
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **GLORY MARK HI-TECH (HOLDINGS) LIMITED**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, registered dealers in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8159)

(1) VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF A SUBSIDIARY AND

(2) NOTICE OF SGM

Financial adviser to the Company



Capitalised terms used in this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 25 of this circular.

A notice convening the SGM to be held at Conference Room 704, Hantang Building, OCT, Nanshan, Shenzhen, Mainland China on Wednesday, 20 October 2021 at 4:00 p.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the Coronavirus at the SGM, including:

- **compulsory temperature checks**
- **compulsory wearing of surgical face masks**
- **no distribution of corporate gifts**
- **no provision of refreshment**

Any person who does not comply with the precautionary measures may be denied entry into the SGM venue. The Company reminds the Shareholders that they may appoint the Chairman of the SGM as their proxy to vote on the relevant resolution(s) at the SGM as an alternative to attending the SGM in person.

This circular will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least seven days from the date of publication and on the Company's website at www.glorymark.com.tw/hk/investor.htm.

29 September 2021

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Pages</i>
PRECAUTIONARY MEASURES FOR THE SGM	1
DEFINITIONS	2
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — FINANCIAL INFORMATION OF THE TARGET COMPANY .	II-1
APPENDIX III — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP	III-1
APPENDIX IV — VALUATION REPORT	IV-1
APPENDIX V — GENERAL INFORMATION	V-1
NOTICE OF SGM	SGM-1

PRECAUTIONARY MEASURES FOR THE SGM

In view of the on-going Coronavirus Disease 2019 (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the SGM venue or be required to leave the SGM venue.
- (ii) All attendees are requested to wear surgical face masks at the SGM venue at all times, and to maintain a safe distance with other attendees.
- (iii) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the SGM as their proxy to vote on the relevant resolution(s) at the SGM instead of attending the SGM in person. If any Shareholder wishes to attend the SGM in person, the Shareholder is advised to pay attention to the latest epidemic-control and protection arrangements implemented by the Central Government of Mainland China and the Government of Hong Kong (where applicable).

The proxy form is attached to this circular. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If Shareholders choosing not to attend the SGM in person have any questions about the relevant resolution(s), or about the Company or any matters for communication with the Board, they are welcome to contact the Company in writing to our principal place of business in Hong Kong or to our email at lifengwang@188.com or patrick@glorymarkhightech.com.hk.

If Shareholders have any questions relating to the SGM, please contact Hong Kong Registrars Limited, the Company's Hong Kong branch share registrar as follows:

Hong Kong Registrars Limited
Shops 1712-16
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

DEFINITIONS

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

“Agreement”	conditional equity transfer agreement dated 16 June 2021 entered into among GM Electronic, the Target Company and the Purchaser in relation to the Disposal
“Ancillary Structures”	various ancillary structures erecting on Land B with a total gross floor area of approximately 406.8 square meters (including two security guard houses and three warehouses)
“Board”	the board of Directors
“business day”	any day on which licensed banks in Hong Kong and Mainland China are generally open for business (other than a Saturday or Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m.)
“Change of Foreign Exchange Registration”	the change or cancellation of foreign exchange registration and the corresponding foreign exchange business registration certificate having been obtained
“Change of Industrial and Commercial Registration”	the filings in respect of the equity transfer, the change of legal representative, supervisor(s) and director(s), the new articles of association to the responsible administration of industry and commerce, and such administration having issued to the Purchaser and the Target Company notice(s) of successful registration(s) of changes or other documentary proof showing that the entire equity interest in the Target Company is owned by the Purchaser
“Company”	GLORY MARK HI-TECH (HOLDINGS) LIMITED, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, whose Shares are listed on GEM (Stock Code: 8159)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	RMB101,000,000 (equivalent to approximately HK\$122,210,000), being the consideration payable by the Purchaser to GM Electronic in respect of the Disposal
“Designated Bank Account”	a bank account designated by GM Electronic in Hong Kong

DEFINITIONS

“DGM”	Dongguan Glory Mark and Asia-Link Technology Co., Ltd. (東莞輝煌亞聯技術有限公司), an indirect wholly-owned subsidiary of the Company, established in Mainland China with limited liability
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire equity interest in the Target Company by GM Electronic to the Purchaser on and subject to the terms and conditions of the Agreement
“Dormitory A”	the dormitory erecting on Land B, with a gross floor area of approximately 9,761.45 square meters, which is currently being used and will continue to be used as staff dormitory upon the commencement of the Lease
“Dormitory B”	the dormitory erecting on Land B, with a gross floor area of approximately 4,048.8 square meters
“Escrow Account”	a bank account to be opened with a bank in Mainland China designated by GM Electronic and the Purchaser which is under their joint supervision
“Escrow Money”	the sum of RMB50,500,000 (equivalent to approximately HK\$61,105,000) to be deposited into the Escrow Account by the Purchaser
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended from time to time
“GM Electronic”	Glory Mark Electronic Limited (輝煌電子有限公司), a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of Mainland China
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons
“Independent Valuer”	Savills Valuation and Professional Services Limited, an independent and professional qualified valuer

DEFINITIONS

“Lands”	two parcels of land with a total site area of approximately 41,196.6 square meters, comprising Land A and Land B
“Land A”	a parcel of land with a total site area of approximately 3,196.6 square meters situated at 177 Hongyebei Road, Tangxia Town, Dongguan, Guangdong Province, Mainland China, which is currently not in use by the Group
“Land B”	a parcel of land with a total site area of approximately 38,000.0 square meters situated at 177 Hongyebei Road, Tangxia Town, Dongguan, Guangdong Province, Mainland China
“Latest Practicable Date”	23 September 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lease”	the lease dated 16 June 2021 entered into between the Target Company and DGM in respect of the Workshop and Dormitory A
“Leaseback Arrangement”	the leaseback arrangement in respect of the Workshop and Dormitory A between the Target Company and DGM contemplated under the Lease
“Liability”	any debt(s) (including litigation(s)) relating to the Target Company not being disclosed to the Purchaser prior to the signing of the Agreement or any new debt(s) or litigation(s) relating to the Target Company arising after the signing of the Agreement but before the payment of the Third Installment (or the balance of the Consideration, as the case may be) (excluding those arising from event(s) after the Completion Date and which were not caused by event(s) occurred before the Completion Date)
“Mainland China”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Master Plan”	the Master Plan of Land Use in Tangxia Town (2010-2020) (塘廈鎮土地利用總體規劃(2010-2020年)) issued by the People’s Government in Dongguan Municipality
“Premises”	collectively, the Lands and all buildings and structures erecting thereon (including but not limited to the Workshop, Dormitory A, Dormitory B and the Ancillary Structures)
“Purchaser”	深圳市恒冠投資發展有限公司 (Shenzhen Hengguan Investment Development Co., Ltd.), a company established in Mainland China with limited liability

DEFINITIONS

“Remaining Group”	the Group, excluding the Target Company
“RMB”	Renminbi, the lawful currency of Mainland China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened and held at Conference Room 704, Hantang Building, OCT, Nanshan, Shenzhen, Mainland China on Wednesday, 20 October 2021 at 4:00 p.m. to consider and approve, among others, the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	東莞亞聯科技電子有限公司 (Dongguan Asia-Link Technology Ltd.), a company established in Mainland China with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Tax Filings”	relevant tax filing(s) and withholding and remitting obligations (where required) in respect of the payment of the Consideration to GM Electronic and the corresponding tax filing document(s) or other supporting document(s) having been obtained
“USD”	United States dollar, the lawful currency of the United States of America
“Workshop”	the workshop erecting on Land B with a gross floor area of approximately 21,957.41 square meters
“%”	per cent

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this circular is based on the exchange rate of RMB1 to HK\$1.21. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this rate or any other rate.

** In this circular, the English names of the entities in Mainland China marked with an asterisk (*) are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

LETTER FROM THE BOARD



GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8159)

Executive Directors:

Mr. Wang Li Feng (*Chairman*)

Mr. Yu Sanlong

Mr. Fan Xiaoling

Ms. Lee Jui-lan

Registered office:

Clarendon House,

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Dr. Fong Chi Wai, Alex

Dr. Yan Ka Shing

Dr. Feng Shen

*Head office and principal place of
business in Hong Kong:*

Room 1033, 10/F.

Central Building

1-3 Pedder Street

Central

Hong Kong

29 September 2021

To the Shareholders,

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL
IN RELATION
TO DISPOSAL OF A SUBSIDIARY
AND
(2) NOTICE OF SGM**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 16 June 2021 in relation to, among others, the Disposal. On 16 June 2021, GM Electronic and the Target Company, both being indirect wholly-owned subsidiaries of the Company, entered into the Agreement with the Purchaser, pursuant to which GM Electronic has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company at a consideration of RMB101,000,000 (equivalent to approximately HK\$122,210,000).

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) financial information of the Group; (iii) financial information of the Target Company; (iv) unaudited pro forma financial information of the Remaining Group; (v) the property valuation report on the Premises; and (vi) a notice convening the SGM.

LETTER FROM THE BOARD

2. THE AGREEMENT

Date

16 June 2021

Parties

- (i) GM Electronic, an indirect wholly-owned subsidiary of the Company (as vendor);
- (ii) 深圳市恒冠投資發展有限公司 (Shenzhen Hengguan Investment Development Co., Ltd.*) (as purchaser); and
- (iii) the Target Company.

Equity interest to be disposed of

GM Electronic has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company (representing the registered and paid-up capital of the Target Company of HK\$62,260,000 as at the date of the Agreement) free from any encumbrances, together with all existing and future rights and obligations attached, accrued or accruing thereto on or after the Completion Date. All rights and obligations of GM Electronic under the articles of the Target Company will be transferred to the Purchaser from the date of completion of the Change of Industrial and Commercial Registration.

The major assets of the Target Company are the Lands and all buildings and structures erecting thereon (including but not limited to the Workshop, Dormitory A, Dormitory B and the Ancillary Structures).

The Consideration

Escrow arrangement

Upon signing of the Agreement, the Escrow Account shall be opened with a bank in Mainland China designated by GM Electronic and the Purchaser which shall be subject to the joint supervision of GM Electronic and the Purchaser, and the costs of which shall be jointly borne by them. The Purchaser shall deposit the Escrow Money (being an amount equivalent to the First Installment (as hereinafter defined)) into the Escrow Account to guarantee the performance by the Purchaser of the Agreement no later than one business day before the commencement of the Change of Industrial and Commercial Registration procedure. From the date of completion of the Change of Industrial and Commercial Registration, the ownership of the Escrow Money shall be vested in GM Electronic and the joint supervision of the Escrow Money held in the Escrow Account shall be released on the date of payment of the First Installment.

LETTER FROM THE BOARD

Consideration and payment terms

The Consideration for the Disposal is RMB101,000,000 (equivalent to approximately HK\$122,210,000), which shall be paid by the Purchaser by installments in the following manner:

- (i) RMB50,500,000 (equivalent to approximately HK\$61,105,000) (the “**First Installment**”) shall be paid by the Purchaser by transferring the Escrow Money which shall be released from the Escrow Account to the Designated Bank Account within 10 business days after completion of the Change of Industrial and Commercial Registration, the Change of Foreign Exchange Registration and the Tax Filings;
- (ii) RMB20,200,000 (equivalent to approximately HK\$24,442,000) (the “**Second Installment**”) shall be paid by the Purchaser to the Designated Bank Account by bank transfer within two months after the payment of the First Installment;
- (iii) RMB20,200,000 (equivalent to approximately HK\$24,442,000) (the “**Third Installment**”) shall be paid by the Purchaser to the Designated Bank Account by bank transfer on 31 December 2021 or within two months after the payment of the Second Installment (whichever is later), subject to the Purchaser’s entitlement to retain an amount equivalent to the amount of the Liability, which the Company does not, as at the Latest Practicable Date, anticipate any Liability; and
- (iv) the balance of the Consideration, subject to the Purchaser’s entitlement to retain an amount equivalent to the amount of Liability (if any), shall be paid by the Purchaser to the Designated Bank Account by bank transfer after completion of the Transfer of Employment (as hereinafter defined) as confirmed or deemed to have confirmed by the Purchaser and the confirmation of no potential Liability risks, where completion of the Transfer of Employment and the confirmation and settlement of all costs and expenses arising therefrom and Liability shall be made by no later than 31 December 2022. The aggregated amount retained by the Purchaser which is equivalent to the amount of Liability, if any, shall be paid by the Purchaser to GM Electronic after full repayment and settlement of the relevant Liability.

The Consideration shall be paid by the Purchaser in RMB to the Designated Bank Account and GM Electronic shall provide all such documents or conduct approval procedures necessary for the Purchaser to transfer the Consideration to the Designated Bank Account taking into account that (i) GM Electronic has not opened an onshore bank account with any bank in Mainland China; and (ii) such arrangement would enable the Group to utilise the net proceeds of the Consideration out of Mainland China in a more efficient and flexible manner for its intended uses as set out in the section headed “Reasons for and benefits of the Disposal” below.

LETTER FROM THE BOARD

According to the applicable laws, rules, regulations, measures and circulars of Mainland China in relation to foreign exchange administration, tax supervision and bank settlement, any transfer of equity interest in a wholly foreign owned enterprise from a foreign investor to a domestic company would require completion of the Change of Industrial and Commercial Registration, followed by completion of the Change of Foreign Exchange Registration and Tax Filings (including but not limited to the relevant filings in respect of any single payment over USD50,000 made by individual or entity in Mainland China to overseas individual or entity arising from the transfer of equity interests as well as withholding and settlement in advance of an amount equivalent to 10% of the consideration after deducting the investment cost as withholding income tax (“**Withholding Tax**”)) before the payment of the consideration can be made, whether or not such payment is effected or took place onshore or offshore. Save for the aforementioned procedures and tax implications as well as verification process of the bank, there is no other restriction which will affect the remittance of the proceeds of the Consideration to the Designated Bank Account for the Group’s use on purposes as stated in the section headed “Reasons for and benefits of the Disposal” below.

Pursuant to the Agreement, should there be any change in laws, rules or regulations, policies of tax and foreign control authorities or any practices of relevant governmental bodies or responsible bank which lead to completion of the Change of Foreign Exchange Registration, Tax Filings and/ or any cross-border payment procedures in relation to the Consideration becoming impracticable, GM Electronic shall be entitled to serve a notice to the Purchaser requesting for change in payment arrangement of the Consideration and to demand the Purchaser to pay the Consideration to a bank account in Mainland China designated by GM Electronic (or as it may direct).

The Consideration is arrived at after arm’s length negotiations between GM Electronic and the Purchaser taking into account, among others, (i) the preliminary valuation of the Premises as at 27 April 2021 as appraised by the Independent Valuer in the amount of RMB96,100,000 (equivalent to approximately HK\$116,281,000); and (ii) the Consideration represented a premium of approximately 5.1% over such appraised value. In determining the Consideration, the Directors have taken into account the value of the Premises (including but not limited to Land A and the Ancillary Structures) as a whole but have not considered the stand-alone commercial value attributable to Land A and the Ancillary Structures given (i) that no land use rights certificate(s) nor relevant title certificate(s) pertinent to Land A and the Ancillary Structures have been obtained at the relevant time and therefore no commercial value shall be attributed thereto; (ii) those factors and reasons set out in the section headed “Information of the Target Company” below as considered by the Directors, in particular, the impracticality of obtaining relevant certificates for Land A and the Ancillary Structures due to the re-designation of land use of the Lands as “special land use” under the Master Plan; (iii) that Land A, being adjacent to Land B and situated at the periphery of the Lands lot, is intended to be disposed of together with Land B as a bundle; (iv) uses of the Ancillary Structures are ancillary to the uses of other parts of the Premises; and (v) that the subject matter of the Disposal is the equity interest in the Target Company, where there is no de facto change in the overall legal ownership of the Premises. The respective original acquisition cost of Land A and Land B was approximately RMB511,000 and RMB3,338,000 respectively and the total amount of the construction costs of the Ancillary Structures was approximately RMB630,000.

