (v) all necessary consents, waivers and authorization required for the purposes of the transactions contemplated under the Sale and Purchase Agreement under any existing contractual arrangements or relevant documentation having been obtained;
- (vi) all authorizations, consents and approvals of relevant governmental or regulatory authorities which the Purchaser reasonably considers necessary or required for the purposes of the transactions contemplated under the Sale and Purchase Agreement having been obtained;
- (vii) the Purchaser being satisfied that the representations, warranties and undertaking given by the Vendors under the Sale and Purchase Agreement shall remain true and accurate up to the date of the Completion and not misleading in any respect;

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- (viii) the Purchaser being satisfied that the Vendors shall have duly complied with and performed all terms and conditions of the Sale and Purchase Agreement in all respects on or before Completion; and
- (ix) such other documentary evidence as the Purchaser may reasonably require for proof of the due and complete fulfilment of the conditions.

As at the Latest Practicable Date, none of the above conditions had been fulfilled or waived. The conditions set out in paragraphs (i) and (v) above cannot be waived by any parties. The Purchaser may at its discretion waive any of the conditions set out in paragraphs (ii) to (iv) and (vi) to (ix). As at the Latest Practicable Date, the Purchaser has no intention to waive such conditions. If any of the conditions set out above has not been satisfied or waived, by the day falling six months after the date of the Sale and Purchase Agreement (or such other date as the parties may agree in writing), the Purchaser may terminate the Sale and Purchase Agreement in which case obligations of parties in relation to Completion shall cease.

Indemnity

The Vendors agreed to indemnify the Purchaser against any costs, expenses and losses which the Purchaser may suffer from breach of obligations, responsibilities, warranties or undertakings on part of the Vendors under the Sale and Purchase Agreement and against any liabilities in relation to taxation of the Target Company incurred prior to the Completion.

Completion

Completion shall take place on the next business day following the date on which all the conditions to the Completion are fulfilled, or if permitted, waived (or such other date and time as the parties to the Sale and Purchase Agreement may agree in writing).

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is an investment holding company which holds the Property. The Property is Unit No. 06 and storeroom on 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong. The market value of the Property as at 31 July 2020 appraised by the Independent Valuer is HK\$32,300,000. Please refer to the valuation report contained in Appendix I to this circular for further details of the Property.

Since 2007, the Group has been leasing the Property from the Target Company for use as the Group's office, workshop and warehouse in Hong Kong. The prevailing annual rental paid by the Group to the Target Company amounted to HK\$936,000.

LETTER FROM THE BOARD

Set out below is the financial information of the Target Company extracted from its audited financial statements prepared in accordance with SME-FRS for the years ended 31 March 2019 and 2020 respectively:

	For the year ended	
	31 March	
	2019	2020
	(audited)	(audited)
	(HK\$'000)	(HK\$'000)
Total revenue	936	936
Net loss before taxation	2,384	591
Net loss after taxation	2,423	630

The Target Company, being a private company incorporated in Hong Kong, is qualified to prepare its audited financial statements in accordance with SME-FRS under the Companies Ordinance. In accordance with SME-FRS, the Property was classified as property, plant and equipment which was carried at its cost less accumulated depreciation and any accumulated impairment losses in the audited financial statements of the Target Company. Based on the audited financial statements of the Target Company, its audited total asset value and the net liability as at 31 March 2020 as reported in accordance with SME-FRS were approximately HK\$6,489,000 and approximately HK\$2,367,000 respectively. If HKFRS were adopted, the Property would be recognised as investment property of which the value stated in the financial statements would be carried at its fair value. The total asset value and the net asset value of the Target Company as shown in its management account as at 31 July 2020 prepared in accordance with HKFRS were approximately HK\$32,441,000 and approximately HK\$18,442,000 respectively. The liabilities of the Target Company as at 31 July 2020 mainly comprised the subsisting amount due in connection with the Mortgage Loan, and deferred tax liability arising from fair value appreciation gain of the Property recognised solely for compliance with relevant accounting principles under HKFRS. The Property was acquired by the Target Company in 2006 at approximately HK\$7,134,000.

BASIS OF CONSIDERATION, FINANCING OF PAYMENT BY THE GROUP AND POSSIBLE CHANGE IN USE OF PROCEED

The consideration of HK\$32,300,000 was determined after arm's length negotiations between the parties involved in the Acquisition after taking into account relevant factors, including (i) the market value of the Property of HK\$32,300,000 as at 31 July 2020 appraised by the Independent Valuer; (ii) the assets and liabilities of the Target Company as shown in its management account as at 31 July 2020 prepared in accordance with HKFRS; and (iii) the transaction price for sale and purchase of comparable properties in the proximate area.

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The Acquisition is proposed to be financed by the Net Proceeds raised from the Listing of the Company in January 2018 which has been allocated for acquisition of a property as disclosed in the Prospectus. That portion of the Net Proceeds was originally slated for the acquisition of a property intended for the Group's expansion purposes. As stated in the Prospectus, the Group had preliminarily identified six potential acquisition targets. The Property was not one of the targets and the Group had no intention of acquiring the Property at the time of Listing, as it was already leasing and operating out of the Property and its plan at that time was to acquire an additional property that would serve to increase its operation capacity. For further details of the original planned use of Net Proceeds, please refer to the section headed "Future Plans and Use of Proceeds" of the Prospectus. Reference is also made to the announcement of the Company dated 10 August 2020 in which it was disclosed that the unutilised Net Proceeds as of the said date amounted to approximately HK\$36.8 million, representing approximately 38.2% of the Net Proceeds. The status of such utilisation remains unchanged as at the Latest Practicable Date. Out of such unutilised Net Proceeds, approximately HK\$29.9 million, representing approximately 31.0% of the Net Proceeds has been planned for acquiring a property as warehouse, workshop and showroom of the Group as so disclosed in the Prospectus. Subject to the approval of the Acquisition by the Independent Shareholders at the EGM, the said Net Proceeds of approximately HK\$29.9 million will be applied to finance the Acquisition. Since the Property currently in use has already been renovated and the information technology and project management systems there have already been upgraded in February 2018 and they are still in good condition, it is considered that refurbishment of offices and upgrading of the information technology and project management systems are no longer necessary. Therefore, if the Acquisition is approved by the Independent Shareholders at the EGM, the remaining consideration of approximately HK\$2,400,000 (i.e. HK\$32,300,000 — HK\$29,900,000) is proposed to be financed by the Net Proceeds originally allocated for refurbishment of the offices (approximately HK\$1.2 million) and upgrading the information technology and project management systems (approximately HK\$1.2 million). The remaining unutilised Net Proceeds of approximately HK\$1.6 million originally allocated for upgrading information technology and project management systems will be, after the Independent Shareholders having approved the Acquisition at

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the EGM, re-allocated for expanding capacity to undertake more projects by the Group. As a result of such proposed re-allocation, the unutilised Net Proceeds are intended to be used in the following manner:

