

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 Link-Asia International MedTech Group Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

**(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company

**SUNWAH KINGSWAY
新華滙富**

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



Crescendo Capital Limited

Capitalised terms used herein shall have the meanings set out in the section headed "Definitions" of this circular.

A notice convening an extraordinary general meeting (the "EGM") of the Company to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong on Tuesday, 10 January 2023 at 10:00 a.m. is set out on pages 74 to 76 of this circular. A form of proxy for use for your Shareholders at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular together with the form of proxy will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.link-asia.com.hk).

PRECAUTIONARY MEASURES FOR THE EGM

Please see page ii of this circular for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the EGM, including:

- **compulsory body temperature checks**
- **submission of Health Declaration Form**
- **wearing of a surgical face mask for each attendee**
- **no distribution of corporate gift or refreshment**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company strongly recommends Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

The Company will continue to closely monitor the COVID-19 situation in Hong Kong and will consider relaxing the aforementioned precautionary measures for the EGM as the Company considers appropriate.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.link-asia.com.hk) for future announcements and updates on the EGM arrangements when necessary.

16 December 2022

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PRECAUTIONARY MEASURES FOR THE EGM

In light of the recent ongoing spread of Novel Coronavirus (COVID-19), the Company **will implement the following precautionary measures at the EGM in order to protect the health and safety** of all participants including the Shareholders, their proxies and other personnel (the “**Participants**”) in the EGM, including:

1. all the Participants will subject to compulsory body temperature checks;
2. all the Participants will be requested to submit health declaration forms;
3. **all the Participants will be requested of wearing of surgical face masks throughout the EGM. Any person who does not comply with this requirement may be denied entry into the EGM venue and be asked to leave the EGM venue. A safe distance between seats are also recommended;**
4. all Participants in the EGM shall use sanitiser to sanitise their hands at least once when they enter into the EGM venue, and when they leave after the EGM;
5. no beverage and refreshment will be served either during or after the EGM to avoid close contacts of the Participants during their attendance; and
6. other safety measures as appropriate.

Shareholders are reminded that any person who is subject to any Hong Kong Government prescribed quarantine, with fever or respiratory symptoms, a body temperature over 37.5 degree Celsius or without wearing a surgical face mask will not be given access to the venue of the EGM, which also means that you will not be allowed to enter the venue and attend the EGM. If any attendee is denied from entering or is required to leave the EGM venue, the attendee will be able to vote by submitting a voting slip to the scrutineer at the entrance of the EGM venue.

The Company strongly recommends Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person. Shareholders who choose to do so should take action as soon as possible to ensure the proxy instructions reach the Company’s Hong Kong branch share registrar not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjourned meeting thereof. If the form of proxy returned is duly signed but without specific direction on any of the proposed resolutions, the proxy will vote or abstain at his/her/its discretion in respect of all resolutions; or if in respect of a particular proposed resolution there is no specific direction, the proxy will, in relation to that particular proposed resolution, vote or abstain at his/her/its discretion.

PRECAUTIONARY MEASURES FOR THE EGM

If Shareholders have any questions relating to the EGM, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office as follows:

Address:

17/F, Far East Finance Centre,
16 Harcourt Road, Hong Kong

Telephone: (852) 2980 1333

Fax: (852) 2810 8185

DEFINITIONS

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

| | |
|------------------------|--|
| “acting in concert” | has the same meaning as ascribed to it under the Takeovers Code |
| “Announcement” | the announcement of the Company dated 13 September 2022 in relation to among others, the Subscription, the Specific Mandate and the Whitewash Waiver |
| “associate” | has the same meaning as ascribed to it under the Takeovers Code |
| “Assignment” | assignment of all the rights, obligations, title, interest, and benefit by Mr. Sy Ming Yiu in the agency distribution agreement entered into between Shanghai Metash Instruments Co., Ltd. and Mr. Sy Ming Yiu dated 7 December 2021 to Link-Asia International Assisted Reproductive Technology Group Limited |
| “Board” | the board of Directors |
| “Business Day” | a day on which banks are open for general business in Hong Kong |
| “Company” | Link-Asia International MedTech Group Limited (Stock Code: 1143), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange |
| “Completion” | completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement |
| “connected person(s)” | has the same meaning as ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Due Diligence Period” | within six (6) months from the date of the Subscription Agreement for the Subscriber to perform reasonable due diligence on the Group |
| “Earnest Money” | the earnest money that had been paid by the Subscriber to the Company in a sum of HK\$5,000,000, within five (5) Business Days upon entering into the Subscription Agreement |

DEFINITIONS

| | |
|---------------------------------|---|
| “EGM” | the extraordinary general meeting to be convened and held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 10 January 2023 at 10:00 a.m. for the Independent Shareholders consider and, if thought fit, approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder |
| “Executive” | the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | an independent board committee, comprises all the independent non-executive Directors, namely Mr. Li Huiwu, Mr. Yang Weidong and Mr. Chak Chi Shing, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription Agreement and the Whitewash Waiver and as to voting |
| “Independent Financial Adviser” | Crescendo Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed with the approval of the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver |
| “Independent Shareholders” | Shareholders other than (i) the Subscriber and its associates; (ii) any parties acting in concert with the Subscriber; and (iii) the Shareholders involved or interested in the Subscription or the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM |
| “Last Trading Day” | 13 September 2022, being the last full trading day before the release of the Announcement |
| “Latest Practicable Date” | 13 December 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |

DEFINITIONS

| | |
|-----------------------|---|
| “Listing Committee” | has the meaning ascribed to it under the Listing Rules |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 13 March 2023, being six (6) months from the date of the Subscription Agreement or such other time or date as the Company and the Subscriber shall agree in writing |
| “Mr. Xiao” | Mr. Xiao Tan (蕭坦先生), the sole director of the Subscriber |
| “PRC” | the People’s Republic of China (which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan) |
| “Relevant Period” | the period beginning six months immediately prior to the date of the Announcement (i.e. 13 March 2022) and ending on the Latest Practicable Date |
| “Rights Issue” | Rights issue on the basis of one (1) rights Share for every two (2) existing Shares held on the record date announced by the Company on 15 October 2021 |
| “Share(s)” | ordinary share(s) of HK\$0.02 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Options” | 30,982,791 outstanding options to subscribe for 30,982,791 existing Shares granted under the Share Option Scheme as at the Latest Practicable Date |
| “Share Option Scheme” | the share option scheme adopted by the Company on 10 March 2020 |
| “Specific Mandate” | the specific mandate to be granted to the Directors by the Independent Shareholders to allot and issue the Subscription Shares at the EGM |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscriber” | China New Retail Holding Group Limited (中國新零售控股集團有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Xiao |
| “Subscription” | the subscription of the Subscription Shares pursuant to the Subscription Agreement |

DEFINITIONS

| | |
|--------------------------|---|
| “Subscription Agreement” | the subscription agreement entered into between the Company and the Subscriber dated 13 September 2022 |
| “Subscription Price” | HK\$0.1855 per Subscription Share |
| “Subscription Share(s)” | 517,600,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement |
| “Takeovers Code” | the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time |
| “Whitewash Waiver” | a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscriber to make a mandatory general offer for all of the Shares not already owned or agreed to be acquired by the Subscriber or the parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the Subscription |
| “%” | percentage |

LETTER FROM THE BOARD



Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

Executive Directors:

Mr. Lin Dailian (*Chairman*)

Mr. Wang Guozhen

Mr. Liu Zhiwei

Ms. Lin Xiaoshan

Independent non-executive Directors:

Mr. Li Huiwu

Mr. Yang Weidong

Mr. Chak Chi Shing

Registered office:

Windward 3

Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

Principal place of

business in Hong Kong:

Suites 3501 & 3513-14

35th Floor, Tower 6

The Gateway, Harbour City

Tsim Sha Tsui, Kowloon

Hong Kong

16 December 2022

To the Shareholders

Dear Sir or Madam,

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;

(2) APPLICATION FOR WHITEWASH WAIVER;

AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to among others, the Subscription, the Specific Mandate and the Whitewash Waiver.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Subscription and the Whitewash Waiver; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from

LETTER FROM THE BOARD

the Independent Financial Adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules and the Takeovers Code.

THE SUBSCRIPTION AGREEMENT

On 13 September 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 517,600,000 new Shares at the Subscription Price under Specific Mandate.

A summary of the principal terms of the Subscription Agreement is set out below.