LETTER FROM THE BOARD

In October 2020, the Group first approached different agents for the proposed disposal of the Premises and received preliminary term sheets from five potential purchasers including the Purchaser, which was identified in February 2021 through one of the agents. The Directors considered that among the term sheets received by the Group, the overall terms offered by the Purchaser were most suitable for the Group taking into account that (i) the purchase price offered by the Purchaser was around the mid-point of the purchase prices offered in all term sheets ranging from approximately RMB95,000,000 to RMB120,000,000; (ii) the Purchaser agreed that the Group shall complete the Transfer of Employment by 31 December 2022 which allows the Group to have sufficient time to handle employment related matters and smoothen the transition while other potential purchasers demanded shorter period of time ranging from three months to a year; (iii) out of five potential purchasers, only the Purchaser was willing to transfer funds to an offshore bank account in settlement of the Consideration; and (iv) two out of five potential purchasers (including the Purchaser) accepted the leaseback arrangement upon Completion and the terms of the leaseback arrangement offered by the Purchaser were more beneficial to the Group with lower monthly rental fee and longer lease term, which the Board has particularly attached weight to for the reasons set out in the section headed “Reasons for and benefits of the Disposal” below when considering the aforesaid offers.

In light of the foregoing assessments conducted and factors considered by the Company, the Directors consider that the determination of the Consideration is fair and reasonable.

Letter of Guarantee

Following the payment of the First Installment made by the Purchaser and completion of the Change of Industrial and Commercial Registration, the Purchaser shall prior to the Completion Date provide GM Electronic with a letter of guarantee (“**Letter of Guarantee**”) issued by 深圳市超智匯融資擔保有限公司 (Shenzhen Chaozhihui Financing Guarantee Co., Ltd.*) (“**SZ Chaozhihui**”) or such other guarantor acceptable to GM Electronic (the “**Guarantor**”), which shall cover the following terms (or on similar terms): (i) the Guarantor shall guarantee the Purchaser’s payment obligations of the Second Installment and Third Installment under the Agreement; and (ii) in the event that the Purchaser fails to pay any of the aforesaid installments in accordance with the Agreement, the Guarantor shall, upon receipt of the written claim notice served by GM Electronic, be liable and responsible for the guaranteed obligations and payment obligations, and shall discharge such obligations within the time limit as set out in the Letter of Guarantee, which is estimated to be within 30 business days after the date of receipt of such notice by the Guarantor, the costs of which shall be borne by the Purchaser.

Prior to the entering into of the Letter of Guarantee, the Directors will consider the background and other information of such Guarantor in assessing its financial resources and ability to guarantee the Purchaser’s payment obligations of the Second Installment and Third Installment (including but not limited to the amount of registered and paid-up capital, year of establishment, shareholding structure, beneficial owner(s) and scope of business of such Guarantor) by way of conducting public searches through online agent(s) and requesting such Guarantor to provide GM Electronic with its latest audited accounts. The Directors have adopted certain criteria in assessing whether a Guarantor has the financial resources to fulfill its obligations under the Letter of Guarantee when reviewing the aforesaid documents and information available to the Directors. In particular, the Directors will assess (i) whether such Guarantor has a registered and paid-up capital larger than the sum of the Second Installment and Third Installment; (ii) the size of the guaranteed obligations borne by such Guarantor as compared to its total net asset value; and (iii) the size of the reserve and liquid asset held by such Guarantor for its outstanding guaranteed obligations and compensation relative to its total asset value.

LETTER FROM THE BOARD

Should the Guarantor fail to discharge its obligations under the Letter of Guarantee, GM Electronic may recover its interest from the Guarantor by way of litigation, which is expected to be adjudicated within six months from the date on which the relevant case is established in the relevant first trial court for ordinary proceeding (or additional three to four months thereafter, if there is any appeal to the first trial judgment) pursuant to the applicable laws, rules and regulations in Mainland China.

As at the Latest Practicable Date, SZ Chaozhahui, which is a licensed financing guarantee corporation established under 《融資擔保公司監督管理條例》(Regulations on the Supervision and Administration of Financing Guarantee Corporation*) (the “**Regulations**”) and is holding a valid operational permit issued by Economy, Trade and Information Commission of Shenzhen Municipality (深圳市經濟貿易和信息化委員會) (currently known as Industry and Information Technology Bureau of Shenzhen Municipality (深圳市工業和信息化局)), is wholly-owned by 深圳市超智匯企業服務發展有限公司 (Shenzhen Chaozhahui Corporate Services Development Co., Ltd.*) (“**SZ CSD**”). 龔洪流 (Gong Hongliu), who is the supervisor of SZ Chaozhahui and SZ CSD, is the son and brother of 龔群娣 (Gong Qundi) and 龔雲流 (Gong Yunliu), both being the ultimate beneficial owners of the Purchaser, respectively. As at the Latest Practicable Date, 龔洪流 (Gong Hongliu) has completed the transfer of his previously owned 15% equity interest in SZ CSD to a third party independent of and not connected with the Company, the Purchaser and their respective connected person(s) and SZ CSD is currently owned by eight individuals, who are Independent Third Parties.

In assessing whether SZ Chaozhahui has the financial resources and would be willing to fulfill its obligations under the Letter of Guarantee, the Board has taken into account (a) that SZ Chaozhahui had a total registered and paid-up capital of RMB300 million as at the Latest Practicable Date which exceeds the sum of the Second Installment and the Third Installment; (b) that the Regulations require that a licensed financing guarantee corporation, i.e. SZ Chaozhahui, shall comply with the necessary financial requirements thereunder (including, among other things, (i) the amount of guaranteed obligation balance of a licensed financing guarantee corporation (as calculated in accordance with the Regulations) shall not exceed 10 times of its total net asset value; and (ii) the sum of the net asset value of a licensed financing guarantee corporation and the reserve for the outstanding guaranteed obligations and compensation shall be not less than 60% of its total asset value); (c) the financial position of SZ Chaozhahui, such as the net amount of cash balance and the unearned premium reserve and the amount of net assets represented over approximately seven times and eight times of the sum of the Second Installment and the Third Installment, respectively, as reflected in its audit accounts for the year ended 31 December 2020 provided to the Company; and (d) the relevant fees payable to SZ Chaozhahui for the provision of guarantee. In light of the foregoing factors, the Board is of the view that SZ Chaozhahui has the financial resources and incentive to fulfill its obligations under the Letter of Guarantee.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, (i) save as disclosed above, SZ Chaozhahui is a third party independent of and not connected with the Company, the Purchaser and their respective connected person(s); and (ii) the Directors are not aware of any existing agreement between the Purchaser and SZ Chaozhahui as at the Latest Practicable Date.

Remedies available to GM Electronic

If the First Installment is not paid on time due to reasons attributable to the Purchaser, in addition to the Purchaser being liable for default in payment as set out below, GM Electronic shall be entitled

LETTER FROM THE BOARD

to legal remedies such as freezing or distraining the Escrow Money until the Escrow Money is transferred to the Designated Bank Account. In the event that the Purchaser fails to settle the Consideration according to the time frame prescribed in the Agreement, the Purchaser shall pay 0.1% of the amount overdue per day to GM Electronic. Where any installments of the Consideration is overdue for more than 30 days, the Purchaser shall pay RMB10,000,000 to GM Electronic as liquidated damages and GM Electronic shall be entitled to terminate the Agreement and demand the Purchaser to return the entire equity interest in the Target Company to GM Electronic, the costs of which shall be borne by the Purchaser. The Purchaser undertook that it shall upon request by GM Electronic forthwith execute all necessary documents and assist in the relevant procedures in order to transfer back the entire equity interest in the Target Company to GM Electronic. Any installments of the Consideration received by GM Electronic after deducting the aforesaid liquidated damages (if any) shall be returned to the Purchaser following completion of the transfer back of the entire equity interest in the Target Company to GM Electronic in the event of termination of the Agreement. In addition to the aforesaid remedies available to GM Electronic under the Agreement, should the Purchaser fail to discharge its obligations under the Agreement, GM Electronic may recover its interest from the Purchaser by way of arbitration, which is expected to be completed within six months from the date on which relevant arbitration panel has been established pursuant to the applicable laws, rules and regulations in Mainland China.

Having taken into account the following factors as well as the following steps or measures taken or to be taken by the Directors and/or GM Electronic (as the case may be), the Directors have considered and addressed the default risk of the Purchaser and agree with the abovementioned payment terms and consider that the terms of the Agreement are fair and reasonable and in the best interest of the Company and the Shareholders as a whole:

- (i) after exploring the feasibility to request for the payment of the Consideration by the Purchaser prior to the completion of Change of Industrial and Commercial Registration under the applicable laws, rules, regulations, measures and circulars of Mainland China in relation to foreign exchange administration, tax supervision and bank settlement, those relevant laws stipulate that for any transfer of equity interest in a wholly foreign owned enterprise from a foreign investor to a domestic company, payment of the consideration shall only be made after completion of the Change of Industrial and Commercial Registration, followed by completion of the Change of Foreign Exchange Registration and Tax Filings, whether or not such payment is effected or took place onshore or offshore;
- (ii) making enquiries with banks in Mainland China on the requisite procedures for transmission of RMB fund to a foreign bank account for the transfer of equity interest in a wholly foreign owned enterprise to a domestic company;
- (iii) taking into account the market practices in Mainland China in relation to the transfer of equity interest in a wholly foreign owned enterprise to a domestic company;
- (iv) after (a) conducting due diligence works on the financial resources of the Purchaser (including reviewing the relevant certificate of deposit issued by the bank at which the Purchaser has deposited its fund, the facility made available by the bank to the Purchaser and the financial reports of the Purchaser), (b) reviewing the corporate documents of the Purchaser, (c) taking into account the paid-up capital of the Purchaser of RMB80,000,000,

LETTER FROM THE BOARD

- and (d) conducting site inspection on the property assets owned by the Purchaser, the Directors consider that the financial resources available to the Purchaser exceed the amount of the Consideration and the Purchaser has sufficient financial capacity to satisfy its payment obligations under the Agreement;
- (v) the escrow arrangement as described in the paragraph headed “Escrow arrangement” above as part of the measures to be taken by GM Electronic to mitigate the risk of default in payment of the First Installment by the Purchaser and to secure the Company’s interest in the Consideration;
 - (vi) the Letter of Guarantee to be issued by the Guarantor, whose financial resources and its ability to guarantee the Purchaser’s payment obligations of the Second Installment and Third Installment would be first assessed by and shall be satisfactory to the Directors, as referred to in the paragraph headed “Letter of Guarantee” above to guarantee the Purchaser’s payment obligations of the Second Installment and Third Installment under the terms of the Letter of Guarantee in accordance with the Agreement;
 - (vii) the Completion arrangement as set out in the section headed “The Completion” below, which enables GM Electronic to retain physical possession of and control over seals, certificates, documents evidencing the titles of major assets of the Target Company, material contracts, and any other corporate documents and financial information of the Target Company until Completion has taken place;
 - (viii) the Leaseback Arrangement, which enables DGM to lease the Workshop and Dormitory A for a term of five years commencing from the Completion Date under the Lease;
 - (ix) the remedies available to GM Electronic as described in the paragraph headed “Remedies available to GM Electronic” above in the event the Purchaser fails to pay any of the installments of the Consideration in accordance with the Agreement after completion of the Change of Industrial and Commercial Registration (including but not limited to liquidated damages and the right to terminate the Agreement and to demand the Purchaser to transfer back the equity interest in the Target Company to GM Electronic); and
 - (x) considering the reasons as set out in the section headed “Reasons for and benefits of the Disposal” below.

Conditions precedent

Completion shall be conditional upon the fulfillment (or waiver, as the case may be, other than conditions precedent (4) and (12) below which cannot be waived) of all of the following conditions precedent:

- (1) the representations and warranties given by GM Electronic and the Target Company as set out in the Agreement being true and accurate;
- (2) the board and the shareholder of the Target Company having passed resolutions approving the transactions contemplated under the Agreement;

LETTER FROM THE BOARD

- (3) the board and the shareholders of GM Electronic having passed resolutions approving the transactions contemplated under the Agreement;
- (4) the Company having complied with the requirements under the GEM Listing Rules or otherwise as requested by the Stock Exchange, including but not limited to the convening of the SGM approving the transactions contemplated under the Agreement in accordance with the GEM Listing Rules and no objection from the Stock Exchange to the transactions contemplated under the Agreement;
- (5) GM Electronic having completed the divestiture of non-core assets of the Target Company and the costs and expenses of which shall be borne by GM Electronic, where the divestiture of all other non-core assets, liabilities and businesses of the Target Company includes the settlement of all payables of the Target Company (including but not limited to amounts payable to entities such as suppliers, debts, taxes, salary payable, employee compensation, other bank loans, private lending and consultancy fees, but excluding settlement of deferred payments as agreed by GM Electronic and the Purchaser), the settlement and clearance of all taxes and custom duties, cancellation of custom manual and stock clearance;
- (6) the board and the shareholder of the Purchaser having passed resolutions approving the transactions contemplated under the Agreement;
- (7) the Purchaser having deposited the Escrow Money into the Escrow Account in accordance with the Agreement;
- (8) GM Electronic, with the assistance of the Purchaser, having made the Change of Industrial and Commercial Registration;
- (9) the Target Company, with the assistance of the Purchaser, having made and completed the Change of Foreign Exchange Registration as soon as possible after completion of the Change of Industrial and Commercial Registration;
- (10) the Purchaser, with the assistance of GM Electronic and the Target Company, having made and completed Tax Filings, after the completion of, or if permissible, simultaneously with the conducting of, the Change of Foreign Exchange Registration;
- (11) the Target Company, with the assistance of the Purchaser, having made and completed the change of tax registration (cancellation) and change of approved signatory(ies) of bank account(s), after completion of the Change of Industrial and Commercial Registration; and
- (12) all relevant third parties (including any government, official or regulatory authorities) having made all necessary consents, filings and approvals in respect of the sale and purchase of the entire equity interest in the Target Company, and no government, official or regulatory authorities having suggested, promulgated or adopted any laws, regulations, rules or decisions to forbid or restrict such transactions contemplated under the Agreement.

GM Electronic has commenced its restructuring since the third quarter of year 2020, including the divestiture of non-core assets, liabilities and businesses of the Target Company as referred to in condition precedent (5) above. As at 31 March 2021, based on the unaudited statements of financial position of the Target Company, the non-core assets, liabilities and businesses of the Target Company

LETTER FROM THE BOARD

subject to further transfer (excluding settlement of certain deferred payments as agreed by GM Electronic and the Purchaser) included (i) bank and cash balance of approximately HK\$1,193,000; (ii) amounts due from related parties of approximately HK\$10,324,000; (iii) trade and other payables and accruals of approximately HK\$3,361,000; and (iv) amounts due to related parties of approximately HK\$10,027,000. The remaining outstanding aggregate amount of deferred payments, including accrued salaries to employees, is approximately RMB283,000, while the aggregate amount of the costs and expenses incurred from such divestiture is expected to be approximately RMB600,000, which shall be borne by GM Electronic.

The parties to the Agreement undertake to endeavour to fulfill the conditions precedent as soon as possible. GM Electronic shall fulfill conditions precedent (2) to (5), submit documents relating to the Change of Industrial and Commercial Registration to and obtain notice(s) of acceptance from the responsible administration of industry and commerce, within two months after the payment of the Escrow Money into the Escrow Account by the Purchaser (or such later date as may be agreed between GM Electronic and the Purchaser).

In the event that the Agreement is terminated due to the failure to complete the Change of Industrial and Commercial Registration for reasons not attributable to GM Electronic or the Purchaser, GM Electronic and the Purchaser shall release the joint supervision of the Escrow Account and the Escrow Money and return the Escrow Money to the Purchaser's bank account within 10 business days after the date of confirming the termination of the Agreement.