Planned use of Net Proceeds (as disclosed in the Prospectus)	Application of Net Proceeds pursuant to allocation disclosed in the Prospectus <i>HK\$ million</i>	Utilised Net Proceeds up to the Latest Practicable Date <i>HK\$ million</i>	Unutilised Net Proceeds up to the Latest Practicable Date <i>HK\$ million</i>	Possible change in use of unutilised Net Proceeds <i>HK\$ million</i>
Acquiring a property as a warehouse, workshop and showroom	29.9	—	29.9	32.3
Repayment of bank borrowings	27.8	27.8	—	—
Expanding capacity to undertake more projects	14.0	14.0	—	1.6
Expanding and strengthening the manpower	7.4	4.5	2.9	2.9
Refurbishment of the offices	5.1	3.9	1.2	—
Upgrading the information technology and project management systems	2.8	—	2.8	—
General working capital	9.4	9.4	—	—
Total	96.4	59.6	36.8	36.8

The property planned to be acquired, as disclosed in the Prospectus, aimed to enhance operation capacity of the Group to cope with the then expected growing demand in the building materials industry and allow the Group to keep building materials to meet ad hoc and/or urgent needs from customers. The Group is a building materials contractor providing building materials and the relevant installation services mainly in Hong Kong. Since the Listing of the Company in January 2018, it has been striving to develop and expand its business by undertaking more projects and strengthening the manpower of the Group. The construction market in Hong Kong has however been largely and inevitably influenced by macroeconomic conditions since around late 2018. The global economy has become increasingly fragile and uncertain following the escalation of the business tensions around the world. The outbreak of the COVID-19 pandemic in early 2020 has further devastated the business environment leading to historic economic downturn in Hong Kong. Amid the challenging market conditions, the Company adopts and maintains a prudent approach in its operation scale expansion.

As disclosed in the annual report of the Company in respect of year ended 31 March 2020, the Group had considered potential acquisition of certain properties which would be financed by the Net Proceeds but yet to identify suitable target during the relevant financial year. The Group has been closely monitoring the property market and identifying suitable acquisition target since Listing. While Hong Kong, as an open economy, is facing challenges under macroeconomic conditions, the property market in Hong Kong has hit record high over the years. It is believed that the recent plunge in the property market

LETTER FROM THE BOARD

represents an opportunity for the Group to make the acquisition. It is further believed that the proposed acquisition of the Property currently occupied by the Group instead of another new property would synchronize with the Group's business strategy under the prevailing market in adopting prudent approach in its operation scale expansion.

As disclosed in the Prospectus, at the time of Listing, the Group had recently purchased Unit 805 (“**Unit 805**”) of the building in which the Property is located and was leasing the Property as well as Unit 801 (“**Unit 801**”) of the same building. The Group vacated Unit 801 upon the expiry of its lease and subsequently leased Unit 803A (“**Unit 803A**”) of the same building. As a result, the Property currently sits adjacent to a self-owned property (Unit 805) and a leased property (Unit 803A) of the Group, which are located next to the Property on the same floor of the building and used as office, showroom and warehouse under the management of the Group. Given the proximity of the three units and the fact that the Group has no plans to relocate from the Property which is already fully furnished and functional, the proposed Acquisition would enable the Group to achieve optimal efficiency in its operations and save renovation and outfitting expenses that it would otherwise incur as well as rental costs in the long run.

As stated above, at the time of Listing, the Group had plans to expand its operation capacity, which it had hoped to achieve by applying a portion of the Net Proceeds towards the acquisition of an additional property. As the Group would not be able to realize its expansion plans through the acquisition of the Property it was already occupying, it had no intention at the time of Listing to alter the rental arrangement. However, as stated above, given recent macroeconomic developments had stymied the growth of the Group's industry and led to an unprecedented economic downturn, the Group has decided to take a more prudent approach to expansion, with which its original plan to acquire an additional property no longer aligns. In addition, given the recent dip in the Hong Kong property market and the fact that the Group has not been able to identify a suitable target since its Listing despite continuous efforts in doing so, the Group considers this an opportune time to acquire the Property, which together with the two adjacent units and the rest of the Group's property portfolio, the Group believes to be adequate for its current purposes.

The proposed usage of the Net Proceeds for the Acquisition would also be in line with planned use of the Net Proceeds allocated for acquisition of property as disclosed in the Prospectus. As to the proposed re-allocated use of the unutilised Net Proceeds shown in the table above, the Board has considered that such re-allocation will not have any material adverse impact on the business and operations of the Group. In particular, the re-allocation of approximately HK\$1.6 million for project undertaking by the Group is believed to enable the Group to capture business opportunity which can further generate additional revenue to the Group. The unutilised Net Proceeds will be applied as proposed in the table above after the Independent Shareholders having considered and, if thought fit, approved, the Acquisition at the EGM.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

It is believed the recent shrinking property market in Hong Kong offers an opportunity for property acquisition by the Group which has been long planned and as so disclosed in the Prospectus. The Group has been endeavouring to identify suitable acquisition target amid the shrinking property market and considering prospective terms and conditions under potential acquisitions during the process. The payment terms for the consideration under the Acquisition, including no deposit payable by the Group prior to Completion and the consideration only to be fully settled by the Group within two months after Completion represent transaction terms which are more favourable than the terms normally offered by other Independent Third Parties in general and thereby enabling the Group to apply its financial resources in a more flexible way.

It is also believed that purchase of the Property which is currently occupied by the Group can minimize the Group's overall operation and rental costs in long run and enhance its operational efficiency and stability. As illustrated in the Prospectus, purchase of a property is believed to be more beneficial in long run in such a way that estimated depreciation charges related to owned property would be lower than the estimated costs of leasing.

In addition, acquiring the Target Company can strengthen the Group's asset base available for mortgage or as loan collateral, which can enable the Group to obtain more preferential terms from banks for financing arrangements for its operation where necessary.

The Directors (including the members of the Independent Board Committee who have expressed their view after receiving the advice from the Independent Financial Adviser) are of the view that the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and that the proposed Acquisition are in the interests of the Company and the Shareholders as a whole. Both Mr. Lo and Ms. Fung have expressed their view at the meeting of the Board but have abstained from voting in respect of the resolutions considered at the meeting of the Board due to their interests in the Acquisition.

INFORMATION ON THE VENDORS

Each of the Vendors, Mr. Lo and Ms. Fung, directly and beneficially owns 50% of the total issued shares of the Target Company. As at the Latest Practicable Date, Mr. Lo and Ms. Fung are executive Directors and Controlling Shareholders of the Company. They, through Helios, indirectly own 73.5% of the total issued share capital of the Company.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a direct wholly-owned subsidiary of the Company and an investment holding company.

LETTER FROM THE BOARD

The Group is a building materials contractor providing building materials and the relevant installation services mainly in Hong Kong. The Group's products mainly consist of (i) timber flooring products; (ii) interior wall-fill materials, in particular, gypsum block products; (iii) woodwork products; and (iv) roof tiles.

LISTING RULES IMPLICATIONS

The Vendors, Mr. Lo and Ms. Fung are executive Directors and the Controlling Shareholders of the Company. They are therefore connected persons of the Company and the Acquisition constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules. Save for Mr. Lo and Ms. Fung, none of the other Directors had a material interest in the Acquisition on the date of passing the board resolutions for approving the Acquisition and therefore none of the other Directors abstained from voting on the relevant resolutions for approving the Acquisition.