Date

13 September 2022

Parties

Issuer: The Company

Subscriber: China New Retail Holding Group Limited

The Subscriber and its ultimate beneficial owner are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

The Subscription Shares

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 517,600,000 new Shares at the Subscription Price of HK\$0.1855 per Subscription Share to the Subscriber, with an aggregate consideration of HK\$96,014,800 payable by the Subscriber to the Company upon Completion. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be obtained from the Independent Shareholders at the EGM. The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

The Subscription Shares represents (i) approximately 42.9% of the existing issued share capital of the Company; and (ii) 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$10,352,000. The size of the Subscription was determined after arm's length negotiations between the Company and the Subscriber having considered (i) the business prospects and financial position of the Group; and (ii) the capital needs of the Group as disclosed in the paragraph headed "Reasons for and benefits of the Subscription and use of proceeds" in this circular.

LETTER FROM THE BOARD

The Subscription Price

The Subscription Price of HK\$0.1855 per Subscription Share represents:

- (i) a premium of approximately 237.3% over the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 78.4% over the closing price of HK\$0.104 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 78.4% over the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 78.4% over the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;
- (v) a discount of approximately 38.8% to the audited consolidated net asset value per Share of approximately HK\$0.303 (based on the latest published audited net asset value of the Group of approximately HK\$366.0 million as disclosed in the annual report of the Company as at 31 December 2021 and 1,207,691,855 issued Shares as at the Latest Practicable Date); and
- (vi) a discount of approximately 44.3% to the unaudited consolidated net asset value per Share of approximately HK\$0.333 (based on the latest published unaudited net asset value of the Group of approximately HK\$402.0 million as disclosed in the interim report of the Company as at 30 June 2022 and 1,207,691,855 issued Shares as at the Latest Practicable Date).

Pursuant to Rule 7.72B of the Listing Rules, a listed issuer may not undertake a rights issue, open offer or specific mandate placings that would result in a theoretical dilution effect of 25% or more within the twelve month period immediately preceding the Announcement, unless the Stock Exchange is satisfied that there are exceptional circumstances. Within the twelve month period immediately preceding the date of the Announcement, the Company conducted and completed the Rights Issue on 23 November 2021 and issued consideration Shares for the Assignment under specific mandate on 10 June 2022, which resulted a cumulative theoretical dilution effect of approximately 6.53%. Based on the benchmarked price of HK\$0.104 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.104 per Share and the average closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.103 per Share), there will be no theoretical dilution effect to the Shares as a result of the Subscription.

The Board has observed the significant discount mentioned in (v) and (vi) above. During the last twelve months preceding the Last Trading Day, the average closing price of the Shares was approximately HK\$0.147, representing a discount of approximately 26.2% to the Subscription Price, and the Shares were generally traded at a significant discount to the

LETTER FROM THE BOARD

unaudited consolidated net asset value per Share of approximately HK\$0.333 as at 30 June 2022 ranging from approximately 20.4% to 72.1%, with an average of approximately 55.9%. In the past three months preceding the Latest Practicable Date, the closing price of the Shares exhibited a general downward trend and ranged from the lowest of HK\$0.047 per Share on 14 November 2022 to the highest of HK\$0.104 per Share on 13 September 2022. The Board considered that when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares, which reflected the fair market value of the Shares traded on the Stock Exchange instead of making reference to the net asset value per Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber having considered (i) the Group's recent business performance, represented by an increase in revenue and a significant decrease in net loss of the Group for the year ended 31 December 2021; (ii) the size of the Subscription, which aims to bring in additional capital to support the business growth of the Group; (iii) the prevailing share price of the Company which reflects a balance between the inherent value and the market price of the Shares; and (iv) with the intention to avoid share value dilution and therefore enhance the share value of the Company. Accordingly, the Directors (excluding the independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion of the Subscription shall be conditional upon satisfaction (or waiver) (if applicable) of the following conditions:

- (a) the Subscriber having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter in respect of the Group and all such other matters as deemed necessary to its reasonable satisfaction within the due diligence;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (c) the Executive granting the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code to the Subscriber during the Due Diligence Period;
- (d) the passing of the necessary resolution by the Independent Shareholders at the duly convened EGM to approve the Subscription Agreement and the transactions contemplated thereunder;
- (e) the Independent Shareholders approving the Whitewash Waiver by special resolution(s) and by way of poll;
- (f) no legislation, rule or regulation being proposed or passed that would prohibit or materially restrict the implementation of the Subscription Agreement; and

LETTER FROM THE BOARD

- (g) the representations, warranties and undertakings of the Subscriber as set out in the Subscription Agreement remaining true, accurate, complete and correct in all respects and not misleading in any respect up to and including the date of Completion.

All of the conditions precedent set out above are not capable of being waived by the Company or the Subscriber, save for condition (g) above which may be waived by the Company at its absolute discretion at or before 12:00 noon (Hong Kong time) on the Long Stop Date. If the above conditions precedent are not satisfied on or before the Long Stop Date, the Subscription Agreement will lapse and neither party to the Subscription Agreement may have any claim against each other save for antecedent breaches and the Company shall return the Earnest Money in full to the Subscriber within five (5) Business Days without interest. Therefore, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

The Company and the Subscriber may agree to a postponement of the Long Stop Date to cater for any delay caused by administrative or technical reasons (such as when the Company needs more time to clear this circular with the Stock Exchange resulting in the delay in the despatch of this circular), or where any unforeseen circumstances necessitate the postponement of the Long Stop Date, but the Company and the Subscriber will make further assessment based on the actual circumstances when any postponement is being proposed. As at the Latest Practicable Date, the Company and the Subscriber do not have any intention to postpone the Long Stop Date.

In the event of any material postponement of the Long Stop Date, the Company will comply with the relevant Listing Rules requirements and seek Shareholders' approval again as appropriate.

As at the Latest Practicable Date, none of the conditions precedent set out above has been fully satisfied.

Earnest Money

Within five (5) Business Days upon entering into the Subscription Agreement, the Subscriber shall pay a sum of HK\$5,000,000 as earnest money for the Subscription to the Company. The Earnest Money would be applied towards satisfying part of the consideration for the Subscription. The amount of the Earnest Money was determined after arm's length negotiations between the Company and the Subscriber after having considered the financial condition of the Subscriber.

As at the Latest Practicable Date, the Earnest Money had been paid by the Subscriber to the Company in accordance with the terms and conditions of the Subscription Agreement.

Completion

Completion shall take place within five (5) Business Day after satisfaction of the last of the conditions precedent of the Subscription Agreement or at such date and time as agreed by the Company and the Subscriber. At Completion, among other things, (i) after deducting the

LETTER FROM THE BOARD

Earnest Money, the Subscriber shall make full payment of the remaining consideration of HK\$91,014,800 in immediately available funds by direct transfer to the Company's designated bank account; and (ii) the Company shall allot and issue the Subscription Shares to the Subscriber.

Immediately after Completion, the Subscriber will be interested in 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming no other change in the share capital of the Company before Completion.

The Company and the Subscriber may agree to a postponement of the date of Completion to cater for any delay caused by administrative or technical reasons (such as when the Company needs more time to clear this circular with the Stock Exchange resulting in the delay in the despatch of this circular) or where any unforeseen circumstances necessitate the postponement of the date of Completion, but the Company and the Subscriber will make further assessment based on the actual circumstances when any postponement is being proposed.

As at the Latest Practicable Date, the Company and the Subscriber do not have any intention to postpone the date of Completion. In the event of any material postponement of the date of Completion, the Company will re-comply with the relevant Listing Rules requirements and seek Shareholders' approval again as appropriate.

INFORMATION ON THE SUBSCRIBER

The Subscriber is an investment holding company incorporated in Hong Kong. Its direct subsidiary (the "**Subsidiary**") is principally engaged in (i) providing business performance analysis, business management solutions and risk management solutions to corporates with the objectives to improve their business operation and attract additional funding; and (ii) investing in companies and projects related to electronics, energy storage and retail industry. Its clientele mainly includes companies from retail, electronics, energy storage industry based in the PRC.

The Subscriber is wholly-owned by Mr. Xiao, an experienced investor who has invested in a spectrum of companies through the Subscriber and is partnering with a PRC-based asset management company to invests in projects related to the semiconductor industry. He is also a serial entrepreneur and business veteran in the internet technology industry of the PRC, with over 13 years of experiences in the field. During the last decade, Mr. Xiao was involved in the investment and development of a number of successful businesses and projects related to online games, information technology and digitalized self-serve convenience stores etc. He established his reputation and proven track record in business management particularly in identifying innovative market opportunities and securing funding opportunities for businesses. Mr. Xiao is also the Executive Chairman of Dashanghui New Retail Industry Alliance* (大商匯新零售產業聯), a Shanghai-based association focused on new retail industry of the PRC established by Dashanghui Education Group* (大商匯教育集團), that aims to support the local governments and institution to provide vocational trainings and management consulting services to the industry.