Based on the Board's preliminary assessment on the actual circumstances and progress of the Disposal, it is expected that completion of the divestiture of (i) non-core assets of the Target Company; and (ii) the settlement and clearance of all taxes and custom duties, cancellation of custom manual and stock clearance will take place prior to Completion, while the remaining part of condition precedent (5) may not be fulfilled within the prescribed time limit as mentioned above and is expected to be continued and fulfilled after Completion, as such, the parties to the Agreement will be prepared to waive such part of condition precedent as and when appropriate to avoid any unnecessary delay in Completion, which is in the interest of the Company. In addition, should there be any change in laws, rules or regulations, policies of tax and foreign control authorities or any practices of relevant governmental bodies or responsible bank which lead to completion of the Change of Foreign Exchange Registration, Tax Filings and/ or any cross-border payment procedures in relation to the Consideration becoming impracticable, GM Electronic shall be entitled to request the Purchaser to change the payment arrangement of the Consideration and waive conditions precedent (9) and (10).

Save for the circumstances as mentioned above, as at the Latest Practicable Date, the parties to the Agreement had no intention to waive any of the conditions precedent set out in the foregoing paragraph. As at the Latest Practicable Date, save for conditions precedent (2), (3) and (6) above which have been fulfilled, none of the other conditions precedent have been fulfilled (or waived, if applicable).

Other major terms

GM Electronic and the Purchaser may customarily be requested by competent administration of industry and commerce to execute a simplified version of the Agreement or other documents for the purpose of facilitating the Change of Industrial and Commercial Registration, which will cover merely the major terms of the Agreement and in any event will not contain additional obligations beyond the scope of the Agreement.

LETTER FROM THE BOARD

Upon completion of the Change of Industrial and Commercial Registration, the Purchaser shall be entitled to the entire profit and shall bear the risks and losses of the Target Company, save for the indebtedness of the Target Company arising before the Completion Date, which shall be borne and settled by GM Electronic pursuant to the Agreement. Save and except for the existing litigations and disputes in an aggregate amount of approximately RMB1,965,000 (which is subject to the relevant court's judgment in Mainland China), the Target Company, as at the Latest Practicable Date, does not have other indebtedness and does not anticipate any arising before and remaining outstanding as at the Completion Date.

GM Electronic shall procure the termination of employment relationship between the Target Company and its employees, who remain employed by the Target Company as at the date of the Agreement, settlement of all costs and expenses arising from handling such employment relationship and transfer of social security relationship out of the Target Company (the “**Transfer of Employment**”). In the event that the Transfer of Employment is not completed on the Completion Date, GM Electronic and the Purchaser mutually agree that GM Electronic shall continue to be responsible for procuring and bearing the costs of such transfer. GM Electronic shall notify the Purchaser of completion of the Transfer of Employment in writing and the Purchaser shall, within five business days after such notification, verify and confirm such completion. If the Purchaser fails to respond or raise any issues relating to completion of Transfer of Employment within five business days, the Purchaser shall be deemed to have confirmed and accepted completion of such procedures.

As at 31 December 2018, 2019 and 2020, the Target Company had approximately 523, 506 and 55 employees, respectively. Since the commencement of the restructuring in the third quarter of the year 2020 and up to the Latest Practicable Date, a total of 419 employees have been transferred from the Target Company to DGM. As at the Latest Practicable Date, 41 employees remain employed by the Target Company, while the Company is uncertain as to whether all these remaining 41 employees of the Target Company will eventually be transferred to DGM or dismissed. Nevertheless, the total number of employees of the Group would not be changed significantly given that a substantial part of the Transfer of Employment has already taken place as at the Latest Practicable Date.

The Completion

Completion shall take place on the business day after (i) the fulfillment (or waiver, as the case maybe) of all conditions precedent above; and (ii) the receipt of the First Installment and the signed Letter of Guarantee by GM Electronic, or such other date as may be mutually agreed between GM Electronic and the Purchaser in writing. On the Completion Date, GM Electronic shall handover, among others, the documents relating to the Disposal as well as seals, certificates, documents evidencing the titles of major assets of the Target Company, material contracts, financial information and any other corporate documents of the Target Company to the Purchaser.

The Leaseback Arrangement

Pursuant to the Agreement, the Target Company and DGM, both being indirect wholly-owned subsidiaries of the Company, shall enter into the Lease on the date of the Agreement, pursuant to which DGM shall lease the Workshop and Dormitory A for businesses such as the manufacture and assembly of electronic products.

LETTER FROM THE BOARD

On 16 June 2021, the Target Company as lessor and DGM as lessee entered into the Lease, pursuant to which DGM has conditionally agreed to lease from the Target Company and the Target Company has conditionally agreed to lease to DGM the Workshop and Dormitory A for a term of five years commencing from the Completion Date at a monthly rent of RMB357,788.74. Principal terms of the Lease are set out as follows:

Date:	16 June 2021
Parties:	Target Company (as lessor) DGM (as lessee)
Premises:	The Workshop and Dormitory A
Total gross floor area:	31,718.86 square meters
Term:	Five years commencing from the Completion Date
Condition precedent:	The commencement of the Lease shall be conditional upon Completion.
Monthly rental and payment term:	RMB357,788.74, payable before the 5th of each month since the commencement of the Lease
Termination:	Where there are special circumstances warranting the termination of the Lease, DGM may make a written application for the termination of the Lease to the Target Company three months in advance. In such case, the guaranteed monies shall be forfeited and will not be returned to DGM. If the Lease cannot be performed due to any acts of government (such as changes in legislations and policies) not caused by illegal operation of either party, the Target Company and DGM may negotiate to terminate the Lease while not being liable for breach of the Lease and the guaranteed monies shall be returned to DGM.
Renewal:	DGM may apply for renewal of the Lease 3 months prior to its expiry and it has priority to lease on same conditions.
Guaranteed monies:	Within five business days following the commencement of the Lease, DGM shall pay a one-off guaranteed monies of RMB1,500,000 for rental and RMB500,000 for electricity and water respectively.
Late penalty:	In the event that DGM delays in payment of rental, it shall pay 0.1% of the amount overdue per day to the Target Company. Where the rental is overdue for 30 days, the rental guaranteed monies will be forfeited and the Target Company may unilaterally terminate the Lease.

LETTER FROM THE BOARD

The terms of the Lease (including the rental) were determined after arm's length negotiations between DGM and the Purchaser with reference to the market rent, the status of the Workshop and Dormitory A and the rental market in Tangxia Town at the time of the Lease.

In determining whether to exercise the right of renewal prior to the expiry of the Lease, the Group will consider the then prevailing market rental rate, business need of the Group and future plan of the Group.

Pursuant to HKFRS 16, the Group is expected to recognize a right-of-use asset in respect of the Lease, which is calculated with reference to the aggregated present value of the lease payments during the term of the Lease. The value of such the right-of-use asset to be recognised by the Group upon commencement of the term of the Lease is expected to be approximately RMB17,868,850 (equivalent to approximately HK\$21,621,309).

As the Lease was entered into between wholly owned subsidiaries of the Company, the Lease will not constitute a notifiable transaction of the Company under the GEM Listing Rules.

3. INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in Mainland China with limited liability and is wholly-owned by GM Electronic, an indirect wholly-owned subsidiary of the Company. As at the date of the Agreement, the registered and paid-up capital of the Target Company was HK\$62,260,000. As at the Latest Practicable Date, the registered capital of the Target Company has been increased to HK\$86,260,000, HK\$71,490,000 of which have been paid-up. The Target Company was principally engaged in the manufacture of connectivity products mainly for computers and peripheral products.

As at the Latest Practicable Date, the aforesaid original business activities of the Target Company were transferred to DGM. Prior to such transfer, the majority of the orders received by the Target Company were placed by other subsidiaries of the Group (the "Other Subsidiaries"). To facilitate such transfer, the Other Subsidiaries have begun to place orders with DGM instead of placing orders with the Target Company since the third quarter of year 2020, while the Target Company has contemporaneously ceased to purchase raw materials from its suppliers. All the unutilised raw materials and finished good kept at the inventory of the Target Company were subsequently sold to DGM at cost. Since the end of January 2021, the Target Company has ceased to conduct any business activities except for owning the major assets set out below. As the original business activities of the Target Company were transferred to DGM which continues to manufacture connectivity products for the Group's business, the aforesaid transfer and the Disposal would not have material adverse effect on the existing sales and production business of the Group.

The major assets of the Target Company are (i) the Lands which comprise (a) Land A with a site area of approximately 3,196.6 square meters, which is currently not in use by the Group; and (b) Land B with a site area of approximately 38,000.0 square meters with a land use rights certificate for a term expiring on 7 August 2053, both of which are located at 177 Hongyebei Road, Tangxia Town, Dongguan, Guangdong Province, Mainland China; (ii) the Workshop with a gross floor area of approximately 21,957.41 square meters; (iii) Dormitory A with a gross floor area of approximately 9,761.45 square meters; (iv) Dormitory B with a gross floor area of approximately 4,048.8 square

LETTER FROM THE BOARD

meters; and (v) the Ancillary Structures with a total gross floor area of approximately 406.8 square meters. The valuation of the Premises is approximately RMB96,100,000 (equivalent to approximately HK\$116,281,000) as at 31 August 2021 as appraised by the Independent Valuer based on the valuation report as set out in Appendix IV to this circular.

As at the Latest Practicable Date, Land A, the land use rights of which were transferred to the Target Company pursuant to the state-owned land use rights transfer contract, did not have a land use rights certificate and the Ancillary Structures did not have real estate title certificates. Nevertheless, the Company did not obtain relevant land use rights certificate and/or title certificates for Land A and the Ancillary Structures before the Disposal for the following reasons:

- (i) the land use of Land A has been generally re-designated as “special land use” (including for military, foreign issues, correctional services, cemetery and religious uses) under the Master Plan, any subsequent application made for granting of relevant land use rights certificate pertinent thereto for industrial use would require amending the Master Plan. As stipulated in 《廣東省土地利用總體規劃修改管理規定》 (the Provisions on the Administration of Amending the Master Plan of Land Usage of Guangdong Province*) (the “Provisions”), amending the Master Plan shall be initiated by relevant levels of local government and is permissible only in certain exceptional circumstances, which shall be subject to the approval by relevant authority(ies) of the People’s Government in Dongguan Municipality. Given that the present situation of Land A does not fall into any of such circumstances as prescribed in the Provisions, obtaining relevant land use rights certificate for Land A is currently impracticable;
- (ii) it provides in relevant notices, procedures and requirements issued by the relevant authorities in Mainland China that should the present condition of any structures not satisfy with any of the administration requirements of the applicable master plan of land use (i.e. the designated land use), no relevant title certificates pertinent to the structures shall be granted. In light of the current land use of Land B on which the Ancillary Structures are erected is not in line with the land use of Land B as designated in the Master Plan (i.e. “special land use”), obtaining relevant real estate title certificates pertinent to the Ancillary Structures is currently impracticable;
- (iii) Land A is currently not in use by the Group while uses of the Ancillary Structures are ancillary to the uses of other part of the Premises (i.e. mainly for industrial use including but not limited to the manufacture and assembly of electronic products), the lack of relevant land use rights certificate and real estate title certificates pertinent to Land A and the Ancillary Structures did not have any material impact on the current operation of the Group; and
- (iv) the Directors do not have intention to deploy resources for further development of the Lands (including but not limited to Land A and the Ancillary Structures) for its operation and all other reasons as disclosed in the section headed “Reasons for and benefits of the Disposal” below.

LETTER FROM THE BOARD

The following table sets out the financial information of the Target Company as extracted from the unaudited statements of profit or loss and other comprehensive income of the Target Company for the two years ended 31 December 2020 and the three months ended 31 March 2021:

	For the year ended 31 December		For the three months ended 31 March
	2019	2020	2021
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Profit/(Loss) before tax	(5,136)	(10,548)	188
Profit/(Loss) after tax	(6,634)	(12,151)	188

The unaudited net asset value of the Target Company as extracted from the unaudited statements of financial position of the Target Company as at 31 March 2021 was approximately HK\$21,494,000 (equivalent to approximately RMB17,764,000).

Further details on the financial information of the Target Company are set out in Appendix II to this circular.

4. INFORMATION OF THE GROUP

The Company is an investment holding company. Its subsidiaries are principally engaged in (i) the design, manufacture and sale of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment (“**Electronic Business**”) and (ii) master-planning and architectural design business (“**Design Business**”).

GM Electronic is an indirect wholly-owned subsidiary of the Company. GM Electronic is principally engaged in the production and sale of electronic products such as connectivity wire, power cord, extension program and connectivity products mainly for computers.

DGM is an indirect wholly-owned subsidiary of the Company. DGM is principally engaged in the manufacture of connectivity products mainly for computers and peripheral products.

5. INFORMATION OF THE PURCHASER

The Purchaser is a company established in Mainland China with limited liability and its ultimate beneficial owners are 龔群娣 (Gong Qundi) and 龔雲流 (Gong Yunliu). The Purchaser is principally engaged in development, investment and operation of commercial real estate projects, industrial investment, real estate development and property management businesses.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties and there is no other agreement, arrangement, understanding or undertaking (other than the Agreement and the transactions contemplated thereunder) between the Purchaser and the Company and their respective associates as at the Latest Practicable Date.

LETTER FROM THE BOARD

6. FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results and the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group. The Company will no longer hold any equity interest in the Target Company. The Group expects that it would realise a gain of approximately RMB73,415,000 from the Disposal, which is computed with reference to the Consideration of RMB101,000,000, the deduction of the Withholding Tax of approximately RMB4,221,000, the deduction of costs and expenses to be incurred from the divestiture of non-core assets of the Target Company of approximately RMB600,000, the estimated professional fees, costs and expenses of approximately RMB5,000,000 and the net asset value of the Target Company of RMB17,764,000 as at 31 March 2021. Such calculation is only an estimate provided for illustrative purposes, and the actual gain or loss as a result of the Disposal to be recorded by the Company is subject to any changes to the financial position of the Target Company as at the Completion Date and final audit.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming that the Disposal had been completed on 31 December 2020, (i) the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2020 would be approximately HK\$340.6 million and HK\$117.6 million, respectively, as compared to those of approximately HK\$258.0 million and HK\$124.8 million, respectively; and (ii) the unaudited pro forma equity attributable to the Shareholders would be approximately HK\$223.5 million as compared to that of approximately HK\$133.7 million as at 31 December 2020, as disclosed in the annual report of the Company for the financial year of 2020.

For the year ended 31 December 2020, the Group recorded an audited consolidated loss attributable to equity shareholders of the Company of HK\$4.6 million. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming the Disposal had been completed on 1 January 2020, the unaudited pro forma consolidated profit of the Group attributable to equity shareholders of the Company for the year ended 31 December 2020 would be approximately HK\$87.0 million.

Shareholders should note that the unaudited pro forma financial information of the Remaining Group has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not give the true picture of the financial position of the Remaining Group following Completion.

Further details on the unaudited pro forma financial information of the Remaining Group are set out in Appendix III to this circular.