As the highest applicable percentage ratio (as defined in the Listing Rules) is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules.

Accordingly, the Acquisition is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

THE EGM

The EGM will be convened and held at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong, Hong Kong on Monday, 19 October 2020 at 10:30 a.m.. for the purpose of considering and, if thought fit, approving, among other matters, the Acquisition and the transactions contemplated thereunder.

The ordinary resolution proposed to be approved at the EGM will be taken by poll.

Any Shareholders who are involved in or interested in the Acquisition are required to abstain from voting on the relevant ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder. As Mr. Lo and Ms. Fung are the Vendors under the Sale and Purchase Agreement, they are considered to be interested in the Acquisition. Mr. Lo and Ms. Fung are executive Directors and the Controlling Shareholders of the Company. As at the Latest Practicable Date, Helios, a company wholly-owned by Mr. Lo and Ms. Fung, held directly 588,000,000 Shares, representing 73.5% of the issued share capital of the Company; Ms. Lo Pui Ying Janice, the daughter of Mr. Lo and Ms. Fung, held directly 6,000,000 Shares, representing 0.75% of the issued share capital of the Company; and Mr. Lo Ka Chun Oscar, the son of Mr. Lo and Ms. Fung held directly 6,000,000 Shares, representing 0.75% of the issued share capital of the Company. Accordingly, Mr. Lo and Ms. Fung and their respective associates, including Helios, Ms. Lo Pui Ying Janice and Mr. Lo Ka Chun Oscar will abstain from voting on the relevant ordinary resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder to be proposed at the EGM. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, no

LETTER FROM THE BOARD

other Shareholder has a material interest in the Acquisition as at the Latest Practicable Date and accordingly, other than Helios, Ms. Lo Pui Ying Janice and Mr. Lo Ka Chun Oscar, no other Shareholder is required to abstain from voting at the EGM.

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 14 October 2020 to Monday, 19 October 2020 (both days inclusive), during which period no transfer of share(s) will be effected. In order to be eligible to attend and vote at the EGM, all transfers documents, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13 October 2020.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders as to, among other things, whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Group and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the EGM. The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

The letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 32 of this circular and the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 17 to 18 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and therefore recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

LETTER FROM THE BOARD

The Board considers that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

You are advised to read carefully the letter from the Independent Board Committee set out on pages 17 to 18 of this circular. You are also advised to read carefully the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, as set out on pages 19 to 32 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

By order of the Board
Twintek Investment Holdings Limited
Lo Wing Cheung
Chairman and executive Director



Twintek Investment Holdings Limited

乙德投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6182)

22 September 2020

To the Independent Shareholders

Dear Sir/Madam,

**CONNECTED AND DISCLOSEABLE TRANSACTION RELATING
TO ACQUISITION OF A PROPERTY HOLDING COMPANY**

We refer to the circular dated 22 September 2020 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the Acquisition and to advise the Independent Shareholders as to, among other things, whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Group and the Shareholders as a whole, and to recommend how the Independent Shareholders should vote at the EGM. The Independent Financial Adviser has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 16 of the Circular, and the letter from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, as set out on pages 19 to 32 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account of the advice of Independent Financial Adviser, we consider that although acquisition of properties is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Shu Wa Tung
Laurence
Independent Non-executive
Director

Mr. Tam Wai Tak Victor
Independent Non-executive
Director

Mr. Tam Wing Lok
Independent Non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter from Alpha Financial Group Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition for the purpose of inclusion in this circular.



Room A, 17/F
Fortune House
61 Connaught Road Central
Central, Hong Kong

22 September 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sir/Madam,

CONNECTED AND DISCLOSEABLE TRANSACTION RELATING TO THE ACQUISITION OF A PROPERTY HOLDING COMPANY

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder. Details of the Sale and Purchase Agreement and the transactions contemplated thereunder are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 22 September 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 27 August 2020 (after trading hours), the Purchaser (being a direct wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has agreed to purchase the Sale Shares and the Vendors have agreed to sell the Sale Shares at a consideration of HK\$32,300,000.

As at the Latest Practicable Date, the Target Company is directly and beneficially owned as to 50% by Mr. Lo and as to 50% by Ms. Fung. Mr. Lo and Ms. Fung are executive Directors and the Controlling Shareholders of the Company. They, through Helios, indirectly own 73.5% of the total issued share capital the Company. They are connected persons of the Company and the Acquisition therefore constitutes a connected transaction pursuant to Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined in the Listing Rules) is more than 5% but less than 25%, the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Acquisition constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules. Accordingly, the Acquisition is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Independent Board Committee, which currently comprises all the independent non-executive Directors, namely Mr. Shu Wa Tung Laurence, Mr. Tam Wai Tak Victor and Mr. Tam Wing Lok, has been established to advise the Independent Shareholders regarding the Acquisition. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

During the past two years, there have been no engagements between the Company and Alpha Financial Group Limited. As at the Latest Practicable Date, apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, there were no relationship or interests between (a) Alpha Financial Group Limited; and (b) the Group and/or the Vendors that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition as detailed in this circular.

Our role is to provide you with our independent opinion and recommendation as to whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole and how the Independent Shareholders should, as well as how the Independent Board Committee should recommend the Independent Shareholders to, vote on the proposed resolution in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

BASIS OF OUR OPINION

Our review and analyses were based upon, among others, the information provided by the Group including the Circular, the Sale and Purchase Agreement, the audited financial statements of the Target Company for the year ended 31 March 2020, the management account of the Target Company as at 31 July 2020, the valuation report relating to the Property prepared by the Independent Valuer, Jones Lang LaSalle Limited (the "**Valuation Report**") and certain published information from the public domain, including but not limited to, the annual reports of the Company for the three years ended 31 March 2020 (the "**Annual Reports**"). We have also discussed with the Directors and the management of the Group (collectively, the "**Management**") with respect to the terms of and the reasons for entering into of the Sale and Purchase Agreement, the business and future outlook of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Management. We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Sale and Purchase Agreement, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Business and financial information of the Group

The Group is a building materials contractor providing building materials and the relevant installation services mainly in Hong Kong. The Group's products mainly consist of (i) timber flooring products; (ii) interior wall-fill materials, in particular, gypsum block products; (iii) woodwork products; and (iv) roof tiles. The Purchaser, Fortuna Enterprise Holding Limited, is a direct wholly-owned subsidiary of the Company.

(a) Highlights of the financial results of the Group

The following is a summary of the audited financial results of the Group for three years ended 31 March 2020, as extracted from the Annual Reports:

	For the year ended 31 March		
	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	280,061	230,066	157,046
Profit/(loss) for the year	2,328	769	(23,820)

The Group's total revenue decreased by approximately HK\$50.0 million, or approximately 17.9%, from approximately HK\$280.1 million for the year ended 31 March 2018 to approximately HK\$230.1 million for the year ended 31 March 2019. Such decrease was mainly attributable to the increase in competition from competitors with aggressive pricing strategies, which affected the Group's pricing strategy and in turn resulted in a decline in the average contract sum. The Group's total revenue then decreased by approximately HK\$73.1 million, or approximately 31.8%, from approximately HK\$230.1 million for the year ended 31 March 2019 to approximately HK\$157.0 million for the year ended 31 March 2020. Such decrease was mainly attributable to the fall in number of private residential properties completed during the year as a result of the intended introduction of property vacant tax on first-hand private residential properties, and a rise in competition from competitors with aggressive pricing strategies, which affected the Group's pricing strategy and in turn resulted in a decline in the average contract value.