* For identification purposes only

LETTER FROM THE BOARD

Upon Completion, the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company but will not be involved in the management of the Group's business operation.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) the provision of electronic manufacturing services (“EMS”); (ii) marketing and distribution of communication products; (iii) real estate supply chain services; (iv) assisted reproduction medical technology business; and (v) securities and other assets investment. The Group's products under the EMS business and the business segment of marketing and distribution of communication products (collectively, the “**EMS and Distribution Products Businesses**”) include corded and cordless residential telephones and small and medium business phone systems, appliances and appliances control products, portable storage devices, multimedia products and beauty care equipment.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the Subscription will be approximately HK\$96.0 million. The net proceeds after deducting all relevant costs and expenses of the Subscription (i.e. approximately HK\$0.5 million) are expected to be approximately HK\$95.5 million. The Company intends to apply the net proceeds from the Subscription as to (i) approximately HK\$14.0 million, representing approximately 14.7% of the net proceeds, for the repayment of borrowings; (ii) approximately HK\$19.5 million, representing approximately 20.4% of the net proceeds, for the expansion of product portfolio of the EMS and Distribution Products Businesses; (iii) approximately HK\$21.0 million, representing approximately 22.0% of the net proceeds, for upgrading the equipment of the EMS and Distribution Products Businesses; and (iv) the remaining balance of approximately HK\$41.0 million, representing approximately 42.9% of the net proceeds, as general working capital of the Group.

(a) The funding needs of the Group

The Company has been loss-making since the year ended 31 December 2015. As stated in the annual report of the Company for the year ended 31 December 2021 (the “**Year**”), the Group recorded a revenue of approximately HK\$675.5 million and a net loss of approximately HK\$47.1 million. During the Year, the Group also recorded a net cash outflow from operating activities of approximately HK\$101.0 million and a net decrease in cash and cash equivalents in the amount of approximately HK\$22.9 million for the year ended 31 December 2021 as compared to the year ended 31 December 2020 (the “**Previous Year**”). While, as stated in the interim report of the Company (the “**Interim Report**”) for the six months ended 30 June 2022 (the “**Period**”), the Group recorded a net loss for the Period of approximately HK\$12.8 million, representing a decrease in net loss by approximately HK\$19.3 million as compared to the same period of the Previous Year. As at 30 June 2022, the Group recorded cash and cash equivalents amounted to approximately HK\$190.0 million, representing an increase in cash and cash equivalents by approximately HK\$44.4 million from 31 December 2021.

LETTER FROM THE BOARD

Despite the Group had seen improvement in its business performance over the Period, the Directors are also aware that the Group has been facing adverse impact arises from the uncertain economic environment due to the ongoing development of the COVID-19 pandemic. Particularly, the business of the Group has been impacted by the economic slowdown and fluctuations in demand of the Group's products resulted from the reduction in opportunities to conduct pitching activities and site visit for international clients due to travel restrictions implemented in the PRC.

As disclosed in the Interim Report, as at 30 June 2022, the Group had (i) trade receivables of approximately HK\$137.4 million; (ii) bank and cash balances of approximately HK\$190.0 million; (iii) trade payables of approximately HK\$36.9 million; and (iv) accruals and other payables of approximately HK\$185.0 million. Assuming all trade receivables were duly received which, together with the bank and cash balances, were used to settle all trade payables and the accruals and other payables, the remaining financial resources available would be approximately HK\$105.6 million (the “**Available Fund**”).

As stated in the results announcement of the Right Issue dated 22 November 2021, the Company raised net proceeds of approximately HK\$58.7 million from the Right Issue. As at the Latest Practicable Date, approximately HK\$32.8 million of the net proceeds from the Rights Issue were utilized by the Group and the remaining balance of approximately HK\$25.9 million were reserved by the Group to utilise for (i) the expansion of the Group's product range under the EMS and Distribution Products Businesses; and (ii) the funding of potential merger and acquisition opportunities of assisted reproductive services licensed providers located in regions in the PRC. As stated in the prospectus of the Company in relation to the Right Issue dated 1 November 2021 (the “**Right Issue Prospectus**”), the Directors consider that procurement and sales of the new products is a natural extension of the existing EMS and Distribution Products Businesses, after taking into account that trading of electronic products has always been a part of the EMS and Distribution Products Businesses and it has been one of the Group's business strategies to focus on potential market segments to target products with higher profit margins, including beauty care and medical electronic products. Accordingly, the remaining proceeds of approximately HK\$8.8 million will be utilised by the Group to purchase the medical electronic products including but not limited to body composition analyzer and automatic hematology analyzer, which was expected to be fully utilized by 31 January 2023.

As stated in the Right Issue Prospectus, the Company had entered into a non-legally binding term sheet to acquire the controlling stake in I.Baby Technology Holdings Limited (the “**Potential Acquisition**”). The I.Baby Technology Holdings Limited and its subsidiaries (collectively, the “**Target Group**”) are principally engaged in provision of pregnancy and pregnancy-assistance services and other assisted reproductive services, including provision of one-stop IVF services, telemedicine consultation services and sales of drugs and pharmaceutical products and health care products.

LETTER FROM THE BOARD

Due to the ongoing COVID-19 pandemic and lockdown arrangements implemented in East and South China, the business operation of I.Baby Technology Holdings Limited (the “**Target Company**”) were greatly impacted. During February 2022 to March 2022, two internal investment project meetings were held by the Company for the management of the investment and merge and acquisition department to (i) discuss the progress and direction of the Potential Acquisition; and (ii) plan and schedule site visit, research and interview with the management of the Target Company in order to evaluate the impact of epidemic prevention and control in the PRC on the quality of outpatient services of the Target Company. In June 2022 and September 2022, the Company conducted two on-site research on the outpatient services of the Target Company located in Shanghai and performed the interview with the management of the Target Company to keep track of the latest development of the Target Company.

After the on-site research and interview, the Company remains positive towards the development of medical services industry especially when the prevention control policy and lockdown policy of the PRC is expected to be further relaxed in early 2023. The Company will continue to communicate with the Target Company in 2023 and will modify and finalize the term sheet with the Target Company by the end of December 2023 based on the performance of the Target Company in the second half of 2023.

As disclosed in the Interim Report, based on the opening and ending inventory levels and cost of inventories, the Group’s total purchases amounted to approximately HK199.0 million for the six months ended 30 June 2022, translating into approximately HK\$33.2 million per month. While the total employee benefits expenses of the Group (excluding equity settled share-based payments) for the six months ended 30 June 2022 were amounted to approximately HK\$84.4 million, translating into approximately HK\$14.1 million per month. Accordingly, the average total monthly expense on purchases and employee benefits of the Group is approximately HK\$47.3 million (the “**Average Monthly Expenses**”).

Taking into account (i) the Available Fund only represents approximately 2.2 times the Average Monthly Expenses; (ii) the proceeds from the Rights Issue is intended to be fully utilised by the Group by 31 December 2023 for the purposes stated above; (iii) the uncertainty as to the timing of the settlement of trade receivables by the Group’s customers; and (iv) other working requirements of the Group such as other selling and distribution and administrative expenses (e.g. research and development expenses), the Directors consider the Subscription to be a substantial opportunity for the Company to (i) raise additional capital to further strengthen the financial position of the Group amid the uncertain and volatile market conditions; and (ii) better position itself strategically and financially to capitalize on the future business opportunities and expedite the development of the Group’s businesses.

LETTER FROM THE BOARD

(b) The intended use of proceeds

As disclosed in the Interim Report, as at 30 June 2022, the Group had total outstanding borrowings of approximately HK\$14.6 million, among which the Group is indebted to three licensed money lenders (the “**Lender(s)**”) in Hong Kong for an aggregate amount of HK\$14.0 million which carries interest rate at 12% per annum and were used entirely as general working capital of the Group. (the “**Borrowings**”). Among the Borrowings, (i) HK\$4.0 million were borrowed from Lender A on 26 May 2022 which will be matured on 26 December 2022; (ii) HK\$5.0 million were borrowed from Lender B on 25 May 2022 which will be matured on 25 December 2022; and (iii) HK\$5.0 million were borrowed from Lender C on 2 June 2022 which were matured on 2 December 2022. All of the Lenders were independent from and not connected with the Company. Accordingly, the Board intends to apply approximately HK\$14.0 million from the net proceeds from the Subscription for the repayment of the Borrowings, with the aim to reduce the financial cost and enhance the financial position of the Group.