LETTER FROM THE BOARD

7. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has been continuously exploring ways to increase the value of the Lands, which are the major assets of the Target Company but have not been fully utilised as evidenced by the low plot ratios of the Lands compared to other pieces of lands in Tangxia Town sold by auction in the recent years. Meanwhile, benefitting from the recent local government policies in actively developing various projects in Tangxia industrial area in which the Lands are located, the selling prices of the landed properties in Tangxia have increased over the years. The Directors also noticed that industrial establishments surrounding the Lands have been gradually demolished and developed into residential properties. Although the Lands are originally designated for industrial use, the land use of the Lands has been re-designated as “special land use” under the Master Plan, while the Group has not received any land resumption proposal from any governmental bodies as at the Latest Practicable Date. In this relation, there are uncertainties as to the future usage of the Lands due to potential changes in urban planning policy of the local government. As such, the Directors believe that it may be risky for the Group to deploy resources for the further development of the Lands for its operation. In view of the above, the Directors believe that the Disposal represents a good opportunity for the Group to realise the value of the Lands amid the uncertainties arising from the urban planning policy of the local government. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will no longer be able to use the Lands and the facilities erected thereon for its operations and therefore have entered into the Lease pursuant to the Agreement on 16 June 2021 through DGM. The Directors believe that such Leaseback Arrangement under the Lease will enable the Group to maintain its daily operations during the process of identifying domestic and/or overseas manufacturing base(s) and to minimise the relocation costs. In the event that the Group is aware of any potential changes in urban planning policy of the local government which may affect the rights of the Group to legally use the Workshop and Dormitory A under the Lease, the Group will seek for other alternatives and consider to negotiate with the Target Company to terminate the Lease, if necessary.

The Group expects to receive net proceeds (the “**Net Proceeds**”) of approximately RMB91,179,000 from the Disposal based on (i) the Consideration of RMB101,000,000; (ii) the expected amount of the Withholding Tax of approximately RMB4,221,000; (iii) the costs and expenses to be incurred from the divestiture of non-core assets of the Target Company of approximately RMB600,000; and (iv) the professional fees, costs and expenses in relation to the Disposal of approximately RMB5,000,000.

The Disposal will strengthen the financial position and enhance the cash flow of the Group. The Board believes that, through the Disposal, the Company will be able to allocate its resources more effectively.

As disclosed above, the Group is principally engaged in the Electronic Business and Design Business and the Group intends to utilise the Net Proceeds: (i) as to approximately 15% of the Net Proceeds (equivalent to approximately RMB13,676,850) in the research and development of new products of the existing businesses of the Group which are expected to be fully utilised by the Group by the end of 2023; (ii) as to approximately 25% of the Net Proceeds (equivalent to approximately RMB22,794,750) to set up new manufacturing and/or operating base(s) in Mainland China and/or overseas and/or purchase and/or upgrade machinery and equipment, and to expand domestic and/or overseas markets which are expected to be fully utilised by the Group by the end of 2026; (iii) as to approximately 25% of the Net Proceeds (equivalent to approximately RMB22,794,750) to seize suitable strategic investment opportunities when such opportunities arise which are expected to be

LETTER FROM THE BOARD

fully utilised by the Group by the end of 2023; (iv) as to approximately 15% of the Net Proceeds (equivalent to approximately RMB13,676,850) for repayment of debts which are expected to be fully utilised by the Group by the end of 2023; and (v) as to approximately 20% of the Net Proceeds (equivalent to approximately RMB18,235,800) to replenish general working capital which are expected to be fully utilised by the Group by the end of 2022.

As disclosed in the annual report of the Company for the financial year of 2020, the Company targets to increase shareholders value by implementing new strategies to maximize asset utilization and value, including to pursue growth through mergers and acquisitions. The Group has been exploring and identifying such investment opportunities, and will make relevant disclosure pursuant to applicable requirements under the GEM Listing Rules as and when appropriate. As at the Latest Practicable Date, the Company has not identified any potential investments. The Company will make an appropriate announcement if there is any change to the above proposed use of the Net Proceeds.

Having taken into consideration of the above reasons for and benefits of the Disposal, the opportunity to reallocate resources after the Disposal to business opportunities with better growth potential and the potential gain from the Disposal as set out in the section headed “Financial Effects of the Disposal” above, the Directors are of the view that the Disposal and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8. GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal for the Company under the GEM Listing Rules and is therefore subject to reporting, announcement and Shareholders’ approval requirements.

9. SGM

The notice of SGM is set out on pages SGM-1 to SGM-3 of this circular. At the SGM, ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve, among other matters, the Agreement and the transactions contemplated thereunder.

A form of proxy for use in connection with the SGM is enclosed herewith. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish. If you attend and vote at the SGM, the instrument appointing a proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

Any Shareholder with a material interest in the Disposal and his/her/its close associates will be required to abstain from voting at the SGM to approve the Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Disposal, and accordingly no Shareholder (and his/her/its associates) is required to abstain from voting on the resolution at the SGM to approve the Agreement and the transactions contemplated thereunder.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, 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). Accordingly, the Company will procure that the chairman of the SGM shall demand voting on the resolution set out in the notice of SGM be taken by way of poll. The results of the poll will be published on the websites of the Company and the Stock Exchange in accordance with the GEM Listing Rules following the SGM.

10. CLOSURE OF REGISTER OF SHAREHOLDERS

The register of members of the Company will be closed from Friday, 15 October 2021 to Wednesday, 20 October 2021 (both dates inclusive) for determining the identity of Shareholders who are entitled to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to be eligible to attend and vote at the SGM, unregistered Shareholders should ensure that all share transfer documents accompanied by the relevant share certificates are lodged with the Company's Hong Kong branch share registrar, Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 13 October 2021.

11. RECOMMENDATION

The Directors consider that the Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and therefore recommend the Shareholders to vote in favor of the relevant resolution to be proposed at the SGM as set out in the notice of the SGM.

12. WARNING

Completion is subject to fulfillment of the conditions precedent as set out in the section headed "The Agreement — Conditions precedent" above. There is no assurance that any of such conditions precedent will be fulfilled. As such, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

LETTER FROM THE BOARD

13. ADDITIONAL INFORMATION

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

By Order of the Board
GLORY MARK HI-TECH (HOLDINGS) LIMITED
Wang Li Feng
Chairman and Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2018, 2019 and 2020 and for the six months ended 30 June 2021 are disclosed in the Company's annual reports for the three financial years ended 31 December 2018, 2019 and 2020 and the Company's interim report for the six months ended 30 June 2021, respectively, which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.glorymark.com.tw).

2. STATEMENT OF INDEBTEDNESS

As at 31 August 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

(i) Borrowings

As at 31 August 2021, the Group had total outstanding borrowings of approximately HK\$16,681,000, comprising secured bank borrowings of approximately HK\$7,000,000 in aggregate. As at 31 August 2021, the secured bank borrowings of the Group and other unutilized facilities were secured by the facilities held by third party's property. The Group's remaining loans and borrowings of HK\$9,681,000 were unsecured and unguaranteed.

(ii) Lease liabilities

As at 31 August 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Circular, the Group, as a lessee, had outstanding unpaid contractual lease liabilities of approximately HK\$1,065,000 in relation to the remaining lease terms of a right-of-use asset, which is unsecured and non-guaranteed.

(iii) Contingent liabilities

As at 31 August 2021, the Group had contingent liabilities in respect of civil litigations by the plaintiffs who claims for the labor services provided to the Target Company amounting to approximately RMB2,438,000 (equivalent to approximately HK\$2,949,980).

(iv) Disclaimer

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at 31 August 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but yet to be issued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts or liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the Disposal, internal resources available to the Group, external borrowings and presently available banking facilities, the Group will have sufficient working capital for its present requirements for the next 12 months from the date of this circular.

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest audited financial statements of the Group were made up.

5. RECONCILIATION OF VALUATION OF THE PREMISES

Savills Valuation and Professional Services Limited, an independent qualified professional valuer, has valued the Premises as at 31 August 2021. Details of the valuation report are set out in Appendix IV to this circular. As required under Rule 8.30 of the GEM Listing Rules, the reconciliation between valuation of the Premises as at 31 August 2021 and the book value of the Premises as at 31 March 2021 is as follows:

	<i>HK\$'000</i>
Book value as at 31 March 2021	20,784
Disposal	(22)
Valuation surplus	<u>95,519</u>
Valuation as at 31 August 2021	<u><u>116,281</u></u>

6. FINANCIAL AND TRADING PROSPECTS

Following Completion, the Company will continue to engage in design, manufacture and sale of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment (“**Electronics Business**”). To diversify the Group’s business and seek new exponential growth, the Group is also engaging in master-planning and architectural design business (“**Design Business**”) which involves master-planning work, general design work and architectural schematic design work.

In recent years, the outbreak of the COVID-19 pandemic and intensified Sino-US trade conflict impose uncertainties, which made the business environment more challenging and unfavourable than ever before. As a result of the effective measures of the COVID-19 pandemic prevention in Mainland China, economic recovery took place gradually with different magnitude across different regions and cities. The performance of the Design Business was more severely affected by the outbreak of the COVID-19 pandemic as compared to our Electronic Business. Our Electronics Business was affected by the weakened consumer demand for electronic products throughout the year and the low production capacity and efficiencies of our Group's production facility in Mainland China during the first quarter of 2020 and the increased tariffs of Sino-US trade war which lowered the demand of export of electronic products to the United States of America. Several former major customers in Japan, South Korea and other regions are gradually shifting their supply chains to Southeast Asia. As such, these two segments did not meet the initial expectation of the Group's management.

For the Design Business, the Group considered introducing an interior design business which includes home decoration, furniture, interior design accessories for both residential and commercial spaces to complement the Group's current architectural design business; stimulating the demand of customers by aligning the extensive experience in the field of construction engineering with virtual reality technologies to deliver a superior engineering consulting services to customers; and offering a thorough one-stop integrated design services by enhancing the internet interactive platform with users.

The Group is also looking for possible options to geographically diversify our production lines in Southeast Asia and India, where appropriate, in the future for establishing a stable supply chain of raw materials and components to cope with the challenges from trade wars and the rising demand of the major customers for Electronic Business. Embarking upon our strategy to develop omnichannel marketing strategy, we have built an online store on renowned e-commerce platform in the Mainland China starting December 2020. In the near future, the Group will continue to invest resources in expanding our online store by partnering with at least five more e-commerce platforms and social media partners in Mainland China and overseas.

In general, the Group has a multi-faceted plan to increase shareholder value by implementing new strategies to maximize asset utilization and value, to pursue growth through mergers and acquisitions and partnerships, and to find strategic investors that will bring synergies to the Group's businesses.

7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon Completion, the Target Company will cease to be the subsidiary of the Company and the Company will no longer have any direct or indirect equity interest in the Target Company. Since the end of January 2021, the Target Company has ceased to conduct any manufacturing business activities except for owning the Premises. As at the Latest Practicable Date, the original business activities of the Target Company were transferred to DGM. As the original business activities of the Target Company were transferred to DGM which continues to manufacture connectivity products for the Group's business, the aforesaid transfer and the Disposal would not have material adverse effect on the existing sales and production business of the Group.

The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Company for each of three years ended 31 December 2020 and the unaudited consolidated financial statements of the Company for the six months ended 30 June 2021 which is assumed to be the same as those of the Group as the Disposal would not have material adverse effect on the existing sales and production business of the Group. Set out below is the management discussion and analysis for the three years ended 31 December 2018 (“FY2018”), 2019 (“FY2019”) and 2020 (“FY2020”) and the six months ended 30 June 2021 (“6m2021”).

Segmental information

The Electronic Business

FY2018

For FY2018, given the Group had launched some higher value-added products and focused on cost control methods, the Group had improved its revenue and profit margins. In addition, the Group was benefited from the remarkable depreciation of RMB, which further improved the profit margin of the Group. In FY2018, the Electronic Business contributed revenue and segment profit of approximately HK\$344.0 million and HK\$53.0 million to the Group, respectively.

FY2019

For FY2019, as a result of the Sino-US trade war, revenue of the Electronic Business decreased by approximately 18.3% as compared with the revenue for FY2018. In FY2019, the Electronic Business contributed revenue and segment profit of approximately HK\$280.9 million and approximately HK\$42.9 million to the Group, respectively.

FY2020

For FY2020, the outbreak of the COVID-19 pandemic globally had imposed adverse impact on the consumer demand for electronic products globally and the Group’s production capacity and efficiencies in Mainland China, especially in the first quarter of 2020. In order to limit the impact of such disruption, the Group has used its best endeavours to fulfill its committed sales orders, remain in close contacts and liaise with its customers to closely follow up on the delivery schedules and upcoming sales order.

During FY2020, the revenue of the Electronic Business decreased by approximately 6.9% as compared with the revenue for FY2019. In FY2020, the Electronic Business contributed revenue and segment profit in the amounts of approximately HK\$261.6 million and approximately HK\$39.1 million to the Group, respectively.

6m2021

In the first half of 2020, the outbreak of the COVID-19 pandemic globally had imposed adverse impact on the consumer demand for electronic products globally and the Group’s production capacity and efficiencies in Mainland China. Amidst a long, uneven and uncertain recovery to pre-pandemic situation from the COVID-19 pandemic, the Directors had implemented effective strategies to increase our sales order and revenue and achieved a promising result for 6m2021.

During 6m2021, the revenue of the Electronic Business of approximately HK\$150.3 million increased by approximately 2.1% as compared with the revenue for the six months ended 30 June 2020 (“6m2020”) of approximately HK\$142.1 million.

The Design Business

FY2018

In the third quarter of 2017, the Group entered into the business of provision of comprehensive architectural services, to developers in Mainland China. In FY2018, the Design Business contributed revenue and segment profit of approximately HK\$44.8 million and HK\$13.5 million to the Group, respectively.

FY2019

In FY2019, the Design Business contributed revenue of approximately HK\$67.1 million to the Group, representing an increment of approximately 49.8% as compared with that of FY2018 as a result of the entering into of around 20 new design contracts in various provinces in Mainland China. This segment contributed segment profit of approximately HK\$16.6 million in FY2019.

FY2020

The revenue recognised from the Design Business had been growing satisfactorily since the introduction of this business in the third quarter of 2017. However, due to the outbreak of COVID-19 during FY2020, some of our design projects in Mainland China were suspended. The segment contributed revenue of approximately HK\$31.1 million in FY2020, decreased by approximately 53.6% as compared with that of FY2019. In FY2020, this segment contributed segment profit of approximately HK\$7.5 million.

6m2021

The COVID-19 pandemic had caused suspension of our design projects in Mainland China and Mainland China’s real estates market continued to be affected by the COVID-19 pandemic. The revenue of the Design Business of approximately HK\$13.5 million decreased by approximately 7.5% as compared with the revenue for 6m2020 of approximately HK\$14.6 million.

However, having considered the significant increase in new design contracts obtained and the corresponding contract sales from 6m2020 to 6m2021, the Directors are optimistic about the results of the Design Business in the coming year.

Liquidity and financial resources

As at 31 December 2018, the Group’s net current assets, bank balances and cash and equity attributable to owners of the Company amounted to approximately HK\$41.0 million, HK\$65.1 million and HK\$120.0 million, respectively. The current ratio (“**Current Ratio**”), expressed as current assets over current liabilities, was approximately 1.27 as at 31 December 2018. The Group had no interest bearing debt as at 31 December 2018.

As at 31 December 2019, the Group's net current assets, cash and bank balances and equity attributable to owners of the Company amounted to approximately HK\$54.9 million, HK\$79.9 million and HK\$129.6 million, respectively. The Current Ratio was approximately 1.43. The Group had no interest-bearing debt as at 31 December 2019.

As at 31 December 2020, the Group's net current assets, cash and bank balances and equity attributable to owners of the Company amounted to approximately HK\$55.4 million, HK\$56.4 million and HK\$133.7 million, respectively. The Current Ratio was maintained at the level of approximately 1.45. The Group had no interest-bearing debt as at 31 December 2020.

As at 30 June 2021, the Group's unaudited net current assets, cash and bank balances and equity attributable to owners of the Company amounted to approximately HK\$63.8 million, HK\$54.6 million and HK\$136.9 million, respectively. The Current Ratio was increased to 1.88. The Group had bank and other borrowings of approximately HK\$16.7 million as at 30 June 2021.

Contingent liabilities

As at 31 December 2018, 2019 and 2020, the Group had no significant contingent liabilities arising in the ordinary course of business.

As at 30 June 2021, the Group had contingent liabilities in respect of civil litigations by the plaintiffs who claimed for the labor services provided to the Target Company amounted to approximately RMB1,948,000 (equivalent to approximately HK\$2,357,080).