The Group's net profit decreased by approximately HK\$1.5 million, from approximately HK\$2.3 million for the year ended 31 March 2018 to approximately HK\$0.8 million for the year ended 31 March 2019, representing a decline of approximately 65.2%. Such decrease was mainly attributable to the decrease in gross profit as a result of the (i) the decrease in revenue as mentioned

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

above; and (ii) the increase in proportion of the Group's revenue generated from supply and installation projects with lower gross profit margin, offset by the absence of non-recurring listing expenses and increase in other income. The Group's net profit then decreased by approximately HK\$24.6 million, from net profit of approximately HK\$0.8 million for the year ended 31 March 2019 to net loss of approximately HK\$23.8 million for the years ended 31 March 2020. Such decrease was mainly attributable to the decrease in gross profit as a result of the (i) the decrease in revenue as mentioned above; and (ii) additional costs incurred towards completion of certain construction projects.

(b) Highlights of the financial position of the Group

Set out below is the summary of the financial positions of the Group as at 31 March 2018, 2019 and 2020, as extracted from the Annual Reports:

	As at 31 March		
	2018	2019	2020
	HK\$'000	HK\$'000	HK\$'000
Net current asset	136,914	138,090	115,146
Total asset	235,029	226,433	213,641
Equity attributable to the owners of the Company	168,560	169,067	145,247
Cash and cash equivalents	63,727	56,483	59,328

Note: Equity attributable to the owners of the Company as at 1 April 2018 has been restated at approximately HK\$168,298,000 with the adoption of HKFRS 9.

Net current assets of the Group increased from approximately HK\$136.9 million as at 31 March 2018 to approximately HK\$138.1 million as at 31 March 2019, representing a slight increase of approximately HK\$1.2 million or approximately 0.9%. The net current assets of the Group then experienced a drop to approximately HK\$115.1 million as at 31 March 2020, representing a decrease of approximately HK\$23.0 million or approximately 16.7%.

The total asset of the Group decreased from approximately HK\$235.0 million as at 31 March 2018 to approximately HK\$226.4 million as at 31 March 2019, representing a drop of approximately HK\$8.6 million or approximately 3.7%, which then further decreased to approximately HK\$213.6 million as at 31 March 2020, representing a decrease of approximately HK\$12.8 million or approximately 5.7%.

The cash and cash equivalents of the Group increased from approximately HK\$56.5 million as at 31 March 2019 to approximately HK\$59.3 million as at 31 March 2020, representing an increase of approximately HK\$2.8 million or approximately 5.0%, which was a drop from the previous amount of approximately HK\$63.7 million as at 31 March 2018.

2. Reasons for the Acquisition

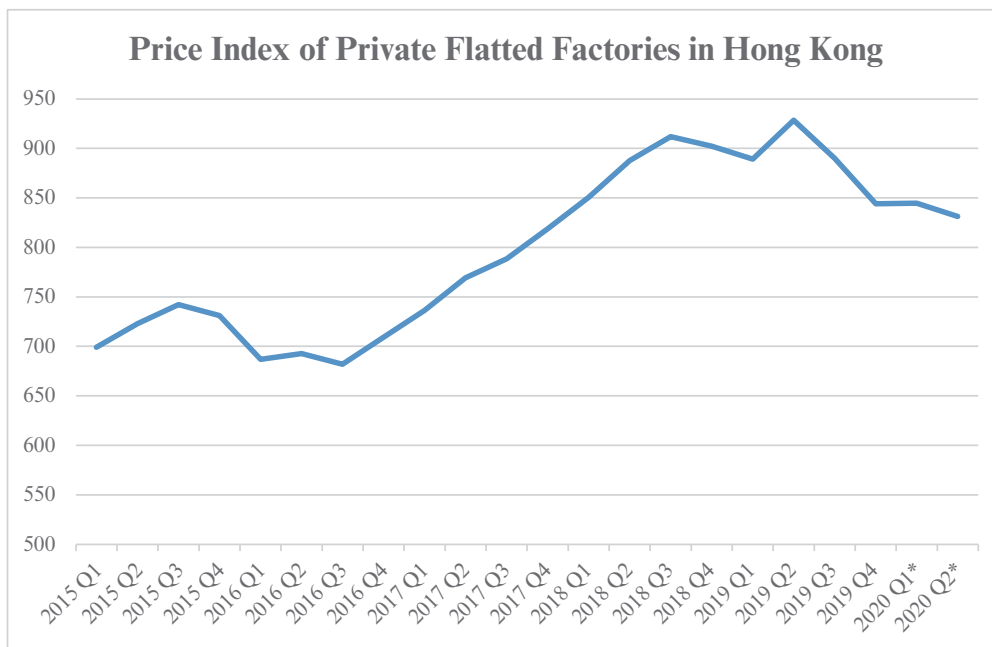
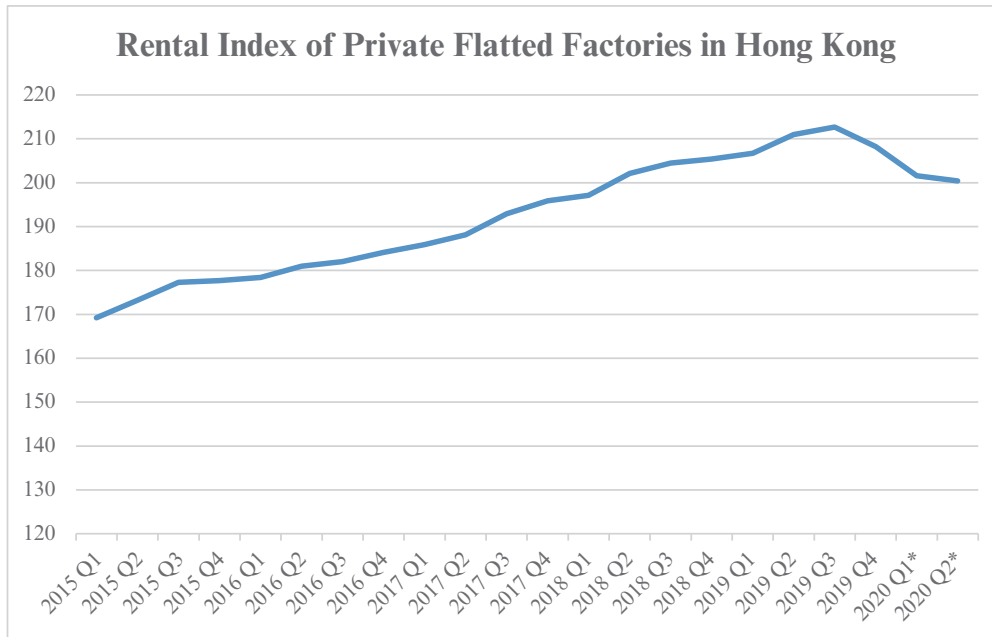
As set out in the Letter from the Board, the Board believes that whilst Hong Kong, as an open economy, is facing challenges under macroeconomic conditions, the property market in Hong Kong has hit record high over the years. It is believed by the Board that the recent plunge in the property market represents an opportunity for the Group to make the Acquisition. It is further believed by the Board that the proposed acquisition of the Property currently occupied by the Group instead of another new property would synchronize with the Group's business strategy under the prevailing market in adopting prudent approach in its operation scale expansion.