Based on the Interim Report, the EMS and Distribution Products Businesses recorded an aggregate revenue for the Period of approximately HK\$278.6 million, representing a decrease in revenue by approximately 13.5% from approximately HK\$321.9 million for the same corresponding period of the Previous Year. The decrease was mainly attributable to the outbreak of the pandemic in the first half of 2022 in the PRC and Hong Kong. To strengthen the development of the Group amid the uncertain and volatile economic conditions, the Board intends to (i) expand the customer base and diversify the revenue streams of the EMS and Distribution Products Businesses through enriching its product portfolio; and (ii) reducing the cost of sales and production of the EMS and Distribution Products Businesses through upgrading the existing production equipment.

The Group has over 10 years experiences in the production and sale of electronic products including but not limited to vacuum cleaner, motor control unit and vehicle control unit and the printed circuit board assembly (“**PCBA**”) of electronic products via the EMS and Distribution Products Businesses segment. Over the last decade, the Group had produced and sold PCBA products used in a wide range of electronic products, including the vehicle control unit (i.e. the door control unit, light control unit and voice control unit of a vehicle).

During the recent years, the Board has observed rising market opportunity related to renewable energy charging solutions for electric vehicles (“**EV**”) especially in the PRC, driven by the favorable government policy that support the use of EV and the fast-growing sales of EV in the PRC market. To expand the customer base and diversify the revenue streams of the Group’s EMS and Distribution Products Businesses, the Group expects to leverage its expertise to produce PCBA products specialised to be used in the renewable energy charging solutions for customers of the EV market. Accordingly, the Board intends to apply approximately HK\$19.5 million to the production of PCBA products, of which (i) approximately HK\$15.0 million will be utilized for procuring raw materials for production of PCBA products, including copper clad laminate and metal materials etc.; (ii) approximately HK\$3.0 will be utilized as the cost of production, assembly and testing of the PCBA products; and (iii) approximately HK\$1.5 million will be utilized as administrative cost, such as the cost of

LETTER FROM THE BOARD

registration of patents for the PCBA products and staff cost. The Group will commence the expansion of products portfolio of the EMS and Distribution Products Businesses upon Completion and expects such proceeds to be fully utilized by the Group by 31 December 2023.

As disclosed in the paragraph headed “Information on the Subscriber” above in this circular, the Subscriber is an experienced investors which had a portfolio of investments in companies related to retail, electronics, energy storage. The Directors are of the view that, leveraging on the Subscriber’s investment experience, in particular in the electronics and energy storage sectors, the Subscription will help raise the profile of the Group and to signify that such investor has confidence in the business and prospect of the Group.

Further, the Board intends to utilise approximately HK\$21.0 million to upgrade the equipment of EMS and Distribution Products Businesses related to production of liquid crystal module; production of plastics mold, high-speed surface mount system and audio and video module equipment, with the aim to (i) enhance the overall production and operation efficiency; (ii) reduce the cost of production through adoption of advanced technology such as automation; (iii) reduce the cost of maintenance and repair of the equipment; and (iv) improvement of product quality of the Group. For the avoidance of doubt, such proceeds will not be utilized to upgrade any equipments related to the production of PCBA products used in the renewable energy charging solutions for electric vehicles. The Group will begin the process of upgrading the equipment of EMS and Distribution Products Businesses upon Completion and expects such proceeds to be fully utilized by the Group by 30 September 2024. The Board considers that the aforesaid arrangement will enable the Group to better accommodate the everchanging market needs and consolidate its competitiveness in the long run.

The remaining balance of approximately HK\$41.0 million from the net proceeds will be utilized for general corporate and working capital purposes. Based on the working capital needs of the Group, the Directors expect that approximately HK\$14.1 million will be used for the payment of staff cost and approximately HK\$1.7 million will be used as rental expense by the Group in each month, therefore the aggregate balance of approximately HK\$41.0 million from the net proceeds is expected to be fully utilised by the Group within three months upon Completion. Taking into account the above considerations, the Directors (excluding the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had conducted the following equity fund raising activity in the past twelve months immediately before the Last Trading Day, up to and including the Latest Practicable Date:

| Date of announcement | Event | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the Latest Practicable Date |
|----------------------|---|------------------|---|---|
| 15 October 2021 | Rights issue on the basis of one (1) rights share for every two (2) existing shares held on the record date | HK\$58.7 million | Approximately (i) HK\$34.2 million for the expansion of the Group's product range under the EMS and Distribution Products Businesses; (ii) HK\$17.1 million for the funding of potential merger and acquisition opportunities of assisted reproductive services-licensed providers located in regions in the PRC; and (iii) HK\$7.4 million for general corporate and working capital purposes. | Approximately (i) HK\$25.4 million was utilized for the expansion of the Group's product range under the EMS and Distribution Products Businesses, and the remaining proceeds of approximately HK\$8.8 million will be used as intended by 31 January 2023; (ii) HK\$7.4 million was utilised for general corporate and working capital purposes; and (iii) the remaining net proceeds of approximately HK\$17.1 million for the funding of potential merger and acquisition opportunities of assisted reproductive services-licensed providers located in regions in the PRC has not been utilized as at the Latest Practicable Date and will be used as intended by 31 December 2023. |

LETTER FROM THE BOARD

EFFECT OF THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 1,207,691,855 Shares in issue. The following table summarises the shareholding structure of the Company as at the Latest Practicable Date and immediately upon allotment and issue of the Subscription Shares (assuming that there is no other change in the share capital of the Company and no conversion of any of the Share Options of the Company prior to Completion):

| | As at the Latest Practicable Date | | Immediately upon allotment and issue of the Subscription Shares | |
|---|--|--------------------------|--|--------------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| The Subscriber and parties acting in concert with it | — | — | 517,600,000 | 30.0 |
| Power Port Holdings Limited (Note 1) | 75,817,000 | 6.3 | 75,817,000 | 4.4 |
| Keywan Global Limited (Note 2) | 49,500,000 | 4.1 | 49,500,000 | 2.9 |
| Mr. Sy Ming Yiu | 100,000,000 | 8.3 | 100,000,000 | 5.8 |
| Public Shareholders | <u>982,374,855</u> | <u>81.3</u> | <u>982,374,855</u> | <u>56.9</u> |
| Total | <u><u>1,207,691,855</u></u> | <u><u>100.0</u></u> | <u><u>1,725,291,855</u></u> | <u><u>100.0</u></u> |

Notes:

1. Power Port Holdings Limited, which is a company incorporated in the British Virgin Islands, is wholly-owned by Ms. Yang Changrong.
2. Keywan Global Limited, which is a company incorporated in the British Virgin Islands, is wholly-owned by Mr. He Xiaoming.
3. As at the Latest Practicable Date, none of the Directors and their respective associates is interested in any Shares.
4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

As at the Latest Practicable Date, the relevant securities of the Company comprise:

- (a) 1,207,691,855 Shares in issue; and
- (b) 30,982,791 outstanding Share Options granted under the Share Option Scheme with rights to subscribe for a total of 30,982,791 Shares at the exercise price of HK\$0.346 per Share.

Save as disclosed above, the Company has no other outstanding securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, neither the Subscriber and its ultimate beneficial owner nor any party acting in concert with any of them owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Shares.

Assuming there is no other change in the share capital of the Company from the Latest Practicable Date up to and including the date of Completion, the Subscriber will hold 517,600,000 Shares upon Completion, representing 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive. In this regard, an application has been made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Subscription Shares.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver at the EGM; and (ii) the approval by at least 50% of the votes cast by the Independent Shareholders in respect of the Subscription (including the Specific Mandate) at the EGM. As obtaining the Whitewash Waiver is one of the conditions precedent to the Subscription Agreement and such condition is not waivable, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders.

The Executive has indicated that it will grant the Whitewash Waiver, subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber and its associates; (ii) any parties acting in concert with the Subscriber; and (iii) the Shareholders involved or interested in the Subscription or the Whitewash Waiver, will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, no Shareholder is involved or interested in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder. As such no Shareholder is required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

FUTURE INTENTIONS ON THE BUSINESS AND OPERATIONS OF THE GROUP

As at the Latest Practicable Date, the Company (i) has no intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business; and (ii) did not expect to enter into any other arrangement or transaction with the Subscriber and or its associate apart from the Subscription. As at the Latest Practicable Date, the Company (i) has no intention to appoint Mr. Xiao or any person(s) to be nominated by Mr. Xiao as the director or executives of the Group; and (ii) has no agreement or understanding with the Subscriber or Mr. Xiao in relation to the future business or operation of the Group.