Capital structure and gearing ratio

As at 31 December 2018, 2019 and 2020, bank borrowings and other borrowings amounted to nil, respectively. The Group had bank and other borrowings of approximately HK\$16.7 million as at 30 June 2021, of which HK\$7.0 million were secured borrowings and approximately HK\$9.7 million were unsecured borrowings.

As at 31 December 2018, 2019 and 2020, the Group's gearing ratio, computed as total debts over total equity, were nil. The Group's gearing ratio was 0.12 as at 30 June 2021.

Foreign currencies exposure

For FY2018, FY2019 and FY2020 and 6m2021, the functional currency of the respective subsidiaries of Remaining Group is RMB & HK\$. Accordingly, the Directors consider that the exposure to foreign currency risk is not significant and hence the Remaining Group does not employ any financial instruments for hedging purposes.

Charge on assets

The Remaining Group did not have any charge on assets as at 31 December 2018 and 2019.

As at 31 December 2020, despite the Remaining Group had not drawn down any loan, shares of a subsidiary were fully pledged as security for a loan facility of RMB29.0 million (equivalent to approximately HK\$35.1 million) obtained from an independent third party during FY2020.

As at 30 June 2021, the Remaining Group had obtained an aggregated secured loan facilities amounting to approximately HK\$42.1 million, which comprised of (i) a loan facility of RMB29.0 million (equivalent to approximately HK\$35.1 million) from an independent third party as secured by charges on the Remaining Group's shares of a subsidiary; and (ii) a loan facility of HK\$7.0 million as secured by charges on the Remaining Group's investment properties in Hong Kong from a bank, amongst which HK\$7.0 million were utilized. In addition, the Remaining Group is required to comply with certain restrictive financial covenants on consolidated tangible net worth, current ratio, gearing ratio and interest coverage ratio, which are normally imposed by financing banks. As at 30 June 2021, the Remaining Group had complied with such financial covenants.

Significant investments held and material acquisitions and disposals

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Remaining Group did not hold any significant investment in equity interest in any other company.

There was no material acquisition and disposal of subsidiaries by the Remaining Group during FY2018, FY2019 and FY2020 and 6m2021.

Employee and remuneration policies

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Remaining Group had approximately 242, 347, 717 and 671 employees, respectively. The significant increase in the number of employees in 2020 was mainly due to the commencement of the restructuring in 2020 and majority of employees of the Target Company have been transferred to the Remaining Group. All employees are remunerated based on industry practice and in accordance with prevailing labour law. Apart from basic salary, staff benefits including medical insurance, performance related bonus and retirement scheme would be provided.

Future plans for material investments or capital assets

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Remaining Group did not have any future plans for material investment or capital assets.

Prospects for business

Despite the Electronic Business was challenged with multitude of risks in recent years, the Directors have a multi-faceted plan to increase shareholder value by implementing new strategies to maximize asset utilization and value, to pursue growth through M&A and partnerships, and to find strategic investors that will bring synergies to the Group's businesses.

Apart from the Electronic Business, the Remaining Group will also continue to focus on developing the Design Business and believes that this business segment would continue to improve and contribute to the Remaining Group's revenue and profit, thereby becoming the Remaining Group's future engine of growth.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

I. FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows of the Target Company for the three years ended 31 December 2018, 2019 and 2020 and for the three months ended 31 March 2021 (the “**Relevant Periods**”), the unaudited statements of financial position of the Target Company as at 31 December 2018, 2019 and 2020 and 31 March 2021 and certain explanatory notes (the “**Unaudited Financial Information**”), which were prepared on the basis set out in note 2 to the Unaudited Financial Information below and prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules.

The reporting accountants of the Target Company, Prism CPA Limited, was engaged to review the Unaudited Financial Information of the Target Company set out in pages II-2 to II-10 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on their review, nothing has come to their attention that causes them to believe that the Unaudited Financial Information of the Target Company for the relevant periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information of the Target Company. However, the reporting accountants has included a “Material uncertainty related to going concern” section (without qualification) in the review report which states that:

“Without qualifying our conclusion, we draw attention to note 2 to the Unaudited Financial Information of the Target Company which indicates that the Target Company had unaudited net current liabilities of HK\$1,871,000 and accumulated losses of HK\$48,062,000 as at 31 March 2021. As explained in note 2 to the Unaudited Financial Information of the Target Company, the Unaudited Financial Information of the Target Company has been prepared on a going concern basis, the validity of which depends upon the ongoing support from the Target Company’s bankers and the Company’s controlling shareholder, and the Target Company’s ability to generate sufficient cash flows from future operations to cover the Target Company’s operating costs and to meet its financing commitments. These conditions, along with other matters as set forth in note 2 to the Unaudited Financial Information of the Target Company, indicate the existence of a material uncertainty which may cast significant doubt on the Target Company’s ability to continue as a going concern.”

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three years ended 31 December 2018, 2019 and 2020
and for the three months ended 31 March 2021*

	For the year ended 31			For the
	December			three
	2018	2019	2020	months
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	ended
				31 March
				2021
				<i>HK\$'000</i>
Revenue	163,668	153,476	144,646	1,552
Cost of sales and services rendered	<u>(160,438)</u>	<u>(157,236)</u>	<u>(171,018)</u>	<u>(1,944)</u>
Gross profit/(loss)	3,230	(3,760)	(26,372)	(392)
Other income	977	1,387	16,557	680
Other gains and losses	—	43	2,310	(6)
Selling and distribution expenses	(2,965)	(2,172)	(1,292)	(8)
Administrative expenses	<u>(892)</u>	<u>(634)</u>	<u>(1,751)</u>	<u>(86)</u>
Profit/(Loss) before taxation	350	(5,136)	(10,548)	188
Income tax expense	<u>(1,716)</u>	<u>(1,498)</u>	<u>(1,603)</u>	<u>—</u>
(Loss)/Profit for the year/period	(1,366)	(6,634)	(12,151)	188
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>(11,430)</u>	<u>(650)</u>	<u>905</u>	<u>807</u>
Total comprehensive (expense)/income for the year/period	<u><u>(12,796)</u></u>	<u><u>(7,284)</u></u>	<u><u>(11,246)</u></u>	<u><u>995</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018, 2019 and 2020 and 31 March 2021

	As at 31 December			As at
	2018	2019	2020	31 March
	HK\$'000	HK\$'000	HK\$'000	2021 HK\$'000
Non-current assets				
Property, plant and equipment	27,962	25,431	21,090	20,784
Prepaid lease payments	2,577	—	—	—
Right-of-use assets	—	2,452	2,619	2,581
Deposits paid	1,675	184	—	—
	<u>32,214</u>	<u>28,067</u>	<u>23,709</u>	<u>23,365</u>
Current assets				
Inventories	34,930	28,999	2	—
Trade and other receivables	4,441	2,774	32	—
Amounts due from group companies	44	13,666	29,762	10,324
Bank balances and cash	5,623	7,389	5,801	1,193
	<u>45,038</u>	<u>52,828</u>	<u>35,597</u>	<u>11,517</u>
Current liabilities				
Trade payables, other payables and accruals	32,130	30,104	14,247	3,361
Amount due to an immediate holding company	6,712	—	6,712	6,712
Amounts due to group companies	11,544	6,942	3,234	3,315
Tax liabilities	10,837	12,104	14,614	—
	<u>61,223</u>	<u>49,150</u>	<u>38,807</u>	<u>13,388</u>
Net current (liabilities)/assets	<u>(16,185)</u>	<u>3,678</u>	<u>(3,210)</u>	<u>(1,871)</u>
Net assets	<u>16,029</u>	<u>31,745</u>	<u>20,499</u>	<u>21,494</u>
Capital and reserves				
Share capital	39,260	62,260	62,260	62,260
Reserves	(23,231)	(30,515)	(41,761)	(40,766)
Total equity	<u>16,029</u>	<u>31,745</u>	<u>20,499</u>	<u>21,494</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

For the three years ended 31 December 2018, 2019 and 2020

and for the three months ended 31 March 2021

	Share capital	Translation reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January 2018	39,260	17,664	(28,099)	28,825
Loss for the year	—	—	(1,366)	(1,366)
Other comprehensive expenses	—	(11,430)	—	(11,430)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2018 and 1 January 2019	39,260	6,234	(29,465)	16,029
Loss for the year	—	—	(6,634)	(6,634)
Other comprehensive expenses	—	(650)	—	(650)
Issue of new shares	23,000	—	—	23,000
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019 and 1 January 2020	62,260	5,584	(36,099)	31,745
Loss for the year	—	—	(12,151)	(12,151)
Other comprehensive income	—	905	—	905
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2020 and 1 January 2021	62,260	6,489	(48,250)	20,499
Profit for the period	—	—	188	188
Other comprehensive income	—	807	—	807
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 March 2021	<u>62,260</u>	<u>7,296</u>	<u>(48,062)</u>	<u>21,494</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF CASH FLOWS

*For the three years ended 31 December 2018, 2019 and 2020
and for the three months ended 31 March 2021*

	For the year ended 31			For the
	2018	2019	2020	three months ended
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>31 March 2021</i>
				<i>HK\$'000</i>
OPERATING ACTIVITIES				
Profit/(Loss) before taxation	350	(5,136)	(10,548)	188
Adjustments for:				
Depreciation of property, plant and equipment	8,995	4,087	2,876	306
Gain on disposal of property, plant and equipment	—	(142)	(2,508)	—
Interest income on bank deposits	(25)	(66)	(34)	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating cash flows before movements in working capital	9,320	(1,257)	(10,214)	494
(Increase)/decrease in inventories	(11,804)	5,931	28,997	2
Increase in prepaid lease payments	(2,577)	—	—	—
Decrease in trade and other receivables	68,498	1,667	2,742	32
Decrease in trade payables, other payables and accruals	(74,292)	(2,026)	(15,857)	(10,886)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash (used in)/generated from operations	(10,855)	4,315	5,668	(10,358)
Income tax refunded/(paid)	10,920	(231)	907	(14,614)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u> 65</u>	<u> 4,084</u>	<u> 6,575</u>	<u> (24,972)</u>
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,407)	(563)	—	—
Disposal/(Acquisition) of right-of-use assets	—	125	(167)	38
Interest received	25	66	34	—
Proceeds from disposal of property, plant and equipment	—	640	4,157	—
(Advance to)/Repayment from group companies	(44)	(13,622)	(16,096)	19,438
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	<u> (5,426)</u>	<u> (13,354)</u>	<u> (12,072)</u>	<u> 19,476</u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

	For the year ended 31 December			For the three months ended 31 March
	2018	2019	2020	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
FINANCING ACTIVITIES				
Issue of new shares	—	23,000	—	—
Advance from/(Repayment to) an immediate holding company	6,712	(6,712)	6,712	—
Advance from/(Repayment to) group companies	11,544	(4,602)	(3,708)	81
NET CASH FROM FINANCING ACTIVITIES	<u>18,256</u>	<u>11,686</u>	<u>3,004</u>	<u>81</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	12,895	2,416	(2,493)	(5,415)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,158</u>	<u>5,623</u>	<u>7,389</u>	<u>5,801</u>
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(11,430)</u>	<u>(650)</u>	<u>905</u>	<u>807</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	<u><u>5,623</u></u>	<u><u>7,389</u></u>	<u><u>5,801</u></u>	<u><u>1,193</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was established in the People's Republic of China (the "PRC") on 28 August 2002 with limited liability. The address of its registered office is Building 1, No.177, Hongyebei Road, Tangxia, Tangxia Town, Dongguan City, Guangdong Province, PRC.

The principal business of the Target Company is mainly engaged in the manufacture of connectivity products mainly for computers and peripheral products. There has been no significant change in the Target Company's principal business during the Relevant Periods.

On 16 June 2021, GM Electronic and the Target Company, both being indirect wholly-owned subsidiaries of the Company, entered into the Agreement with the Purchaser, pursuant to which GM Electronic has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company. On the same day, the Target Company as lesser and DGM as lessee entered into the Lease, pursuant to which DGM has conditionally agreed to lease from the Target Company and the Target Company has conditionally agreed to lease to DGM the Workshop and Dormitory A for a term of five years commencing from the Completion Date.

The functional currency of the Target Company is Renminbi while the Unaudited Financial Information for the Relevant Periods is presented in Hong Kong Dollar for the convenience of the Shareholders.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information has been prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules, and is solely for the purposes of inclusion in this circular issued by the Company in connection with the Disposal. The Unaudited Financial Information for the Relevant Periods has been prepared in accordance with the relevant accounting policies of the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the Relevant Periods, which conform with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "Presentation of Financial Statements" nor an interim report as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA and should be read in connection with the relevant published annual reports of the Company.

As at 31 March 2021, the Target Company had unaudited net current liabilities of HK\$1,871,000 and accumulated losses of HK\$48,062,000. The Target Company is dependent upon the financial support from its bankers, the Company's controlling shareholder, and its ability to generate sufficient cash flows from future operations to cover its operating costs and to meet its financing commitments. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Target Company's ability to continue as a going concern.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

The Directors have made an assessment and concluded that the Target Company is able to continue as a going concern for at least the next twelve months from 31 March 2021 and to meet its obligations, as and when they fall due, having regard to the following:

- i the Target Company expects to generate positive operating cash flows for the next twelve months; and
- ii the controlling shareholder of the Company confirms its intention to provide adequate financial support to the Target Company as is necessary to ensure the Target Company's continuing operation for a period of at least 12 months from 31 March 2021.

Consequently, the Unaudited Financial Information has been prepared on a going concern basis. The Unaudited Financial Information does not include any adjustments that would result should the Target Company be unable to operate as a going concern.

3. APPLICATION OF NEW AND REVISED HKFRSs

During the Relevant Periods, the HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the Relevant Periods. Except for HKFRS 9 "Financial Instruments" and HKFRS 16 "Leases", none of the developments, including HKFRS 15 "Revenue from contracts with customers", have had a material effect on Unaudited Financial Information.

HKFRS 9 "Financial Instruments"

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an expected credit losses ("ECL") model for the impairment of financial assets. When adopting HKFRS 9, the Target Company had applied the standard retrospectively to items that existed at 1 January 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement and impairment are recognised in accumulated losses.

The adoption of HKFRS 9 has impacted the following areas:

- the classification and measurement of the Target Company's financial assets.
- HKFRS 9 replaces the incurred loss model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the incurred loss accounting model in HKAS 39.

The Target Company applies the new ECL model to the following items:

- financial assets measured at amortised cost (including bank balances and cash).

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

For financial assets measured at amortised cost, the Target Company applies a general approach of recognising ECL.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Target Company's financial assets as at 1 January 2018.

Financial assets	Note	Classification under HKAS 39	Classification under HKFRS 9	Carrying amount under HKAS 39 <i>HK\$'000</i>	Carrying amount under HKFRS 9 <i>HK'000</i>
Bank balances and cash	(i)	Loans and receivables	Amortised cost	4,158	4,158

Note:

- (i) Bank balances and cash that was classified as loans and receivables under HKAS 39 was classified at amortised cost under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities as at 1 January 2018 was not impacted by the initial application.

HKFRS 16 “Leases”

HKFRS 16 significantly changes lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. HKFRS 16 has been applied by the Target Company using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of accumulated losses as at 1 January 2019. Unaudited Financial Information for the year ended 31 December 2018 have not been restated and continues to be reported under HKAS17. There was no lease in which the Target Company was a lessee during the Relevant Periods.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

As a result of the initial adoption of HKFRS 16, the following adjustments were made to the amounts recognised in the Unaudited Financial Information of the Target Company as at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported as at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 as at 1 January 2019 HK\$'000
Non-current assets			
Prepaid lease payments	2,577	(2,577)	—
Right-of-use assets	<u>—</u>	<u>2,577</u>	<u>2,577</u>

Note: Upfront payments for leasehold lands in the PRC for own use properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the prepaid lease payments amounting to approximately HK\$2,577,000 were reclassified to right-of-use assets.