The Property is located adjacent to a property located at Unit 805, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong which is owned by the Group, and another leased property of the Group which is also located on the same floor (collectively, the "**Existing Properties**") as the Property, and currently used as office, showroom and warehouse under the management of the Group. The Acquisition provides an opportunity for the Group to maintain the overall optimal efficiencies between the Property and the Existing Properties which the Group currently enjoys. After Completion, the Property to be acquired is intended to continue for self-use as office, workshop and warehouse by the Group.

The Property is located at an industrial building for industrial and ancillary office use. In order to assess the merits of the Acquisition, we have conducted a research independently for the average market price and rent of comparable buildings in Hong Kong. We consider Eastern Centre, where the Property is located at, falls under the category of private flatted factories classified by the Rating and Valuation Department of the Government of Hong Kong (the "**Department**") and which is also categorised by property agencies.

The following graphs are the rental index and price index for private flatted factories in Hong Kong from Q1 of 2015 to Q2 of 2020 as released by the Department. The review period starting from 2015 is selected on the basis that it provides a reasonable timeframe to analyse the market trend in Hong Kong. We are of the view that the review period is a reasonable timeframe given that it covers a period encompassing more than five years and the subsequent period thereafter up to the latest quarterly information available of 2020. Therefore, such period is sufficient for the Shareholders to understand the overall trend in the market for private flatted factories in Hong Kong.

Rental and Price Indices of Private Flatted Factories in Hong Kong



* denotes provisional figures

Source: statistics released by the Department in August 2020

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As noted in the graphs above, the overall rental index for private flatted factories in Hong Kong has increased from approximately 169.2 in Q1 of 2015 to approximately 200.4 in Q2 of 2020, representing an overall increase of approximately 18.4% during the period whilst the overall price index for private flatted factories in Hong Kong has increased from approximately 699.2 in Q1 of 2015 to approximately 831.3 in Q2 of 2020, representing an increase of approximately 18.9% during the period.

During the period, the rental index has reached its peak of approximately 212.7 in Q3 of 2019 and the price index at 928.4 in Q2 of 2019. Subsequently, the rental index and price index have slightly decreased and maintained above 200 and 830 respectively. It is our understanding that the decrease during such period was highly likely due to the impact of the social unrest and the outbreak of COVID-19 in Hong Kong which likely have casted a negative sentiment towards the overall economy and general property market in Hong Kong during this time period. In August 2020, the Hong Kong Monetary Authority relaxed the countercyclical macroprudential measures for mortgage loans on non-residential properties, which the applicable loan-to-value ratio caps for mortgage loans on non-residential properties were adjusted upward by 10 percentage points, from 40 percent to 50 percent for general cases. Such measure is anticipated to have a positive effect on the industrial and commercial property market.

Shareholders should also note that the indices represent the general market trend of the private flatted factories in Hong Kong and the individual property price will depend on various other factors such as the floor, view, size, and conditions, etc.

Further, after reviewing the information regarding the practice and procedures of acquisition of property in Hong Kong published by the Estate Agents Authority and certain property agencies, we understand that the market norm of the payment terms of the considerations for property acquisitions in Hong Kong normally require deposits of around 10% of total consideration to be settled on the date of signing the sales and purchase agreement and the remaining balance to be fully settled on the date of completion. Hence, the payment terms for the consideration under the Acquisition including no deposit payable by the Group prior to Completion and the consideration only be fully settled by the Group within two months after Completion represent transaction terms which are more favourable than the terms normally offered by other Independent Third Parties in general and thereby enabling the Group to apply its financial resources in a more flexible way.

Having considered the above and in particular that (i) the Property is located adjacent to the Existing Properties and therefore the Acquisition offers an opportunity to maintain the overall optimal efficiencies between the Property and the Existing Properties which the Group currently enjoys; (ii) the general increasing trend of the property market in Hong Kong with the recent plunge which represents an opportunity for the Group to make the Acquisition; and (iii) the favourable payment terms for the Consideration offered by the Vendors, we are of the view that the entering into of the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into consideration the abovementioned, we concur with the Board's view that the Acquisition is in the interests of the Company and the Independent Shareholders as a whole.

3. Principal Terms of the Sale and Purchase Agreement

Date: 27 August 2020

Parties: (1) Fortuna Enterprise Holding Limited, a direct wholly-owned subsidiary of the Company, as the Purchaser
(2) Mr. Lo and Ms. Fung, each of whom directly holds 50% of the total issued shares of the Target Company, as the Vendors

Asset to be acquired: Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Sale Shares, being the entire issued share capital of the Target Company. The main asset of the Target Company is the Property, which is Unit No. 06 and storeroom on 8th floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong and currently used as office, workshop and warehouse by the Group in Hong Kong. As at the Latest Practicable Date, the Target Company owed the Mortgage Loan granted by an independent financial institution which is intended to be repaid in full at Completion.

Consideration: The consideration for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement is HK\$32,300,000, which shall be adjusted downward by a sum equivalent to the total of (i) loan principal instalment repayment and (ii) accrued interests payment made by the Target Company in connection with the Mortgage Loan after the signing of the Sale and Purchase Agreement and up to the date of the Completion. As at the Latest Practicable Date, the outstanding principal amount of the Mortgage Loan amounted to approximately HK\$8,595,000. The total monthly payment made by the Target Company in connection with the Mortgage Loan (including loan principal instalment repayment and interests payment) is approximately HK\$48,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Completion: Completion shall take place on the next business day following the date on which all the conditions to the Completion are fulfilled, or if permitted, waived (or such other date and time as the parties to the Sale and Purchase Agreement may agree in writing). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

Further details of the principal terms of the Sale and Purchase Agreement including the conditions precedent are set out in the Letter from the Board.

4. Information of the Target Company and the Property

The Target Company was incorporated in Hong Kong with limited liability and its principal activity is property investment and the leasing thereof. The main asset of the Target Company is the Property. The Target Company has no other business operation other than holding interests in the Property.

The Property is Unit No. 06 and storeroom on 8th floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong. Unit No. 06 on 8th floor of Eastern Centre has a gross floor area of approximately 3,567 square feet and a saleable area of approximately 2,409 square feet, and the storeroom on the same floor has a saleable area of approximately 342 square feet. The market value of the Property as at 31 July 2020 appraised by the Independent Valuer is approximately HK\$32,300,000. Details of the valuation of the Property are set out in Appendix I to the Circular.

The Property is currently leased to the Group under the Tenancy Agreement at the prevailing annual rental payable to the Target Company in the sum of HK\$936,000 (exclusive of Government rent and rates, building management fees, bills of water, electricity and telephone, and other miscellaneous fees which are payable by the Group) and occupied by the Group for office, workshop and warehouse.