Upon Completion, the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company. The Subscriber intends to continue the existing principal businesses of the Group and will not be involved in the management of the Group's business operation. It has no intention to introduce any major changes to the existing operation and business of the Company, including to (i) discontinue the employment of any employees of the Group other than in the ordinary course of business; (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) change the current Board composition. In terms of the long-term commercial justification for the Subscription, the Subscriber share the view of the Directors as disclosed in the paragraph headed "Reasons for and benefits of the Subscription and use of proceeds" above. The Subscriber and the Company also intend to maintain the listing of the Shares on the Stock Exchange following the Completion. The Board is aware of the Subscriber's future intentions on the business and operation of the Group and considers that there will be no material change to the existing business and employment of the existing employees of the Group as a result of the Subscription.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the Latest Practicable Date, save for the Subscription, the Directors and the Subscriber confirm that:

1. none of the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them owns or has control or direction over any voting right in or rights over any Shares or any convertible securities, warrants or options in respect of the Shares, or has entered into any outstanding derivatives in respect of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
2. there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber and which might be material to the transactions contemplated under the Subscription Agreement and the Whitewash Waiver with any other persons;
3. there is no agreements or arrangements to which the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;

LETTER FROM THE BOARD

4. none of the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them has received an irrevocable commitment to vote for or against the resolutions relating to the Subscription Agreement and/or the Whitewash Waiver;
5. none of the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and
6. the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them had not acquired voting rights in the Company during the Relevant Period.

There was no disqualifying transaction (as described in paragraph 3 of Schedule VI to the Takeovers Code) by the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them in during the Relevant Period but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Subscription.

The Subscriber and its ultimate beneficial owner or any person acting in concert with any of them will not acquire or dispose of any voting rights of the Company in the period between the date of this circular and Completion unless with prior consent of the Executive.

As at the Latest Practicable Date, apart from the consideration for the Subscription of HK\$96,014,800, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them to the Company in connection with the Subscription.

As at the Latest Practicable Date, there is no understanding, arrangement, agreement, or special deal between (1) any Shareholder; and (2) (a) the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them, or (b) the Company, its subsidiaries or associated companies. As at the Latest Practicable Date, the Company does not believe that the Subscription give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

FORMATION OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all the existing independent non-executive Directors (namely Mr. Li Huiwu, Mr. Yang Weidong and Mr. Chak Chi Shing), in compliance with Rule 2.8 of the Takeovers Code, to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

LETTER FROM THE BOARD

None of the members of the Independent Board Committee has any interest or involvement in the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Crescendo Capital Limited, has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in compliance with Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee and the Independent Shareholders on the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

EGM

The EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, the Subscription Agreement, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder. A notice convening the EGM to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 10 January 2023 at 10:00 a.m. is set out on pages 74 to 76 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof should you so wish. An announcement on the results of the vote by poll will be made by the Company after the EGM in accordance with the Listing Rules and the Takeovers Code.

The Subscription is subject to the satisfaction (or waiver) (as the case may be) of a number of conditions precedent set out under the section headed “Conditions precedent” in this circular, including approval by the Independent Shareholders at the EGM for the Subscription and the Whitewash Waiver, and the granting of the Whitewash Waiver by the Executive.

As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee, which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning, among other things, the Subscription and the Whitewash Waiver and as to voting; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver. The Directors (including the Independent Board Committee, after

LETTER FROM THE BOARD

considering the advice of the Independent Financial Adviser) consider that the terms of the Subscription and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution(s) to approve the Subscription and the Whitewash Waiver to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

By order of the Board
Link-Asia International MedTech Group Limited
Lin Dailian
Chairman and executive Director

LETTER FROM INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders which is prepared for the purpose of inclusion in this circular.



Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

16 December 2022

To the Independent Shareholders

Dear Sir or Madam,

**(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company dated 16 December 2022 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and to advise the Independent Shareholders how to vote at the EGM.

Crescendo Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice of Crescendo Capital Limited are contained in its letter set out on pages 25 to 51 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

LETTER FROM INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Subscription and the advices from the Independent Financial Adviser, we consider that the terms of the Subscription and the transactions contemplated thereunder (including but not limited to the Specific Mandate) and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription and the transactions contemplated thereunder and the special resolution to be proposed at the EGM to approve the Whitewash Waiver.

Yours faithfully,
Independent Board Committee

Mr. Li Huiwu

Mr. Yang Weidong
Independent non-executive Directors

Mr. Chak Chi Shing

LETTER FROM INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the Whitewash Waiver prepared for the purpose of inclusion in this circular.



1105 Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

16 December 2022

Link-Asia International MedTech Group Limited
Suites 3501 & 3513–14, 35/F
Tower 6, The Gateway, Harbour City
Tsim Sha Tsui, Kowloon, Hong Kong

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sir/Madam,

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the Subscription and the Whitewash Waiver, details of which are set out in the Letter from the Board contained in the circular of the Company dated 16 December 2022 to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

On 13 September 2022, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue under the Specific Mandate, and the Subscriber has conditionally agreed to subscribe for, 517,600,000 new Shares at the Subscription Price of HK\$0.1855 per Subscription Share, with an aggregate consideration of HK\$96,014,800.

Pursuant to the Listing Rules, the consent of Independent Shareholders in a general meeting is required for the approval of the Specific Mandate. The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement and transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of the Shares. Assuming there are no other changes in the share capital of the Company from the Latest Practicable Date up to and including the date of Completion, the Subscriber will hold 517,600,000 Shares upon Completion, representing 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive. An application has been made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver at the EGM; and (ii) the approval by at least 50% of the votes cast by the Independent Shareholders in respect of the Subscription (including the Specific Mandate) at the EGM. As obtaining the Whitewash Waiver is one of the conditions precedent to completion of the Subscription Agreement and such condition is not waivable, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders.

The Executive has indicated that it would grant the Whitewash Waiver, subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. In accordance with the Listing Rules and the Takeovers Code, (i) the Subscriber and its associates; (ii) any parties acting in concert with the Subscriber; and (iii) the Shareholders involved or interested in the Subscription or the Whitewash Waiver, will be required to abstain from voting on the resolutions to approve the Subscription Agreement and transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver at the EGM. As at the Latest Practicable Date, no Shareholders were involved or interested in the Subscription Agreement and transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver. Therefore, no Shareholders are required to abstain from voting on the resolutions to approve the Subscription Agreement and transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver at the EGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Li Huiwu, Mr. Yang Weidong and Mr. Chak Chi Shing, has been established by the Company to advise the Independent Shareholders in relation to the Subscription Agreement and transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver. We, Crescendo Capital Limited, have been appointed, with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee and the Independent Shareholders in this regard, in particular as to whether the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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We are not associated with the Group and its respective associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Save for acting as an independent financial adviser in this appointment, we have not acted as a financial adviser or an independent financial adviser to the Company and its associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its respective associates. We are not aware of any relationship or interest between our firm and the Company or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders and we are independent of the Company pursuant to the requirements under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the Latest Practicable Date. As set out in the responsibility statement in Appendix II to the Circular, the Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular (other than information relating to the Subscriber), and confirmed, after having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular (other than those expressed by the sole director of the Subscriber) have been arrived at after due and careful consideration and there are no other facts that are not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. The information in relation to the Subscriber contained in the Circular has been supplied by Mr. Xiao, the sole director of the Subscriber. Mr. Xiao accepted full responsibility for the accuracy of the information contained in the Circular (other than information relating to the Group), and confirmed, after having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts that are not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that the information provided to us may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the Subscription Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in the market and economic conditions) may affect and/or change this opinion. Should there be any material change after the Latest Practicable Date, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Subscription and the Whitewash Waiver, we have considered the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in (i) the provision of electronic manufacturing services (“EMS”); (ii) marketing and distribution of communication products; (iii) real estate supply chain services such as real estate advisory service and real estate purchase service; (iv) assisted reproduction medical technology business; and (v) securities and other assets investment. The Group’s products under the EMS business and the business segment of marketing and distribution of communication products (collectively, the “**EMS and Product Distribution Businesses**”) include corded and cordless residential telephones and small and medium business phone systems, appliances and appliances control products, portable storage devices, multimedia products and beauty care equipment.