A. THE UNAUDITED PRO FORMA INFORMATION OF THE REMAINING GROUP**1 Introduction**

The following is a summary of the illustrative unaudited pro forma financial information consisting of the unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, in connection with the Disposal. The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Remaining Group as at 31 December 2020 as if the Disposal had been completed on 31 December 2020; and (ii) the financial performance and cash flows of the Remaining Group for the year ended 31 December 2020 as if the Disposal had been completed on 1 January 2020.

The unaudited pro forma financial information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2020 as extracted from the annual report of the Company for the year ended 31 December 2020 after taking into account the pro forma adjustments relating to the Disposal as if the Disposal had been completed on 31 December 2020; and (ii) the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2020 as extracted from the annual report of the Company for the year ended 31 December 2020 after taking into account the pro forma adjustments relating to the Disposal as if the Disposal had been completed on 1 January 2020 (together as the “**Unaudited Pro Forma Financial Information**”).

The Unaudited Pro Forma Financial Information is presented after making pro forma adjustments that are clearly shown and explained, directly attributable to the Disposal and not relating to future events or decisions, factually supportable and clearly identified as to those which are expected to have a continuing effect on the Remaining Group and those which are not.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 7.31(1) of the GEM Listing Rules, for the purposes of illustrating the effect of the Disposal based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of the financial position, financial performance and cash flows of the Remaining Group had the Disposal been completed as of 31 December 2020 or 1 January 2020, where applicable, or any future date. The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 31 December 2020 and other financial information included elsewhere in the Circular.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**2. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFITS OR LOSS
AND OTHER COMPREHENSIVE INCOME OF THE REMAINING GROUP**
For the year ended 31 December 2020

	The Group <i>HK\$'000</i> <i>(Note 1)</i>	Pro Forma adjustments for the		The Remaining Group <i>HK\$'000</i>
		Disposal <i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i> <i>(Note 5)</i>	
Revenue	292,748	—		292,748
Cost of sales and services rendered	<u>(246,095)</u>	—		<u>(246,095)</u>
Gross profit	46,653			46,653
Other income	8,442	(3,125)		5,317
Other gains and losses	(3,165)	198		(2,967)
Change in fair value of investment properties	(500)			(500)
Share of profit of joint ventures	1,325			1,325
Selling and distribution expenses	(7,280)	1,292		(5,988)
Administrative expenses	(47,796)	1,751		(46,045)
Gain on disposal of a subsidiary	—		89,828	89,828
(Loss)/Profit before taxation	(2,321)			87,623
Income tax expense	<u>(2,801)</u>	1,603		<u>(1,198)</u>
(Loss)/Profit for the year	<u>(5,122)</u>			<u>86,425</u>
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	2,460	(905)		1,555
Share of other comprehensive income of joint ventures	101			101
	<u>2,561</u>			<u>1,656</u>
Total comprehensive (expense)/income for the Year	<u>(2,561)</u>			<u>88,081</u>
(Loss)/Profit for the year attributable to:				
Owners of the Company	(4,576)	1,719	89,828	86,971
Non-controlling interests	<u>(546)</u>			<u>(546)</u>
	<u>(5,122)</u>			<u>86,425</u>
Total comprehensive (expense)/income for the year attributable to:				
Owners of the Company	(2,015)	814	89,828	88,627
Non-controlling interests	<u>(546)</u>			<u>(546)</u>
	<u>(2,561)</u>			<u>88,081</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**3. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL
POSITION OF THE REMAINING GROUP**
As at 31 December 2020

	The Group <i>HK\$'000</i> <i>(Note 1)</i>	Pro Forma adjustments for the Disposal			The Remaining Group <i>HK\$'000</i>
		<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 4)</i>	<i>HK\$'000</i> <i>(Note 5)</i>	
Non-current assets					
Property, plant and equipment	50,417	(21,090)			29,327
Right-of-use assets	8,828	(2,619)		21,621	27,830
Investment properties	14,250				14,250
Interests in joint ventures	5,189				5,189
	<u>78,684</u>				<u>76,596</u>
Current assets					
Inventories	50,589	(2)			50,587
Trade and other receivables	69,284	(32)			69,252
Contract assets	3,052				3,052
Amount due from a joint venture	10				10
Amounts due from Remaining Group	—	(29,762)	29,762		—
Bank balances and cash	56,403	(5,801)	(19,816)	110,327	141,113
	<u>179,338</u>				<u>264,014</u>
Current liabilities					
Trade payables, other payables and accruals	78,761	(14,247)			64,514
Contract liabilities	1,556				1,556
Amounts due to Remaining Group	—	(9,946)	9,946		—
Lease liabilities	309			3,684	3,993
Tax liabilities	43,299	(14,614)			28,685
	<u>123,925</u>				<u>98,748</u>
Net current assets	<u>55,413</u>				<u>165,266</u>

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group <i>HK\$'000</i> <i>(Note 1)</i>	Pro Forma adjustments for the Disposal					The Remaining Group <i>HK\$'000</i>
		<i>HK\$'000</i> <i>(Note 3)</i>	<i>HK\$'000</i> <i>(Note 4)</i>	<i>HK\$'000</i> <i>(Note 5)</i>	<i>HK\$'000</i> <i>(Note 7)</i>		
Total assets less current liabilities	<u>134,097</u>					<u>241,862</u>	
Non-current liability							
Lease liabilities	<u>908</u>				17,937	<u>18,845</u>	
Net assets	<u><u>133,189</u></u>					<u><u>223,017</u></u>	
Capital and reserves							
Share capital	7,040					7,040	
Reserves	<u>126,640</u>			89,828		<u>216,468</u>	
Equity attributable to owners of the Company	133,680					223,508	
Non-controlling interests	<u>(491)</u>					<u>(491)</u>	
Total equity	<u><u>133,189</u></u>					<u><u>223,017</u></u>	

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****4. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF
THE REMAINING GROUP***For the year ended 31 December 2020*

	The Group <i>HK\$'000</i>	Pro Forma adjustments for the		The Remaining Group <i>HK\$'000</i>
		Disposal <i>HK\$'000</i> <i>(Note 6)</i>	<i>HK\$'000</i> <i>(Note 5)</i>	
OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(2,321)	116	89,828	87,623
Adjustments for:				
Change in fair value of investment properties	500			500
Depreciation of property, plant and equipment	5,839	(2,876)		2,963
Depreciation of right-of-use assets	1,517	167		1,684
Gain on effect of lease modification	(9)			(9)
Interest expenses on lease liabilities	49			49
Interest income on bank deposits	(659)	34		(625)
Loss on disposal of property, plant and equipment	240	—		240
Provision of allowance for credit losses	1,866			1,866
Reversal of Provision of allowance for inventories	(2,614)			(2,614)
Reversal of other payables and accrual	(2,688)			(2,688)
Share of profit of joint ventures	(1,325)			(1,325)
Gain on disposal of a subsidiary	—		(89,828)	(89,828)
Operating cash flows before movements in working capital	395			(2,164)
Increase in inventories	(12,630)	(28,997)		(41,627)
Increase in trade and other receivables	(6,359)	(2,742)		(9,101)
Increase in contract assets	(1,802)			(1,802)
(Decrease)/Increase in trade payables, other payables and accruals	(487)	15,857		15,370
Decrease in contract liabilities	(3,697)			(3,697)
Cash used in operations	(24,580)			(43,021)
Income tax refunded	1,728	(907)		821
NET CASH USED IN OPERATING ACTIVITIES	<u>(22,852)</u>			<u>(42,200)</u>

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	The Group	Pro Forma		The
	<i>HK\$'000</i>	adjustments for the		Remaining
		Disposal		Group
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Note 6)</i>	<i>(Note 5)</i>	
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,067)	—		(5,067)
Advance to a joint venture	(10)			(10)
Interest received	659	(34)		625
Advance to Target Company	—	(6,712)		(6,712)
Repayment from Target Company	—	3,708		3,708
	<u> </u>			<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(4,418)</u>			<u>(7,456)</u>
FINANCING ACTIVITIES				
Net proceeds from issue of shares	6,078			6,078
Repayment of principal portion of lease liabilities	(1,288)			(1,288)
Interest paid for leases	(49)			(49)
Advanced from the Target Company	—	16,096		16,096
Proceeds from disposal of full interests in a subsidiary	—		110,327	110,327
	<u> </u>			<u> </u>
NET CASH FROM FINANCING ACTIVITIES	<u>4,741</u>			<u>131,164</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(22,529)			81,508
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	79,871	(7,389)		72,482
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(939)</u>	(905)		<u>(1,844)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	<u>56,403</u>			<u>152,146</u>

5. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
REMAINING GROUP

- (1) The consolidated statement of financial position of the Group as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2020 are extracted from the published annual report of the Company for the year ended 31 December 2020.
- (2) The adjustment represents the exclusion of the operating results of the Target Company for the year ended 31 December 2020, which were extracted from the unaudited statement of profit or loss and other comprehensive income of the Target Company for the year ended 31 December 2020 as set out on page II-2 of this Circular, as if the Disposal had been completed on 1 January 2020.

The unaudited statement of profit or loss and comprehensive income for the year ended 31 December 2020

	Target Company <i>HK\$'000</i>	Adjustments: Elimination of inter- group transactions <i>HK\$'000</i>	To be excluded from the Remaining Group <i>HK\$'000</i>
Revenue	144,646	(144,646)	—
Cost of sales and services rendered	<u>(171,018)</u>	<u>171,018</u>	<u>—</u>
Gross loss	(26,372)	26,372	—
Other income	16,557	(13,432)	3,125
Other gains and losses	2,310	(2,508)	(198)
Selling and distribution expenses	(1,292)	—	(1,292)
Administrative expenses	<u>(1,751)</u>	<u>—</u>	<u>(1,751)</u>
Loss before taxation	(10,548)	10,432	(116)
Income tax expense	<u>(1,603)</u>	<u>—</u>	<u>(1,603)</u>
Loss for the year	(12,151)	10,432	(1,719)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations	<u>905</u>	<u>—</u>	<u>905</u>
Total comprehensive expense for the year	<u>(11,246)</u>	<u>10,432</u>	<u>(814)</u>

Note: The adjustments represent the exclusion of the intra-group transactions within the Company and its subsidiaries and the Target Company for the year ended 31 December 2020, as if the Disposal had been completed on 1 January 2020.

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

- (3) The adjustment represents the exclusion of the assets and liabilities of the Target Company as at 31 December 2020, which have been extracted from the unaudited statement of financial position of the Target Company as set out on page II-3 of this Circular, as if the Disposal had been completed on 31 December 2020.
- (4) The adjustment represents settlement of the net amounts due to the Target Company by the Remaining Group at Disposal. Pursuant to the Agreement, the settlement of the amounts due to the Target Company is one of the conditions precedent of completion of the Disposal.

	<i>HK\$'000</i>
Amounts due from Remaining Group to the Target Company	29,762
Amounts due to Remaining Group by the Target Company	<u>(9,946)</u>
Amounts due to the Target Company by the Remaining Group	<u><u>19,816</u></u>

- (5) The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position assuming the Disposal had taken place on 31 December 2020:
- (i) The adjustment to cash and cash equivalent represents the initial consideration of the Disposal of RMB101,000,000 (equivalent to approximately HK\$122,210,000 for the purpose of this unaudited pro forma financial information, translated at the exchange rate of RMB1 to HK\$1.21). No representation is made that RMB denominated amounts have been, could have been or could be converted to HK\$, or vice versa, at the rate applied or at any other rates or at all.

- (ii) The adjustment to reserves represents the estimated net gain on the Disposal as if it had taken place on 31 December 2020, which is calculated as follows:

	<i>Note</i>	<i>HK\$'000</i>
Total consideration for the Disposal	5(i)	122,210
Less: Estimated professional costs directly attributable to the Disposal	*	(6,050)
Estimated income tax in relation to the gain on the Disposal calculated at the applicable tax rate	**	(5,107)
Estimated diversify cost of non-core assets of the Target Company	***	<u>(726)</u>
Estimated net proceeds from the Disposal		110,327
Less: Net assets of the Target Company as at 31 December 2020		<u>(20,499)</u>
Estimated gain (net of tax) on the Disposal		<u><u>89,828</u></u>

* Estimated professional costs directly attributable to the Disposal represents proposal fees to professional advisors based on management's budget, including financial advisor, independent financial advisor, legal advisors, agencies, financial printer and the reporting accountants of the Company and other miscellaneous costs. It represents approximately RMB5,000,000 (equivalent to approximately HK\$6,050,000).

** Estimated income tax in relation to the Disposal represents the PRC enterprise income tax of RMB4,221,000 (equivalent to approximately HK\$5,107,410), which is calculated based on a tax rate of 10% and the taxable disposal gain arising from the transfer of equity interest in the Target Company.

*** Estimated diversify cost of non-core assets of the Target Company represents approximately RMB600,000 (equivalent to approximately HK\$726,000).

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

- (6) The adjustment represents the exclusion of the cash flows of the Target Company for the year ended 31 December 2020 which were extracted from the unaudited statement of cash flows of the Target Company as set out on pages II-5 to II-6 of this Circular, as if the Disposal had been completed on 1 January 2020.

The unaudited statement of cash flows for the year ended 31 December 2020

	Target Company HK\$'000	Adjustments: Elimination of inter- group transactions HK\$'000	To be excluded from the Remaining Group HK\$'000
OPERATING ACTIVITIES			
Loss before taxation	(10,548)	10,432	(116)
Depreciation of property, plant and equipment	2,876	—	2,876
Gain on disposal of property, plant and equipment	(2,508)	2,508	—
Interest income on bank deposits	(34)	—	(34)
Operating cash flows before movements in working capital	(10,214)	12,940	2,726
Decrease in inventories	28,997	—	28,997
Decrease in trade and other receivables	2,742	—	2,742
Decrease in trade payables, other payables and accruals	(15,857)	—	(15,857)
Cash generated from operations	5,668	12,940	18,608
Income tax refunded	907	—	907
NET CASH FROM OPERATING ACTIVITIES	6,575	12,940	19,515
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	—	—	—
Acquisition of right-of-use assets	(167)	—	(167)
Interest received	34	—	34
Proceeds from disposal of property, plant and equipment	4,157	(4,157)	—
Advance to group companies	(16,096)	—	(16,096)

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**

	Target Company HK\$'000	Adjustments: Elimination of inter- group transactions HK\$'000	To be excluded from the Remaining Group HK\$'000
NET CASH USED IN INVESTING ACTIVITIES	<u>(12,072)</u>	<u>(4,157)</u>	<u>(16,229)</u>
FINANCING ACTIVITIES			
Advance from an immediate holding company	6,712	—	6,712
Repayment to group companies	<u>(3,708)</u>	<u>—</u>	<u>(3,708)</u>
NET CASH FROM FINANCING ACTIVITIES	<u>3,004</u>	<u>—</u>	<u>3,004</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,493)	8,783	6,290
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,389</u>	<u>—</u>	<u>7,389</u>
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>905</u>	<u>—</u>	<u>905</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	<u><u>5,801</u></u>	<u><u>8,783</u></u>	<u><u>14,584</u></u>

Note: The adjustments represent the exclusion of the intra-group transactions within the Company and its subsidiaries and the Target Company for the year ended 31 December 2020, as if the Disposal had been completed on 1 January 2020.

- (7) The adjustment represents the recognition of right-of-use asset in respect of the Leaseback arrangement upon completion of the Disposal, which is calculated with reference to the aggregated present value of the lease payments during the term of the Lease. The value of the right-of-use asset to be recognised by the Group upon commencement of the term of the Lease is expected to be approximately RMB17,868,850 (equivalent to approximately HK\$21,621,309).
- (8) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group, except otherwise indicated.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, Prism CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Remaining Group for the purpose of incorporation in this Circular.