Set out below is a summary of the audited financial information of the Target Company for the two years ended 31 March 2020:

Financial information of the Target Company

	For the year ended 31 March	
	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Total revenue	936	936
Net loss before taxation	(2,384)	(591)
Net loss after taxation	(2,423)	(630)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The net loss after taxation of the Target Company for the two years ended 31 March 2020 of approximately HK\$2.4 million and HK\$0.6 million was mainly arising from the written off of amount due from an associate of approximately HK\$3.2 million for the year ended 31 March 2019 and the written off of amount due from a director of approximately HK\$1.3 million for the year ended 31 March 2020 respectively.

The Target Company, being a private company incorporated in Hong Kong, is qualified to prepare its audited financial statements in accordance with the SME-FRS under the Companies Ordinance. In accordance with SME-FRS, the Property was classified as property, plant and equipment which was carried at its cost less accumulated depreciation and any accumulated impairment losses in the audited financial statements of the Target Company.

Based on the audited financial statements of the Target Company, its audited total asset value and the net liability as at 31 March 2020 as reported in accordance with the SME-FRS were approximately HK\$6,489,000 and approximately HK\$2,367,000 respectively. If the HKFRS were adopted, the Property would be recognised as investment property of which the value stated in the financial statements would be carried at its fair value. The total asset value and the net asset value of the Target Company as shown in its management account as at 31 July 2020 prepared in accordance with the HKFRS were approximately HK\$32,441,000 and approximately HK\$18,442,000 respectively. The liabilities of the Target Company as at 31 July 2020 mainly comprised the subsisting amount due in connection with the Mortgage Loan, and deferred tax liability arising from fair value appreciation gain of the Property recognised solely for compliance with relevant accounting principles under HKFRS. The Property was acquired by the Target Company in 2006 at approximately HK\$7,134,000.

As at the Latest Practicable Date, the Target Company is directly and beneficially owned as to 50% by Mr. Lo and as to 50% by Ms. Fung. Mr. Lo and Ms. Fung are executive Directors and the Controlling Shareholders of the Company. They, through Helios, indirectly own 73.5% of the total issued share capital the Company.

5. Analysis on the fairness and reasonableness of the Consideration

(i) Valuation methodology and assumptions

The Target Company is the legal and beneficial owner of the Property. The Independent Valuer has valued the Property with an amount of HK\$32,300,000 (the “**Valuation**”) as at 31 July 2020.

For our due diligence of the Valuation, we have discussed with the Independent Valuer the basis of the Valuation and raised questions on areas where we require further explanation. We noted that the Valuation has been carried out using the direct comparison method to arrive at the market value of the Property. Therefore, the market value of the Property is arrived at by the Independent Valuer with reference to the sales of similar comparable properties (the “**Comparable Transactions**”). Comparable properties of similar size, character

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the capital values. The Independent Valuer noted that such approach is a common valuation methodology in valuing Property similar to the Property and we have also reviewed similar property valuations conducted by other listed companies on the Stock Exchange and noted that such approach is commonly adopted valuation methodology in valuing properties. Further, the Property will continue to be occupied by the Group, we concurred with the Independent Valuer in adopting such market approach for the purposes of the Valuation.

We have reviewed the methodology and parameters applied by the Independent Valuer in arriving at the Valuation. As stated above, Comparable Transactions were considered by the Independent Valuer in arriving the market value of the Property. Based on our review of the work done by the Independent Valuer including reviewing the Comparable Transactions as well as our discussion with the Independent Valuer understanding the selection criteria and basis, we are of the view that the basis and assumptions in arriving at the Valuation is fair and reasonable.

In addition, we have enquired the Independent Valuer as to its qualifications, expertise and independence. We have also reviewed the Independent Valuer's terms of engagement (including its scope of work). We were not aware of any irregularities during our discussion with the Independent Valuer or in our review of its qualification and works.

For cross-checking purpose, we have reviewed the current listing of property prices in Eastern Centre (the "**Eastern Centre Prices**") according to Centaline Commercial and the Eastern Centre Prices ranged from approximately HK\$9,000 to HK\$9,499 per gross floor square feet depending on floor, view, size and conditions etc. Given that the Valuation per gross floor square feet of the Property of approximately HK\$9,055 falls within the range of the Eastern Centre Prices, we consider that the Valuation is fair and reasonable.

The total asset value and the net asset value of the Target Company as shown in its management account as at 31 July 2020 prepared in accordance with the HKFRS were approximately HK\$32,441,000 and approximately HK\$18,442,000 respectively.

(ii) Fairness and reasonableness of the Consideration

As set out in the Letter from the Board, the consideration of HK\$32,300,000 was determined after arm's length negotiations between the parties involved in the Acquisition after taking into account relevant factors, including (i) the market value of the Property of HK\$32,300,000 as at 31 July 2020 appraised by the Independent Valuer; (ii) the assets and liabilities of the Target Company as shown

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

in its management account as at 31 July 2020 prepared in accordance with HKFRS; and (iii) the transaction price for sale and purchase of comparable properties in the proximate area.

In determining the fairness of the Consideration, we have compared it to the fair transaction value of the Sale Shares in aggregate. In this regard, the fair value for the Acquisition so calculated is approximately HK\$32,356,000 (the “**Transaction Value**”) which represents a combined value of:

- (a) the net asset value of the Target Company as shown in its management account of approximately HK\$18,442,000 as at 31 July 2020, which was prepared in accordance with the HKFRS and has taken into account of the Valuation of HK\$32,300,000 (being the valuation of the Property);
- (b) the exclusion of the liabilities arising from the subsisting amount due in connection with the Mortgage Loan of approximately HK\$8,654,000 as at 31 July 2020. In considering the relevant amount of the Consideration in respect of the Property, part of the Consideration shall be payable to the independent financial institution which granted the Mortgage Loan for the release thereof; and
- (c) the exclusion of the estimated potential deferred tax liabilities of the Target Company of approximately HK\$5,260,000, which arises from the appreciation gain on the fair value of the Property in accordance with the Valuation Report. In considering the relevant amount of the Consideration in respect of the Property, the parties to the Sale and Purchase Agreement only considered the fair value of the Property and did not take into consideration of any potential deferred tax liabilities arising from the fair value appreciation gain of the Property because they were recognised solely for the compliance with the HKFRS issued by the Hong Kong Institute of Certified Public Accountants.

HK\$'000

Net assets of the Target Company as at 31 July 2020 prepared in accordance with the HKFRS (a)	18,442
Add:	
Mortgage Loan as at 31 July 2020, to be released at Completion (b)	8,654
Estimated deferred tax liabilities (c)	<u>5,260</u>
Transaction Value as at 31 July 2020	<u><u>32,356</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above and that the Consideration of HK\$32,300,000 is slightly lower as compared to the Transaction Value, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

6. Financial effects of the Acquisition

Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company and the operating results and assets and liabilities of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

As set out in the paragraphs headed “Reasons for the Acquisition”, after Completion, the Property to be acquired is intended to continue for self-use as office, workshop and warehouse by the Group.