(i) Financial information

Set out below is a summary of the audited consolidated financial information of the Group for the two years ended 31 December 2020 and 2021 as extracted from the annual report of the Company, and the unaudited consolidated financial information of the Group for the six months ended 30 June 2022 as extracted from the interim report of the Company respectively.

| | For the six months ended 30 June | | For the year ended 31 December | |
|--|---|------------------|---|------------------|
| | 2022 | 2021 | 2021 | 2020 |
| | <i>unaudited</i> | <i>unaudited</i> | <i>audited</i> | <i>audited</i> |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | | | | |
| — EMS | 270,054 | 297,985 | 629,958 | 544,275 |
| — Distribution of communication products | 8,565 | 23,909 | 40,274 | 35,939 |
| — Securities and other assets investment | 20 | 340 | 689 | 654 |
| — Real estate supply chain services | <u>3,254</u> | <u>2,563</u> | <u>4,602</u> | <u>14,155</u> |
| | 281,893 | 324,797 | 675,523 | 595,023 |
| Gross profit | 49,127 | 70,586 | 144,888 | 154,712 |
| Loss before tax | (10,934) | (30,060) | (43,752) | (169,747) |
| Loss for the period/year attributable to owners of the Company | <u>(13,539)</u> | <u>(32,042)</u> | <u>(46,397)</u> | <u>(173,052)</u> |

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|--|
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| | As at 30 June 2022 <i>unaudited</i> <i>HK\$'000</i> |
|---|--|
| Non-current assets | 139,334 |
| Current assets (including assets classified as held-for-sale) | 545,401 |
| Current liabilities | <u>(260,307)</u> |
| Net current assets | 285,094 |
| Non-current liabilities | <u>(22,452)</u> |
| Net assets | <u>401,976</u> |
| Equity attributable to owners of the Company | <u><u>401,140</u></u> |

The revenue of the Group for the year ended 31 December 2021 amounted to approximately HK\$675.5 million, representing an increase of approximately 13.5% as compared to the prior year. The increase in revenue was mainly due to the increase in revenue derived from the EMS business, which accounted for approximately 93.3% and 91.5% of the total revenue of the Group for the year ended 31 December 2021 and 2020 respectively, as the performance of the EMS business had been recovered in 2021 after the economic hit following the outbreak of the pandemic in the early of 2020. However, as a result of the increase in the proportion of revenue generated from the EMS business, which has a lower gross profit margin as compared with other businesses of the Group, the gross profit of the Group decreased by approximately HK\$9.8 million for the year ended 31 December 2021 as compared to the previous year. Together with the decreases in selling and distribution expenses and administrative expenses totaling approximately HK\$51.0 million resulting from the reduction in marketing consultancy fee, royalty fee, staff cost and depreciation expenses on the property, plant and equipment recorded for the current year and decreases in overall impairment losses for loans to other parties, trade and other receivables, investments in associates and intangible assets with a total amount of approximately HK\$55.5 million, the loss before tax decreased by approximately HK\$125.9 million from approximately HK\$169.7 million for the year ended 31 December 2020 to approximately HK\$43.8 million for the year ended 31 December 2021. The loss attributable to owners of the Company also decreased by approximately HK\$126.7 million from approximately HK\$173.1 million for the year ended 31 December 2020 to approximately HK\$46.4 million for the year ended 31 December 2021.

The revenue of the Group for the six months ended 30 June 2022 amounted to approximately HK\$281.9 million, representing a decrease of approximately 13.2% as compared to the last corresponding period. The decrease in revenue was mainly due

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to the decrease of revenue derived from the EMS business in both China and Hong Kong, which accounted for approximately 95.8% and 91.7% of the total revenue of the Group for the six months ended 30 June 2022 and 2021 respectively. Such drop in revenue was mainly caused by the postponement or slowdown of the Group's undergoing projects as a result of the closure of the Shanghai office for nearly two months and the work-from-home arrangement for the Hong Kong office for three months in response to the implementation of preventive control and quarantine measures by the Government after the outbreak of Omicron in the first half of 2022. The gross profit of the Group also decreased by approximately HK\$21.5 million to approximately HK\$49.1 million for the six months ended 30 June 2022 resulting from the fall in overall revenue and the increase in material cost. However, as a result of (i) the decreases in selling and distribution expenses and administrative expenses totaling approximately HK\$20.6 million resulting from the reduction in staff cost and testing expenses recorded for the current period; (ii) the decrease in an overall impairment loss of approximately HK\$8.5 million; (iii) the recognition of the overprovision of the license fee for using the "RCA" trademark in trading of certain manufactured business phones in the USA and Canada in the amount of approximately HK\$5.9 million; and (iv) the increase in net gains of approximately HK\$4.0 million primarily contributed by the net foreign exchange gain and gain on disposal of a subsidiary, the loss before tax decreased by approximately HK\$19.2 million from approximately HK\$30.1 million for the six months ended 30 June 2021 to approximately HK\$10.9 million for the six months ended 30 June 2022. The loss attributable to owners of the Company also decreased by approximately HK\$18.5 million from approximately HK\$32.0 million for the six months ended 30 June 2021 to approximately HK\$13.5 million for the six months ended 30 June 2022.

As at 30 June 2022, the non-current assets of the Group amounted to approximately HK\$139.3 million, which comprised property, plant and equipment of approximately HK\$25.1 million, right-of-use assets of approximately HK\$37.0 million, intangible assets of approximately HK\$74.3 million and rental deposits of approximately HK\$2.9 million. The current assets of the Group as at 30 June 2022 amounted to approximately HK\$545.4 million, which consisted of bank and cash balances of approximately HK\$190.0 million, trade receivables of approximately HK\$137.4 million, prepayments, deposits and other receivables of approximately HK\$110.8 million, inventories of approximately HK\$86.5 million, loans to other parties of approximately HK\$10.5 million and assets classified as held-for-sale of approximately HK\$10.2 million. The current liabilities of the Group as at 30 June 2022 amounted to approximately HK\$260.3 million, which mainly included accruals and other payables of approximately HK\$185.0 million, trade payables of approximately HK\$36.9 million, lease liabilities of approximately HK\$16.8 million and borrowings of approximately HK\$14.6 million. As at 30 June 2022, the non-current liabilities of the Group, which comprised solely the lease liabilities, amounted to approximately HK\$22.5 million. As at 30 June 2022, net current assets and net assets attributable to owners of the Company amounted to approximately HK\$285.1 million and approximately HK\$401.1 million respectively. As at 30 June 2022, the gearing of the Group, which was calculated based on the total liabilities to the total assets of the Group, was approximately 0.41.

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As announced on 15 October 2021, the Company has conducted the Rights Issue on the basis of one rights share for every two Shares held on the record date of the Rights Issue. The net proceeds from the Rights Issue amounted to approximately HK\$58.7 million, of which approximately HK\$25.9 million had not been utilized yet as at the Latest Practicable Date. As set out in the letter from the Board, the net proceeds not being utilized yet will be used as originally planned, of which approximately HK\$8.8 million will be used for the expansion of the Group's product range under the EMS and Product Distribution Businesses by 31 January 2023 and approximately HK\$17.1 million will be used for the funding of potential merger and acquisition opportunities of assisted reproductive services-licensed providers located in regions in the PRC. As disclosed in the prospectus of the Company dated 1 November 2021 in relation to the Rights Issue, the Company had entered into a non-legally binding term sheet to acquire a controlling stake in I.Baby Technology Holdings Limited (the "**Potential Acquisition**"). However, due to the ongoing COVID-19 pandemic and lockdown arrangements implemented in Eastern and Southern China, the business operation of I.Baby Technology Holdings Limited was greatly impacted. The Company will continue its communication with I.Baby Technology Holdings Limited regarding the Potential Acquisition and expects to finalize the term sheet by the end of December 2023. Save as disclosed above, the Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the Latest Practicable Date.

(ii) Industry overview and prospects of the Group

According to the statistics released by the National Bureau of Statistics of the PRC, the added value of the computer, communication and other electronic equipment manufacturing (the "**Electronic Manufacturing**") industry increased by approximately 15.7% for the year ended 31 December 2021 as compared to the previous year and approximately 9.5% for the nine months ended 30 September 2022 as compared to the previous corresponding period. The revenue of the Electronic Manufacturing enterprises for the year ended 31 December 2021 and the nine months ended 30 September 2022 were RMB14,128.53 billion and RMB11,036.25 billion respectively, representing an increase of approximately 14.7% and 8% respectively as compared to the prior year/corresponding period. Meanwhile, the retail sales of consumer communication equipment for the year ended 31 December 2021 also increased by approximately 14.6% as compared to the previous year. However, the increase slowed down to approximately 0.2% for the nine months ended 30 September 2022 as compared to the previous corresponding period.

The Company is of the view, and we concur, that the demand for electronic products will continue to increase as evidenced by the rising revenue recorded by the Electronic Manufacturing enterprises and the wide application of electronic products in various industries. As set out in the latest interim report of the Company and the Circular, the Group will continue to focus on the existing EMS and Product Distribution Businesses and explore new growth directions to diversify its income streams and expand its customer base. To cope with its development strategy, the Group plans to expand the product portfolio of the EMS and Product Distribution

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Businesses to the printed circuit board assembly (“PCBA”) products used in renewable energy charging electronic solutions for electric vehicles and upgrade the existing production equipment.