Prism CPA Limited
栢淳會計師事務所有限公司

Room 1002-3, 10/F., Perfect Commercial Building,
No. 20 Austin Avenue, Tsim Sha Tsui, Hong Kong
香港九龍尖沙咀柯士甸路20號保發商業大廈10樓1002-3室
T : +852 2774 2188 E : info@prism.com.hk
F : +852 2774 2322 W : www.prism.com.hk

The Directors
Glory Mark Hi-Tech (Holdings) Limited
Room 1033, 10/F, Central Building,
1-3 Pedder Street,
Central,
Hong Kong.

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Glory Mark Hi-Tech (Holdings) Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) prepared by the directors of the Company (the “**Directors**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2020, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages III-2 to III-11 of the circular in connection with the proposed disposal of the entire equity interest of 東莞亞聯科技電子有限公司 (Dongguan Asia-Link Technology Ltd.). (the “**Target Company**”) (the “**Disposal**”) dated 29 September 2021 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-11 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2020 and its financial performance and cash flows for the year ended 31 December 2020 as if the Disposal had taken place on 31 December 2020 and 1 January 2020 respectively. As part of this process, information about the Group's audited consolidated financial position as at 31 December 2020, audited consolidated financial performance and cash flows for the year ended 31 December 2020 has been extracted by the Directors from the Company's annual report for the year ended 31 December 2020.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the "*Code of Ethics for Professional Accountants*" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply Hong Kong Standard on Quality Control 1 "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue. We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2020 and 1 January 2020, respectively, would have been as presented. A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Prism CPA Limited

Certified Public Accountants

Hong Kong, 29 September 2021

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of market value of the property as at 31 August 2021.

The Directors
Glory Mark Hi-Tech (Holdings) Limited
Room 1033, 10/F
Central Building
1-3 Pedder Street
Central
Hong Kong



Savills Valuation and
Professional Services Limited
Room 1208
1111 King's Road
Taikoo Shing, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

29 September 2021

Dear Sirs,

RE: DONGGUAN ASIA-LINK TECHNOLOGY INDUSTRIAL COMPLEX (東莞亞聯科技電子廠), NO. 177 HONGYEBEI ROAD, TANGXIA TOWN, DONGGUAN, GUANGDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

INSTRUCTIONS

In accordance with the instructions from Glory Mark Hi-Tech (Holdings) Limited (the "**Company**") for us to value the property situated in the People's Republic of China (the "**PRC**") and held by 東莞亞聯科技電子有限公司 (Dongguan Asia-Link Technology Ltd.) ("**Dongguan Asia-Link Technology**"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the property as at 31 August 2021 (the "**Valuation Date**") for incorporation in the Company's Circular.

BASIS OF VALUATION

Our valuation of the property is our opinion of its market value which we would define as intended to mean "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".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale and purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 of The Hong Kong Institute of Surveyors (“**HKIS**”), which incorporates the International Valuation Standards (“**IVS**”), and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by Mr. Anthony C.K. Lau, who is a Director of Savills Valuation and Professional Services Limited (“**SVPSL**”) and a corporate member of HKIS with over 28 years’ experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the property, SVPSL and Mr. Lau did not involve in valuation of the property in the last 12 months.

We are independent of the Company and Dongguan Asia-Link Technology. We are not aware of any instance which would give rise to potential conflict of interest from SVPSL or Mr. Lau in the subject exercise. We confirm SVPSL and Mr. Lau are in the position to provide objective and unbiased valuation for the property.

VALUATION METHODOLOGY

The property is held by Dongguan Asia-Link Technology for owner-occupation. In valuing the property, we have adopted direct comparison method by making reference to sale of comparable properties as available in the market.

TITLE INVESTIGATION

We have been provided with copies of the title documents relating to the property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Company and the legal opinion issued by the Company’s legal adviser, Guangdong Chengbang Law Firm (廣東誠邦律師事務所), regarding the title to the property.

SOURCE OF INFORMATION

We have relied to a considerable extent on information and advice from the Company on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We are also advised by the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

VALUATION ASSUMPTIONS

In valuing the property in the PRC, unless otherwise stated, we have assumed that transferable land use rights of the property for its specific term at nominal annual land use fee have been granted and that any land grant premium payable have already been fully paid. Unless otherwise stated, we have also assumed that Dongguan Asia-Link Technology has a good legal title to the property and has free and uninterrupted rights to occupy, use, transfer, lease or assign the property for the whole of the unexpired terms as granted.

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

SITE INSPECTION

We have inspected the exterior and, where possible, the interior of the property. Site inspection of the property was undertaken by our Ms. Kahlen Li (Assistant Manager), who has 9 years' experience in valuation of properties in the PRC, on 27 April 2021. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the property is free from rot, infestation or any other structural defect. No test has been carried out to any of the services.

CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi (“**RMB**”). The exchange rate we have adopted in our valuation is approximately RMB1 = HK\$1.21, which is the approximate exchange prevailing as at the Valuation Date and there has been no significant fluctuation in exchange rate between valuation date and the date of this report.

We enclose herewith our valuation report.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C.K. Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C.K. Lau is a professional surveyor who has over 28 years' experience in valuation of properties in the PRC.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2021								
Dongguan Asia-Link Technology Industrial Complex (東莞亞聯科技電子廠), No. 177 Hongyebei Road, Tangxia Town, Dongguan, Guangdong Province, PRC	<p>The property is an industrial complex erected on a parcel of land with a site area of approximately 38,000.00 sq.m. We are advised by the Company that the property also comprises a parcel of adjoining land with a site area of approximately 3,196.60 sq.m.</p> <p>The property is situated at No. 177 Hongyebei Road, Tangxia Town, Dongguan. Developments in the vicinity are dominated by various industrial complexes. It takes about a 15-minute drive from the property to the city centre of Tangxia.</p> <p>The property mainly comprises a workshop and two dormitories with a total gross floor area of approximately 35,767.66 sq. m. Breakdown uses and approximate gross floor area are as follows:</p>	<p>As at the Valuation Date, the property was occupied by the Dongguan Asia-Link Technology for industrial use.</p>	<p>RMB96,100,000 (Renminbi Ninety Six Million and One Hundred Thousand)</p> <p>(equivalent to approximately HK\$116,281,000 (Hong Kong Dollars One Hundred Sixteen Million Two Hundred and Eighty One Thousand)) (see Notes 6 and 7)</p>								
	<table border="1"> <thead> <tr> <th data-bbox="475 1205 512 1227">Use</th> <th data-bbox="587 1178 759 1256">Approximate Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1272 571 1294">Workshop</td> <td data-bbox="667 1272 759 1294">21,957.41</td> </tr> <tr> <td data-bbox="475 1310 571 1332">Dormitory</td> <td data-bbox="667 1310 759 1332"><u>13,810.25</u></td> </tr> <tr> <td data-bbox="475 1348 539 1370">Total:</td> <td data-bbox="667 1348 759 1370"><u>35,767.66</u></td> </tr> </tbody> </table>	Use	Approximate Gross Floor Area (sq.m.)	Workshop	21,957.41	Dormitory	<u>13,810.25</u>	Total:	<u>35,767.66</u>		
Use	Approximate Gross Floor Area (sq.m.)										
Workshop	21,957.41										
Dormitory	<u>13,810.25</u>										
Total:	<u>35,767.66</u>										
	<p>As inspected and advised by the Company, the property also comprises various ancillary buildings and structures with a total gross floor area of approximately 406.8 sq.m. (see Note 6 below).</p>										
	<p>As advised by the Company, the property was completed in between 2003 and 2005.</p>										
	<p>The land use rights of the land of the property with a site area of approximately 38,000 sq.m. have been granted for a term expiring on 7 August 2053 for industrial use.</p>										

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate — No. Dong Fu Guo Yong (2004) Di Te 27 dated 3 May 2004 (the “State-owned Land Use Rights Certificate”), the land use rights of the property with a site area of approximately 38,000.00 sq.m. is vested in Dongguan Asia-Link Technology, an indirect wholly-owned subsidiary of the Company, for a term expiring on 7 August 2053 for industrial use.
2. Pursuant to the Land Use Rights Transfer Contract — No. 7708778 dated 9 March 2004 and its supplementary contract dated 26 September 2005 (collectively the “Land Use Rights Transfer Contract”), the land use rights of a parcel of land with a site area of approximately 3,196.60 sq.m. have been transferred from Dongguan Tangxia Economic Development Co., Ltd. to Dongguan Asia-Link Technology for a term of 50 years due to expire on 31 March 2054 for industrial use at a consideration of RMB511,456.00.
3. Pursuant to three Real Estate Title Certificates — Nos. Yue Fang Di Quan Zheng Guan Zi Di 2400166563 and 2400174679 and No. Yue Fang Di Zheng Zi Di C4265331 dated between 24 March 2006 and 17 August 2010, the building ownership of the property with a total gross floor area of approximately 35,767.66 sq.m. are vested in Dongguan Asia-Link Technology for workshop and dormitory uses for a term due to expire on 7 August 2053.
4. We have been provided with a legal opinion on the title to the property issued by the Company’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Dongguan Asia-Link Technology has not obtained a State-owned Land Use Rights Certificate for the land parcel as mentioned in Note 2 above, therefore, Dongguan Asia-Link Technology is unable to build workshops or ancillary facilities on the land parcel;
 - ii. there is no litigation, arbitration or other disputes for the property, and no third-party claimant has been found;
 - iii. except for the land parcel as mentioned in Note 2 above, Dongguan Asia-Link Technology has legally obtained the land use rights and the real estate title certificates of the property and is entitled to use, lease or transfer the property;
 - iv. according to the Master Plan of Land Use in Tangxia Town (2010-2020) (“塘廈鎮土地利用總體規劃 (2010-2020年)”) (“Master Plan of Land Use”), the zoning of two parcels of land as mentioned in Notes 1 and 2 are for “special land use”, which refers to the use for the purpose of military, foreign issues, religious, correctional services, cemetery, etc.

Having said that, as the parcel of land mentioned in Note 1 has obtained the State-owned Land Use Rights Certificate for industrial use, Dongguan Asia-Link Technology can continue to use the said parcel of land for such usage within land use term as stipulated in the State-owned Land Use Rights Certificate.

In respect of the parcel of land mentioned in Note 2, though the usage as shown on the Land Use Rights Transfer Contract is industrial, the final usage shall be subject to the Land Use Rights Grant Contract and Land Use Rights Certificate issued by Land and Resources Bureau of Dongguan. If Dongguan Asia-Link Technology needs to apply for the relevant State-owned Land Use Rights Certificate in respect of this parcel of land for industrial use, it is required to amend the Master Plan of Land Use. However, the parcel of land as mentioned in Note 2 currently does not fulfil the prerequisites of the said amendment in accordance with the Management Regulation on Amending the Master Plan of Land Usage of Guangdong Province (“廣東省土地利用總體規劃修改管理規定”); and

- v. due to the current zoning of the parcel of land as mentioned in Note 1 is “special land use”, Dongguan Asia-Link Technology is unable to apply for the Real Estate Title Certificates of the ancillary building and structures with a total gross floor area of approximately 406.8 sq.m. erected thereon at this stage.

5. In undertaking our valuation of the property, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. The unit rates of these comparables are in a range between RMB2,600 to RMB3,600 per sq.m. Due adjustments have been made to reflect the differences between the property and the comparables in factors including but not limited to time, location, size, building age and building quality in arriving at the assumed unit rate of the property.

6. According to our on-site inspection and advised by the Company, various ancillary building and structures without Real Estate Title Certificates with a total gross floor area of approximately 406.8 sq.m. were erected on the parcel of land as mentioned in Note 1 above. In the course of our valuation, we have attributed no commercial value to these ancillary building and structures as Dongguan Asia-Link Technology is unable to obtain the relevant Real Estate Title Certificates as the land use of the land on which such ancillary building and structures are erected does not conform with the zoning of the land pursuant to the Master Plan of Land Use as at the Valuation Date. For reference purpose, had Dongguan Asia-Link Technology obtained the Real Estate Title Certificates, the market value of the ancillary building and structures with a total gross floor area of approximately 406.8 sq.m. would be approximately RMB270,000 as at the Valuation Date.

7. In the course of our valuation, we have attributed no commercial value to the parcel of land as stated in Note 2 above as Dongguan Asia-Link Technology is unable to obtain the relevant State-owned Land Use Rights Certificate for this parcel of land without amending the Master Plan of Land Use. For reference purpose, had Dongguan Asia-Link Technology obtained the State-owned Land Use Rights Certificate, the market value of the parcel of land with a site area of approximately 3,196.60 sq.m. for industrial use would be approximately RMB3,770,000 as at the Valuation Date.

I. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and
- (b) there are no other matters the omission of which would make any statement herein or this circular misleading.

II. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors, the persons or entities (other than the Directors and chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, were as follows:

Name of substantial Shareholders	Capacity	Number of issued ordinary shares held	Percentage of issued share capital of the Company
Wise Thinker Holdings Limited (“ Wise Thinker ”) (Note 1)	Interest in a controlled corporation	355,620,000(L)	50.51%
PT Design Group Holdings Limited (“ PT Design ”) (Note 1)	Beneficial owner	355,620,000(L)	50.51%
Mr. Pang Kuo-Shi (Note 2) (“ Mr. Pang ”)	Interest in a controlled corporation	74,403,000(L)	10.57%
Modern Wealth Assets Limited (Note 2)	Beneficial owner	74,403,000(L)	10.57%

Notes:

(L) denotes long position

1. As at the Latest Practicable Date, these 355,620,000 Shares were held by PT Design which was in turn held by Mr. Wang Li Feng (“**Mr. Wang**”) as to approximately 12.93%, Wise Thinker as to approximately 63.28% and Infinity Glory Investments Limited (“**Infinity Glory**”) as to approximately 23.79%. Both Wise Thinker and Infinity Glory were wholly-owned by Mr. Wang. As such, Mr. Wang was deemed to be interested in all these 355,620,000 Shares held by PT Design pursuant to Part XV of the SFO.

2. Mr. Pang, a former executive Director who resigned on 5 December 2019, is deemed to be interested in these 74,403,000 Shares held by Modern Wealth Assets Limited, a company wholly-owned by Mr. Pang, pursuant to the disclosure of interests notices filed by Mr. Pang and Modern Wealth Assets Limited on 12 September 2016, respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there were no other persons or entities (other than the Directors or chief executive of the Company) who had any other interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

III. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and/or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of listed issuer as referred to in Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO, or as otherwise notified to the Company, were as follows:

(i) *Interests in Shares and underlying Shares*

Name of Director	Capacity	Number of issued ordinary Shares held/interested	Approximate percentage of issued share capital of the Company
Mr. Wang	Interest in a controlled corporation (<i>Note 1</i>)	355,620,000(L)	50.51%
	Beneficial owner	52,595,000(L)	7.47%

Note:

(L) denotes long position

1. As at the Latest Practicable Date, these 355,620,000 Shares were held by PT Design which was in turn held by Mr. Wang as to approximately 12.93%, Wise Thinker as to approximately 63.28% and Infinity Glory as to approximately 23.79%. Both Wise Thinker and Infinity Glory were wholly-owned by Mr. Wang. As such, Mr. Wang was deemed to be interested in all these 355,620,000 Shares held by PT Design pursuant to Part XV of the SFO.

(ii) *Interests in shares and underlying shares of associated corporation*

Name of Director	Name of associated corporation	Nature of interest	Number of shares held/ interested	Approximate percentage of shares in associated corporation
Mr. Wang	PT Design	Beneficial owner	129,321(L)	12.93%
		Interest in a controlled corporation	870,679(L) (Note 1)	87.06%

Note:

(L) denotes long position

- As at the Latest Practicable Date, out of these 870,679 shares of PT Design (“PT Shares”), 632,800 PT Shares were held by Wise Thinker, while the remaining 237,879 PT Shares were held by Infinity Glory. Both Wise Thinker and Infinity Glory were wholly-owned by Mr. Wang. As such, Mr. Wang was deemed to be interested in these 870,679 PT Shares respectively held by Wise Thinker and Infinity Glory pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors of listed issuer as referred to in Rules 5.46 to 5.67 of Chapter 5 of the GEM Listing Rules and Divisions 7 and 8 of Part XV of the SFO, or as otherwise notified to the Company.