We are of the view that the overall financial effect to the Group as a result of the Acquisition is generally positive as such Acquisition enables the Group to reduce the rental expenses burden of the Group in relation to the use of the Property and strengthen the Group’s asset base available for mortgage or as loan collateral, which can enable the Group to obtain more preferential terms from banks for financing arrangements for its operation, and therefore is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Based on the principal factors and reasons as set out in this letter, we are of the view that although acquisition of properties is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
Alpha Financial Group Limited
Cheng Chi Ming, Andrew
Managing Director

Mr. Cheng Chi Ming, Andrew is the Managing Director of Alpha Financial Group Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheng has over 17 years of experience in the corporate finance industry in Hong Kong.

The following is the text of a letter and a valuation report prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Limited, an independent property valuer, in connection with its opinion of the value of the property as at 31 July 2020.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7th Floor, One Taikoo Place
979 King's Road, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

22 September 2020

Board of Directors

Twintek Investment Holdings Limited (Stock Code: 6182)

Room 806 on 8th Floor,
Eastern Centre,
No. 1065 King's Road,
Quarry Bay,
Hong Kong.

Re: Valuation of Unit No. 06 and Storeroom on 8th Floor, Eastern Centre, No.1065 King's Road, Hong Kong.

1. INSTRUCTIONS

In accordance with the instructions of **Twintek Investment Holdings Limited** (“**the Company**”) and/or its subsidiaries (collectively the “**Group**”) for Jones Lang LaSalle Limited (“**JLL**”) to provide our opinion of market value of the property interest located at **Unit No. 06 and Storeroom on 8th Floor, Eastern Centre, No. 1065 King's Road, Hong Kong** (“**the Property**”) for the purpose of public disclosure in relation to the Proposed Discloseable and Connected Transaction of the Company (as more particularly described in the attached valuation report).

We confirm that we have carried out an external inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 July 2020 (“**the Valuation Date**”).

2. BASIS OF VALUATION

Unless otherwise stated, our valuation has been prepared in accordance with HKIS Valuation Standards 2017 Edition” published by The Hong Kong Institute of Surveyors (“**HKIS**”), the “International Valuation Standards Effective on 31 January 2020” published by the International Valuation Standards Council (“**IVSC**”) and the “RICS Valuation — Global Standards 2017” published by the Royal Institution of Chartered Surveyors (“**RICS**”) subject to variation to meet local established law. Unless otherwise stated, our valuations are undertaken as External Valuers as defined in the relevant Valuation Standards.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2017 issued by the Hong Kong Institute of Surveyors.

2.1 Market Value

Our valuation of the property interest is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

2.2 Valuation Method

In the course of our valuation, we have adopted the Market Comparison Method.

The Market Comparison Method is the most widely used method of valuation and is based on comparing the property to be valued directly with other comparable properties which have recently transacted. However, because of the heterogeneous nature of real estate properties, appropriate adjustments such as location, time, user, size, layout etc. are usually required to allow for any qualitative and quantitative differences that may affect the value likely to be achieved by the property under consideration.

As instructed, the Property has been valued in its existing state and on an immediate vacant possession basis. No account has been taken of any additional value attributable to the property due to its redevelopment potential.

3. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the Property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect its value.

4. BUILDING INSURANCE REPLACEMENT COST

In assessing the Building Insurance Replacement Cost (for building insurance purposes), we have regard to relevant Building Cost Indices prepared by reputable Quantity Surveyors. We allow for estimated demolition costs, consultants' professional fees, finance costs but exclude foundation costs. We stress that the figure is based on the estimated cost of work as at the date of the report and no allowance is made for further inflation of building costs. In case of doubt, it is also recommended to engage a professional quantity surveyor who is competent and experienced in the relevant matters to provide an accurate replacement cost.

5. SOURCE OF INFORMATION

We have obtained relevant information from the Land Registry and accepted advice given to us on matters including particulars of occupancy and all other relevant matters. We have assumed that all information provided to us is correct. However, should it be established subsequently that the details relating to the property interest are incorrect; we reserve the right to adjust the value reported herein.

We have relied on the registered floor plan of the subject development for the floor area of the Property. We have not carried out on-site measurements of the Property to verify the correctness of the floor area of the Property. The dimensions, measurements and areas include in the report are based on information contained in copies of documents available to us and are therefore only approximations for reference purposes.

6. MEASUREMENT

All measurements are carried out in accordance with the "Code of Measuring Practice" booklet published by the HKIS. To suit the local practice, we declare our departure from the "RICS property measurement" published by RICS in May 2015. Unless otherwise stated, we do not physically measure the actual properties or verify the floor areas provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available.

7. TITLE INVESTIGATION

We have not been provided with copies of the title documents relating to the Property but we have caused searches to be made at the Land Registry. However, we have not examined the original documents to verify ownership or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. We have not seen original planning consents and have assumed that the Property have been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

8. PROPERTY INSPECTION

As an internal inspection was not available to us, we have carried out an external inspection of the Property on 13 August 2020. The inspection was conducted by Mr. Harrison Li, Assistant Manager of Valuation Advisory Services of Jones Lang LaSalle Limited. We have not conducted formal site and structural surveys and, as such we cannot report that the Property is free from rot, infestation or any other structural defects. We have not carried out building surveys, nor have we inspected those parts of the Property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We do not express an opinion about or advise upon the condition of the parts we had not inspected and this report should not be taken as making any implied representation or statement about such parts. No tests have been carried out to any of the services within the Property.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the Property, or has since been incorporated, and we are therefore unable to report that the Property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

9. PLANT AND MACHINERY

Our valuation normally includes all plant and machinery that form part of the building services installations. However, plant, machinery and equipment, which may have been installed wholly in connection with the occupier's industrial and commercial uses, together with furniture and furnishings, tenant's fixtures and fittings, are excluded in our valuation.

10. VALUER

This valuation report was prepared by Senior Director, Mr. Cliff Tse, FHKIS, MRICS & RPS(GP), and Mr. Raymond Wong, Director, has over 25 years of experience and Mr. Harrison Li, Assistant Manager of the Valuation Advisory Services. Mr. Cliff Tse is a qualified general practice surveyor and has over 30 years of experience in the valuation of properties in Hong Kong.

We confirm that Mr. Cliff Tse, is a Registered Professional Surveyor (General Practice) who had over 30 years' experience in valuation of properties in Hong Kong. And Mr. Tse is competent and has sufficient current knowledge of the market and the skills to provide an objective and unbiased valuation.

11. VALUATION CERTIFICATE

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that these certificates are for the use only of the Company and no responsibility is accepted to any third party for the whole or any part of their contents.