2. Information on the Subscriber

The Subscriber is an investment holding company incorporated in Hong Kong. Its directly-owned subsidiary (the “**Subsidiary**”) is principally engaged in (i) the provision of business performance analysis, business management solutions and risk management solutions to corporates for assisting them to attract additional funding; and (ii) investment in companies and projects related to electronics, energy storage and retail industries. Its clientele mainly includes companies from the retail, electronics and energy storage industries based in the PRC. The Subscriber is wholly owned by Mr. Xiao, an experienced investor who has invested in a spectrum of companies through the Subscriber and is partnering with a PRC-based asset management company to invest in projects related to the semiconductor industry. He is also a serial entrepreneur and business veteran in the internet technology industry in the PRC with over 13 years of experience in the field. During the last decade, Mr. Xiao was involved in the investment and development of a number of successful businesses and projects related to online games, information technology and digitalized self-serve convenience stores, etc. He established his reputation and proven track record in business management, particularly in identifying innovative market opportunities and securing funding opportunities for businesses. Mr. Xiao is also the Executive Chairman of Dashanghui New Retail Industry Alliance (大商匯新零售產業聯), a Shanghai-based association that focuses on the new retail industry in the PRC established by Dashanghui Education Group (大商匯教育集團), that aims to support the local governments and institutions to provide vocational training and management consulting services to the industry.

Upon Completion, the Subscriber will become a controlling Shareholder (as defined under the Listing Rules). As set out in the letter from the Board, the Subscriber intends to continue the existing principal businesses of the Group and will not be involved in the management of the Group’s business operation nor appoint any representative to the Board. The Subscriber has no intentions to introduce any major change to the existing operation and business of the Company, including (i) discontinuance of the employment of any employee of the Group other than in the ordinary course of business; (ii) redeployment of the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) change in the current Board composition. The Subscriber and the Company also intend to maintain the listing of the Shares on the Stock Exchange following the Completion.

3. Reasons for and benefits of the Subscription

The Company has been loss-making since the year ended 31 December 2015. For the year ended 31 December 2021 and the six months ended 30 June 2022, the loss attributable to owners of the Company amounted to approximately HK\$46.4 million and HK\$13.5 million respectively. No net cash inflow was generated from the operating activities of the Group since the year ended 31 December 2016. The Group recorded net cash outflow in operating activities in a range of approximately HK\$6.4 million and HK\$101.0 million for the years ended 31 December 2016 to 31 December 2021. The

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Group recorded a net cash outflow from operating activities of approximately HK\$101.0 million and a net decrease in cash and cash equivalents of approximately HK\$22.1 million for the year ended 31 December 2021.

Despite the Group had seen an improvement in its business performance for the six months ended 30 June 2022, the Directors are fully aware of the fact that the Group has been facing adverse impacts arising from the uncertain economic environment due to the ongoing development of the COVID-19 pandemic. In particular, the business of the Group has been impacted by the economic slowdown and fluctuations in demand for the Group's products resulting from the reduction in opportunities to conduct pitching activities and site visits for international clients due to travel restrictions implemented in the PRC.

With the aim to (i) enhance the overall production and operation efficiency; (ii) reduce the cost of production through the adoption of advanced technology such as automation; (iii) reduce the cost of maintenance and repairment of the equipment; and (iv) improve the product quality, the Board intends to upgrade the equipment for the EMS and Product Distribution Businesses relating to the production of liquid crystal module, production of plastics mold, high-speed surface mount system and audio and video module equipment.

In addition, in order to diversify the Group's revenue sources, better accommodate the ever-changing market needs and consolidate the Group's competitiveness in the long run, the Board would like to further develop the EMS and Product Distribution Businesses by expanding the product portfolio to PCBA products used in renewable energy charging electronic solutions for electric vehicles. The Group has been producing and selling a wide range of electronic products including but not limited to vacuum cleaners, motor control units, vehicle control units and PCBA of electronic products via the EMS segment. The Group intends to leverage its existing expertise to produce PCBA for renewable energy charging solutions and conduct the sales of the products via the existing sales channel of the EMS segment.

According to the statistics released by the China Association of Automobile Manufacturers, a self-discipline and non-profit social organization registered under the Ministry of Civil Affairs and formed by the enterprises engaged in the production and management of automobiles, auto parts and vehicle-related industries, the number of new energy vehicles sold in the PRC has been increasing since 2019. For the year ended 31 December 2021 and eleven months ended 30 November 2022, the number of new energy vehicles sold in the PRC rocketed to approximately 3.52 million and 6.07 million respectively, representing an increase of approximately 157.5% and 100.6% respectively as compared to the previous year/corresponding period. The market share (in terms of the number of vehicles sold) of new energy vehicles in the PRC has also shown a rising trend, increasing from approximately 5.4% for 2020 to 13.4% for 2021 and 25.0% for the eleven months ended 30 November 2022. Given the above, the Board considers, and we concur with its view, that the market opportunity related to renewable energy charging solutions for electric vehicles in the PRC is rising in view of the favourable government policies that support the use of electric vehicles and the fast-growing sales of electric vehicles in the PRC market.

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As at 30 June 2022, the Group's total current assets amounted to approximately HK\$545.4 million, which consisted of bank and cash balances of approximately HK\$190.0 million and trade receivables of approximately HK\$137.4 million. As at 30 June 2022, the Group's total current liabilities amounted to approximately HK\$260.3 million, of which approximately HK\$14.6 million were borrowings, approximately HK\$36.9 were trade payables and approximately HK\$185.0 million were accruals and other payables, which mainly included accrued salaries and expenses due within one year from 30 June 2022. Assuming all trade receivables were duly received which, together with the bank and cash balances, were used to settle all trade payables, accruals and other payables, the remaining financial resources available would be approximately HK\$105.5 million (the "**Available Funds**").

As disclosed in the latest interim report of the Company, based on the opening and ending inventory levels and cost of inventories, the Group's total purchases amounted to approximately HK\$199.0 million for the six months ended 30 June 2022 while the total employee benefits expenses of the Group (excluding equity-settled share-based payments) for the six months ended 30 June 2022 amounted to approximately HK\$84.4 million. Accordingly, the average total monthly expenses on purchases and employee benefits of the Group were approximately HK\$47.2 million (the "**Average Monthly Expenses**").

We understand from the management of the Company that among the Available Funds, approximately HK\$25.9 million were proceeds from the Rights Issue not being utilized, of which approximately HK\$8.8 million have been earmarked for the expansion of the Group's product range under the EMS and Product Distribution Businesses and approximately HK\$17.1 million have been earmarked for funding of potential merger and acquisition opportunities of assisted reproductive services-licensed providers located in regions in the PRC, and is expected to be fully utilized by the Group as intended by 31 January 2023 and 31 December 2023 respectively. The remaining balance of the Available Funds of approximately HK\$79.6 million only represents approximately 1.7 times the Average Monthly Expenses.

Borrowings in an aggregate amount of HK\$14 million (the "**Borrowings**") were borrowed from three independent licensed money lenders with an interest rate at 12% per annum. Such borrowed funds have been fully used as general working capital of the Group and all of which will be due in December 2022.

Having considered that (i) the Available Funds (net of the earmarked cash) only represents 1.7 times the Average Monthly Expenses; (ii) there is an uncertainty as to the timing of the settlement of trade receivables by the customers of the Group; (iii) the Group recorded net cash outflow from operating activities in a range of approximately HK\$6.4 million and HK\$101.0 million in the past five years; (iv) the Group has concrete development plans in expanding its business scope and upgrading its manufacturing equipment and additional funding is required for realization of such development plans; and (v) it may be impossible for the Group to obtain additional funding within a very short period of time, the Directors believe that it is prudent to secure more financial resources through the Subscription to support the daily operation and business growth of the Group as well as securing adequate financial resources to enable the Group to capture any business opportunity with great potential in a timely manner.

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The Directors consider the Subscription to be a substantial opportunity for the Company to (i) further strengthen the financial position of the Group amid the uncertain and volatile market conditions; and (ii) better position itself strategically and financially to capitalize on the future business opportunities and expedite the development of the Group's businesses. Furthermore, the Subscriber is an experienced investor which had a portfolio of investments in companies related to retail, electronics and energy storage. The Directors are of the view that leveraging on the Subscriber's investment experience, in particular in the electronics and energy storage sectors, the Subscription will help raise the profile of the Group and to signify that such investor has confidence in the business and prospect of the Group

The gross proceeds and net proceeds from the Subscription are expected to be approximately HK\$96.0 million and HK\$95.5 million respectively. The Board intends to apply (i) approximately HK\$14.0 million for the repayment of the Borrowings fall due within one year from 31 December 2021 as it is uncertain whether the Borrowings can be renewed or replaced by other funding at the time when the Borrowings being matured and the repayment of the Borrowings can further reduce its financing cost; (ii) approximately HK\$19.5 million for the expansion of product portfolio of the EMS and Product Distribution Businesses in order to expand the customer base and diversify its revenue streams through enriching the product portfolio; (iii) approximately HK\$21.0 million for the upgrade of equipment of the EMS and Product Distribution Businesses aiming to reduce the cost of sales and production; and (iv) the remaining balance of approximately HK\$41.0 million as general working capital of the Group (including payment of staff costs and rental expenses), which is expected to be fully utilized by the Group within three months.