As at the Latest Practicable Date, save for Mr. Wang being a director of both PT Design and Wise Thinker, none of the Directors was a director or employee of a company which had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

IV. DIRECTORS’ INTERESTS IN ASSETS AND CONTRACTS

- As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 December 2020, being the date of the latest published audited accounts of the Group, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

V. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

VI. COMPETING INTERESTS

As at the Latest Practicable Date, the following Director was interested in the following businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (other than those business where the Director(s) was appointed as director(s) to represent the interests of the Company and/or the Group):

Name of Director	Name of entities which were considered to compete or were likely to compete with the businesses of the Group	Description of competing business	Nature of interests
Mr. Wang	Australia PT Design Consultants Limited (“PT Consultants”)	Provision of architectural design service (other than technical and documentation work)	Directly holding 27.6% interest in PT Consultants and a director
	PT Architecture Design (Shenzhen) Co., Ltd. (“PT Shenzhen”)	Provision of architectural design service (other than technical and documentation work)	Indirectly holding 27.6% interest in PT Shenzhen through PT Consultants and a director
	Shanghai PT Architecture Design & Consultant Co., Ltd (“Shanghai PT”)	Provision of achitectural design service (other than technical and documentation work)	Indirectly holding 17% interest in Shanghai PT and a director

As Mr. Wang is fully aware of his fiduciary duty to the Group and will abstain from voting on any matter where there is or may be a conflict of interest and has not involved in the day-to-day management and operation of Shanghai PT, the Group is capable of carrying its business independently of and at arm's length from the businesses of these entities.

As at the Latest Practicable Date, save as disclosed above and as far as the Directors were aware of, none of the Directors, controlling Shareholders nor their respective associates was interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the Group's businesses or has or may have any other conflict of interests with the Group pursuant to the GEM Listing Rules.

VII. QUALIFICATIONS AND CONSENT OF EXPERTS

The following is the qualification of the experts which have given advice contained in this circular:

Name	Qualification
Savills Valuation and Professional Services Limited	Independent property valuer
Prism CPA Limited	Certified public accountants

As at the Latest Practicable Date, each of Savills Valuation and Professional Services Limited and Prism CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name and logo in this circular in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Savills Valuation and Professional Services Limited and Prism CPA Limited had any shareholding interests in the Company or any other member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in the Company or any other member of the Group.

As at the Latest Practicable Date, none of Savills Valuation and Professional Services Limited and Prism CPA Limited had any interest, direct or indirect, in any assets which had been, since 31 December 2020 (being the date to which the latest published audited 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.

VIII. LITIGATION

Save for the immaterial existing litigations and disputes in an aggregate amount of not more than RMB1,965,000 (which is subject to the relevant court's judgments in Mainland China) as disclosed in the letter from the Board, as at the Latest Practicable Date, the Directors were not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

IX. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within two years immediately preceding the date of this circular:

- (a) the Agreement;
- (b) the Lease; and
- (c) the placing agreement dated 3 June 2020 between VMI Securities Limited as placing agent and the Company relating to the placing of up to 64,000,000 Shares on a best effort basis at the placing price of HK\$0.1 per Share.

X. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of the company secretary of the Company at Unit 912, 9/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong, for 14 days from the date of this circular:

- (a) the memorandum of continuance and bye-laws of the Company;
- (b) the Agreement;
- (c) other material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (d) the assurance report on the unaudited pro forma financial information of the Remaining Group issued by Prism CPA Limited, the text of which is set out in Appendix III to this circular;
- (e) the valuation report prepared by the Independent Valuer, the text of which is set out in Appendix IV to this circular;
- (f) the written consents of experts referred to in the paragraph headed "Qualification and Consent of Experts" in this Appendix;
- (g) the annual reports of the Company for each of the two years ended 31 December 2020; and
- (h) this circular.

XI. MISCELLANEOUS

1. The registered office of the Company is located at Clarendon House, 2 Church Street Hamilton HM11 Bermuda.
2. The head office and principal place of business of the Company in Hong Kong is situated at Room 1033, 10/F., Central Building, 1-3 Pedder Street Central, Hong Kong.
3. The Company's branch share registrar in Hong Kong is Hong Kong Registrars Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
4. The compliance officer of the Company is Mr. Wang Li Feng, who is also an executive Director and the Chairman of the Board.
5. The secretary of the Company is Mr. Man Yun Wah, an associate member of The Hong Kong Institute of Chartered Secretaries (currently known as The Hong Kong Chartered Governance Institute).
6. The Company established an Audit Committee which comprises three independent non-executive Directors, namely Dr. Yan Ka Shing ("**Dr. Yan**"), Dr. Fong Chi Wai, Alex ("**Dr. Fong**") and Dr. Feng Shen ("**Dr. Feng**").

The Audit Committee performed the following duties:

- (1) reviewed and commented on the Company's draft annual, interim and quarterly financial announcements, Directors' Report, Independent Auditors' Report and Financial Statements, with a recommendation to the Board for approval;
- (2) reviewed and commented on the Group's internal controls;
- (3) met with the external auditors and participated in the appointment, reappointment and assessment of the performance of the external auditors:
 - reviewed the results of the external audits;
 - reviewed and assessed the effectiveness of the Group's risk control/mitigation tools including the risk management systems, the internal audit function relating to risk management and the Group's contingency plans; and
 - reviewed the effectiveness of the internal control systems after considering the report from the internal auditors.

The biographical details of Dr. Yan, Dr. Fong and Dr. Feng are set out below:

Dr. Yan

Dr. Yan, aged 35, was appointed and has been an independent non-executive Director since 5 December 2019. Dr. Yan is the chairman of the audit committee and the remuneration committee, and a member of the strategy and development committee, the executive committee and the nomination committee, where he is primarily responsible for providing independent advice to the Board.

Dr. Yan has nearly 10 years of experience in the medical industry and has been employed by the Hospital Authority since July 2011. He completed his housemanship in the Hospital Authority from July 2011 to June 2012. He then became a registered doctor and has served as a medical officer in various hospitals managed by the Hospital Authority in Hong Kong, since July 2012.

Dr. Yan obtained his Bachelor of Medicine and Bachelor of Surgery (MBBS) degree from the University of Hong Kong in November 2011, the Membership of the Royal Colleges of Physicians of the United Kingdom (MRCP (UK)), a postgraduate medical diploma in the United Kingdom, in March 2016, and the Postgraduate Diploma in Infectious Diseases from the University of Hong Kong (PDipID (HK)) in October 2019. He was admitted as a member of the Hong Kong College of Physicians in January 2017, then became Fellow and Specialist in Endocrinology, Diabetes and Metabolism, and has held fellowships from the Hong Kong College of Physicians and the Hong Kong Academy of Medicine (Medicine), since September 2020 and December 2020, respectively. Also, he has been a member of the Hong Kong Medical Association since July 2011.

Dr. Yan was appointed and has been an independent non-executive director, the chairman of nomination committee, a member of the audit committee and remuneration committee of Victory Securities (Holdings) Company Limited (stock code: 8540.HK), since 14 June 2018 and was also appointed and has been an independent non-executive director, a member of the audit committee, nomination committee and remuneration committee of Comtec Solar Systems Group Limited (stock code: 712.HK) since 1 July 2021.

Dr. Fong

Dr. Fong, aged 64, was appointed and has been an independent non-executive Director since 10 January 2019. He is a member of the audit committee, and is primarily responsible for providing independent advice to the Board.

Dr. Fong is currently a director of HK Electric Investments Manager Limited and a director of The Hongkong Electric Company, Limited. Dr. Fong was the chief executive officer of Hong Kong General Chamber of Commerce (the “Chamber”) from September 2006 to August 2011. Prior to joining the Chamber, he served in the civil service for over 25 years, holding various senior positions in the Government of Hong Kong. Dr. Fong has a long record of public service providing both operational and policy-formulation expertise. Dr. Fong has been appointed as an independent non-executive director of HK Electric Investments and HK Electric Investments Limited, a company listed on the Stock Exchange (stock code: 2638) since December 2013 and an independent non-executive director of TOM Group Limited, a company listed on the Stock Exchange (stock code: 2383) since December 2019. He was an independent non-executive director of Power Assets Holdings Ltd., a company listed on the Stock Exchange (stock code: 6) and a substantial holder of Share Stapled Units for the purpose of Part XV of the SFO from December 2012 to January 2014.

Dr. Fong received a Bachelor of Social Science degree in Business and Economics from the University of Hong Kong in November 1978, a Master of Technology Management degree in Global Logistics Management and a Master of Science degree in Global Finance from the Hong Kong University of Science and Technology in April 2007 and May 2009 respectively, a Doctor of Business Administration degree from City University of Hong Kong in October 2017 and a Doctor of Philosophy degree from City University of Hong Kong in October 2020.

Dr. Feng

Dr. Feng, aged 33, was appointed and has been an independent non-executive Director since 3 March 2020. He is a member of the audit committee, the remuneration committee, the nomination committee, the executive committee and the strategy and development committee, where he is primarily responsible for providing independent advice to the Board.

Dr. Feng is an associate member of Association of International Accountants, Senior International Finance Manager, a registered PRC lawyer, a member of the Institute of Public Accountants in Australia, an associate member of the Association of International Accountants in the United Kingdom, and holds a number of professional qualification certificates, including Financial Risk and Regulation Certificate and Certified Financial Planner. He was a partner of Da Hua Certified Public Accountants in China. Currently, he is a Business Director of AVIC Securities Co., Ltd. He is also a tutor of post-graduate students in University of Chinese Academy of Sciences, Tianjin University of Finance & Economics, Beihang University, Jiangsu Normal University, Nanjing Audit University and Capital University of Economics and Business. After becoming a PRC sponsor representative in 2015, Dr. Feng has led different companies through initial public offering, placing of shares, management of corporate investment and financing, listing on NEEQ, mergers and acquisitions, restructuring of claims and debts, restructuring of state-owned enterprises, and so on. Dr. Feng was honoured by the International Financial Management Association (IFMA) as 2017 Top Ten Innovative Figures in International Finance Managers (IFM) in China (2017年國際財務管理師中國十大創新人物) and IFM Pioneers in the 40th anniversary of China's Reform and Opening-up (中國改革開放40周年IFM領軍人物), in 2018.

Dr. Feng obtained a bachelor degree in management in July 2011 from Beijing Information Science & Technology University where he specialised in management science, a master degree in civil and commercial law in July 2014 and a doctoral degree in economics and law in December 2014 from China University of Political Science and Law, a master degree in business administration in May 2015 from New York Institute of Technology, a master degree in software engineering and domain engineering in January 2016 from Beihang University, a master degree in software engineering and domain engineering in June 2016 from Tianjin University, a master degree in software engineering and domain engineering in December 2016 from Huazhong University of Science and Technology, and a doctoral degree in business administration in August 2018 from EuroPort Business School.

7. In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

NOTICE OF SGM



GLORY MARK HI-TECH (HOLDINGS) LIMITED

輝煌科技(控股)有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8159)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of **GLORY MARK HI-TECH (HOLDINGS) LIMITED** (the “Company”) will be held at Conference Room 704, Hantang Building, OCT, Nanshan, Shenzhen, the People’s Republic of China on Wednesday, 20 October 2021 at 4:00 p.m. for the purpose of considering and, if thought fit, passing and approving, with or without amendments, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the conditional equity transfer agreement (the “**Agreement**”) dated 16 June 2021 entered into among Glory Mark Electronic Limited (“**GM Electronic**”), 東莞亞聯科技電子有限公司 (Dongguan Asia-Link Technology Ltd., the “**Target Company**”) and 深圳市恒冠投資發展有限公司 (Shenzhen Hengguan Investment Development Co., Ltd.*, the “**Purchaser**”) in relation to, among others, the disposal of the entire equity interest in the Target Company by GM Electronic to the Purchaser at a consideration of RMB101,000,000 (a copy of which has been produced to the SGM marked “A” and initialed by the chairman of the SGM for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (or if execution under the common seal of the Company is required, any one director and the secretary of the Company or two directors of the Company or such other person (including a director of the Company) or persons as the board of directors of the Company may appoint) be and is hereby authorised for and on behalf of the Company to sign and execute, and when required, to affix the common seal of the Company to all such documents, instruments, agreements and deeds and do all such acts, matters and things as he/she may in his/her absolute discretion deems necessary, desirable or expedient to implement, give effect to and complete the Agreement and the transactions contemplated thereunder and to agree to such variation, amendment or waiver as is, in the opinion of such director of the Company, in the interests of the Company and its shareholders as a whole.”

By Order of the Board

Wang Li Feng

Chairman and Executive Director

Hong Kong, 29 September 2021

* *for identification purpose only*

NOTICE OF SGM

Notes:

- (1) A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his/her/its proxy or a duly authorised corporate representative to attend and vote instead of him/her/it. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the SGM. A proxy needs not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the SGM or at any adjournment of the SGM (as the case may be) should he/she/it so wish. In such event, the form of proxy will be deemed to have been revoked.
- (2) A form of proxy for the SGM is enclosed with the Company's circular dated 29 September 2021. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with a valid power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
- (3) The register of members of the Company will be closed from Friday, 15 October 2021 to Wednesday, 20 October 2021 (both dates inclusive), for the purpose of determining the entitlements of the members of the Company to attend and vote at the SGM. No transfer of shares may be registered during the said period. In order to qualify for the aforesaid entitlements, all transfer documents, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 13 October 2021.
- (4) In the case of joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) The resolution set out in this notice of SGM will be put to shareholders of the Company to vote by way of poll (except where the chairman of the meeting, 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 the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**").
- (6) In view of the on-going COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the SGM to protect attending shareholders, staff and other stakeholders from the risk of infection:
 - i. Compulsory body temperature checks will be conducted on every attending shareholder, proxy and other attendees at the entrance of the SGM venue. Any person with a body temperature of over 37.4 degrees Celsius will be denied entry into the SGM venue or be required to leave the SGM venue.
 - ii. All attendees are requested to wear surgical face masks at the SGM venue at all times, and to maintain a safe distance with other attendees.
 - iii. No refreshments will be served, and there will be no corporate gifts.

NOTICE OF SGM

To the extent permitted under the applicable laws, the Company reserves the right to deny entry into the SGM venue or require any person to leave is the SGM venue in order to ensure the safety of the attendees at the SGM.

In the interest of all stakeholders' health and safety and in response to the recent guidelines on prevention and control of COVID-19 pandemic, shareholders (“Shareholder(s)”) of the Company are reminded that physical attendance in person at the SGM is not necessary for the purpose of exercising voting rights. As an alternative, by completing form of proxy in accordance with the instructions printed thereon, Shareholders may appoint the chairman of the SGM as proxy to attend and vote on the relevant resolution at the SGM instead of attending the SGM or any adjourned meeting thereof in person. If any Shareholder wishes to attend in person, the Shareholder is advised to pay attention to the latest epidemic-control and protection arrangements implemented by the Central Government of the People’s Republic of China and the Government of the Hong Kong Special Administrative Region (where applicable).

As at the date of this notice, the executive directors of the Company are Mr. Wang Li Feng, Mr. Yu Sanlong, Mr. Fan Xiaoling and Ms. Lee Jui-lan; and the independent non-executive directors of the Company are Dr. Fong Chi Wai, Alex, Dr. Yan Ka Shing and Dr. Feng Shen.

This notice, for which all the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this notice 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 notice misleading.

This notice will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.glorymark.com.tw/hk/investor.htm.