Our valuation is summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Limited
Cliff Tse
B.Sc.(Hons), FHKIS, MRICS, RPS(GP)
Senior Director
Licence No. E-145551

VALUATION CERTIFICATE

Property held for investment

Property	Description and tenure	Particulars of occupancy	Market value in its existing state as at the Valuation Date
Unit No. 06 and Storeroom on 8th Floor, Eastern Centre, No.1065 King's Road, Hong Kong	The subject building, namely Eastern Centre, is a 22-storey medium-rise industrial building for industrial and ancillary office use and completed in 1985 (as per the occupation Permit No. H10/85).	As advised by the Company, the Property is tenanted as at the Valuation Date at HK\$78,000 per month, from 01 April 2020 to 31 March 2021, all exclusives of rates and government rent and management fee.	HK\$32,300,000 (HONG KONG DOLLARS THIRTY TWO MILLION AND THREE HUNDRED THOUSAND)
21/2,808 equal and undivided shares of Quarry Bay Marine Lot No. 2 s.E ss.1 and the extension thereto; and Quarry Bay Inland Lot No. 15 s.C ss.1.	The Property comprises one of the six units on the 8th floor of Eastern Centre with a gross floor area of approximately 331.38 sq m (3,567 sq ft) or thereabouts and a saleable area of approximately 223.84 sq m (2,409 sq ft) or thereabouts. Storeroom Saleable area: 31.78 sq m (342 sq ft) or thereabout		
	QBML No. 2 s.E ss.1 is held under Government Lease for a term of 999 years commencing from 18/04/1900. QBIL No. 15 s.C ss.1 is held under Government Lease for a term of 999 years commencing from 02/02/1882.		
		Government Rent Per Annum	
	Lot No.		
	QBML No.2sEss1	HK\$164	
	QBIL No.15sCss1	HK\$16	

Notes:

- 1) As per our preliminary estimation, the building insurance replacement cost was HK\$6,900,000 (HONG KONG DOLLARS SIX MILLION AND NINE HUNDRED THOUSAND) as at the Valuation Date for insurance purposes.
- 2) The registered owner of the property is Sun Warm Holding Company Limited vide Memorial No. 07011800200144 dated 27 December 2006.
- 3) The property is subject to the following encumbrances:
 - i) Deed of Mutual Covenant with plans vide memorial no. UB2731046 registered on 14 March 1985.
 - ii) Legal Charge/Mortgage in favour of HKCB Finance Limited to secure all moneys in respect of general credit facilities granted vide memorial no. 19072401210079 dated 16 July 2019.
 - iii) Assignment of Rentals in favour of HKCB Finance Limited vide memorial no. 19072401210084 dated 16 July 2019.
- 4) The Property falls within a land use zone for “Commercial” purpose under approved Outline Zoning Plan.
- 5) In undertaking our valuation, we have made reference to sales prices of comparable properties with a price range of HK\$11,825 to HK\$15,678 psf on saleable area. The unit rate assumed by us in our valuation is consistent with the relevant comparables after adjustments of location, size, age, time, condition and other relevant factors.
- 6) The Property is situated on the northern side of King’s Road at its junction with Shipyard Lane in Quarry Bay, Hong Kong. This area is extremely congested. The area comprises a mixture of older residential and industrial buildings with some new developments under construction or recently completed. The Property is easily accessible by MTR, bus, mini-bus and taxi.

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) Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

Name of Director	Capacity/nature of interest	Number of Shares held (L) <i>(Note 1)</i>	Percentage of the issued share capital of the Company
Mr. Lo	Interest in a controlled corporation <i>(Note 2)</i>	588,000,000	73.5%
Ms. Fung	Interest in a controlled corporation <i>(Note 2)</i>	588,000,000	73.5%

Notes:

- The letter “L” denotes long position in the Company’s Shares.
- These 588,000,000 Shares are held by Helios. As Helios is beneficially owned as to 70% by Mr. Lo and 30% by Ms. Fung, Mr. Lo and Ms. Fung are deemed to be interested in all the Shares held by Helios for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders who have an interest and/or short position which is required to be notified under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and chief executive of the Company, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial Shareholders	Capacity/nature of interest	Number of Shares held (L) <i>(Note 1)</i>	Approximate percentage of issued Shares
Helios <i>(Note 2)</i>	Beneficial owner	588,000,000	73.5%

Notes:

1. The letter “L” denotes long position in the Company’s Shares.
2. Mr. Lo and Ms. Fung are both directors of Helios.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' INTERESTS

(a) Interests in contract or arrangement

As at the Latest Practicable Date, save as the Sale and Purchase Agreement as disclosed in this circular, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(b) Interests in assets

As at the Latest Practicable Date, save as the leasing of the Property from the Target Company to the Group and the Sale and Purchase Agreement (and the transactions contemplated thereunder) as disclosed in this circular, none of the Directors had any direct or indirect interests in any assets which had been, since 31 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), 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.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

5. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the respective qualifications of the experts who have provided their opinion or advice, which is contained in this circular.

Name	Qualification
Alpha Financial Group Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Limited	Independent property valuer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, valuation certificate, advice and opinion (as the case maybe) and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been acquired or disposed of by or leased to, or was proposed to be acquired or disposed of by or leased to, any member of the Group since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up).

6. 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 March 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on a business day in Hong Kong at the head office and principal place of business of the Company in Hong Kong at Room 806, 8th Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong, from the date of this circular up to and including 19 October 2020, being the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (d) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;
- (e) the property valuation report issued by the Independent Valuer, the text of which is set out in Appendix I to this circular;
- (f) the written consents referred to in the paragraph headed "Experts' qualifications and consents" in this appendix;
- (g) the Sale and Purchase Agreement; and
- (h) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



Twintek Investment Holdings Limited

乙德投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6182)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Twintek Investment Holdings Limited (the “Company”) will be held at Room 1703–1704, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong on 19 October 2020 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 27 August 2020 entered into between Fortuna Enterprise Holding Limited (the “**Purchaser**”), a direct wholly-owned subsidiary of the Company, and Mr. Lo Wing Cheung and Ms. Fung Pik Mei (the “**Vendors**”), pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell 100% of the issued share capital of Sun Warm Holding Company Limited (新旺控股有限公司), for a total consideration of HK\$32,300,000 (a copy of which having been produced to this meeting and marked “A” and initialed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and
- (b) any director(s) of the Company (the “**Director(s)**”) be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents which he/she/they consider(s) necessary, desirable or expedient to give effect to the Sale and Purchase Agreement and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

By order of the Board
Twintek Investment Holdings Limited
Lo Wing Cheung
Chairman and executive Director

Hong Kong, 22 September 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:

Unit 806, 8/F
Eastern Centre, 1065 King's Road,
Quarry Bay, Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company but must attend the meeting in person to represent you.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting (i.e. 10:30 a.m. (Hong Kong Time) on Saturday, 17 October 2020) or adjourned meeting (as the case may be).
3. For the purpose of ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 14 October 2020 to Monday, 19 October 2020 (both days inclusive), during which period no transfers of shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 13 October 2020.
4. Delivery of a form of proxy shall not preclude a member from attending and voting in person at the meeting and in such event, the form of proxy shall be deemed to be revoked.
5. All vote of the Shareholders at the EGM will be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to Rule 13.39(4) of the Listing Rules and article 66(1) of the articles of association of the Company.
6. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 7:00 a.m. on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on the HKEXnews website (www.hkexnews.hk) and the website of the Company (www.kwantaieng.com) and to notify shareholders of the date, time and place of the adjourned meeting. The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situations.

As at the date of this notice, the board of Directors comprises Mr. Lo Wing Cheung and Ms. Fung Pik Mei as executive Directors; Mr. Wan Ho Yin as non-executive Director, Mr. Shu Wa Tung Laurence, Mr. Tam Wai Tak Victor and Mr. Tam Wing Lok as independent non-executive Directors.