Having considered (i) the loss-making performance of the Group since 2015 and no net cash inflow was generated the operating activities of the Group since the year ended 31 December 2016; (ii) the existing bank and cash balances have been earmarked for specific usage or planned for supporting the operating activities of the Group and it is prudent to source addition funding from the Subscription for the growth of the Group; (iii) the possible adverse impact to be faced by the Group having considered the uncertainty of the business environment arising from the ongoing development of the COVID-19 pandemic; (iv) the Subscription can raise additional funding for the Group to repay its existing borrowings, develop the EMS and Product Distribution Businesses and maintain sufficient general working capital for further business development; (v) the Subscription Price represents a premium over the existing trading price of the Shares (the analysis on the Subscription Price is set out in the section headed "5. Principal terms of the Subscription" below); and (vi) the Subscription is a more desirable financing option for the Group under the current circumstances as compared with other fund-raising alternatives (the analysis on other fund-raising alternatives is set out in section headed "4. Other fund-raising alternatives" below), we concur with the Directors' view that the entering into of the Subscription Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Other fund-raising alternatives

We were given to understand that apart from the Subscription, the Directors have considered other fund-raising alternatives for the Group, including both debt and equity financing.

Given that debt financing is usually subject to lengthy due diligence and negotiations with the lenders for credit assessment and pledge of assets, and the HSBC's Hong Kong Dollar Best Lending Rate, a commonly used benchmark lending rate in Hong Kong, has increased two times from 5% at the beginning of 2022 to 5.375% as at the Latest Practicable Date and such increasing trend of the interest rate for debt financing may persist in the foreseeable future, the Directors consider that it may not be probable for the Group to obtain funding by borrowings with terms favourable to the Group in a short period of time. The Company has approached its principal banker for debt financing but was given to understand that granting of a loan must be subject to the pledge of assets, whereas no suitable assets are available for a pledge by the Group at the moment.

The Directors also considered other equity financing methods, including rights issue or open offer as both rights issue or open offer would allow the Shareholders to participate in the subscription of new Shares and maintain their respective pro-rata shareholdings in the Company. However, rights issue or open offer (i) generally requires a relatively lengthy process including, but not limited to, the preparation of the requisite documents such as prospectus and application forms; (ii) incurs extra administrative costs (including legal, printing and other professional advisory fees) for the preparation of the prospectus and application forms; (iii) incurs underwriting commission if the rights issue or open offer is underwritten; and (iv) usually requires the Company offering a certain discount to the market prices of the Shares to attract the Shareholders to participate in the rights issue or open offer and it may not be feasible for the Company to set the issue price at a premium to prevailing market price of the Shares as in the case of the Subscription.

Based on the aforementioned, we concur with the Directors' view that the Subscription is a more desirable option over other financing alternatives under the present circumstances and is in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Subscription

On 13 September 2022, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 517,600,000 new Shares at the Subscription Price of HK\$0.1855 per Subscription Share, with an aggregate consideration of HK\$96,014,800, payable in cash by the Subscriber to the Company. Within five Business Days upon entering into the Subscription Agreement, the Subscriber shall pay to the Company a sum of HK\$5.0 million as earnest money for the Subscription, which would be applied towards satisfying part of the consideration for the Subscription. The remaining consideration for the Subscription shall be paid upon Completion.

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The Subscription Shares represent (i) approximately 42.9% of the existing issued share capital of the Company; and (ii) 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be obtained from the Independent Shareholders at the EGM. The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

(i) Subscription Price

The Subscription Price of HK\$0.1855 per Subscription Share represents:

- (i) a premium of approximately 237.3% over the closing price of HK\$0.055 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 78.4% over the closing price of HK\$0.104 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 78.4% over the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 78.4% over the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;
- (v) a discount of approximately 38.8% to the audited consolidated net asset value per Share of approximately HK\$0.303 (based on the latest published audited net asset value of the Group of approximately HK\$366.0 million as at 31 December 2021 as disclosed in the annual report of the Company and 1,207,691,855 issued Shares as at the Latest Practicable Date); and
- (vi) a discount of approximately 44.3% to the unaudited consolidated net asset value per Share of approximately HK\$0.333 (based on the latest published unaudited net asset value of the Group of approximately HK\$402.0 million as at 30 June 2022 as disclosed in the interim report of the Company and 1,207,691,855 issued Shares as at the Latest Practicable Date).

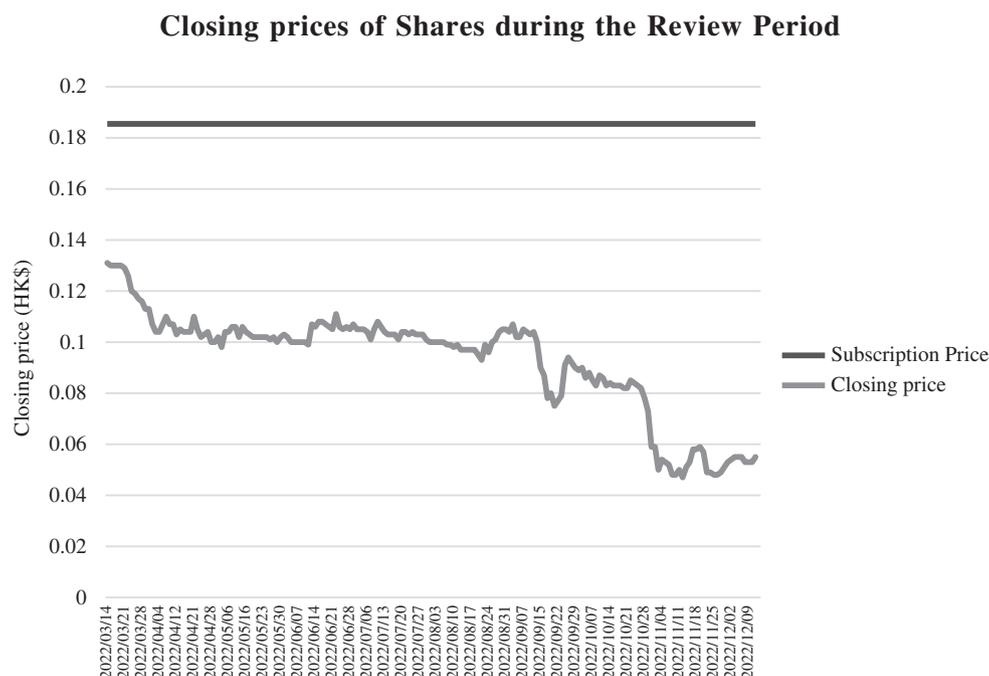
The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, having considered (i) the Group's recent business performance represented by an increase in revenue and a significant decrease in the net loss of the Group for the year ended 31 December 2021; (ii) the size of the Subscription which aims to bring in additional capital to support the business of the Group; (iii) the prevailing share price of the Company which reflects a balance between the intrinsic value and the market price of the Shares; and (iv) with the intention to avoid share value dilution and therefore enhance the share value of the Company.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

In order to assess the fairness and reasonableness of the Subscription Price, we have conducted the following analysis:

(a) *Historical closing prices of the Shares*

We have reviewed the movements in closing prices of the Shares during the period from 14 March 2022, being six months immediately preceding the Last Trading Day, to the Latest Practicable Date (the “**Review Period**”). We consider that a period of six months is adequate to illustrate the recent price movements of the Shares for conducting a reasonable comparison between the closing prices of the Shares and the Subscription Price. The closing prices of the Shares during the Review Period are depicted in the chart below:



Source: the website of the Stock Exchange

As illustrated in the above chart, the Shares were traded below the Subscription Price throughout the Review Period with an average closing price of approximately HK\$0.093 and the highest and lowest closing prices of HK\$0.131 and HK\$0.047 respectively. The Subscription Price represents a premium of approximately 99.5%, 41.6% and 294.7% over the average, the highest and the lowest closing prices of the Shares during the Review Period respectively.

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The closing prices of the Shares showed a decreasing trend from HK\$0.131, being the highest closing price of the Shares during the Review Period, on 14 March 2022 to HK\$0.099 on 10 June 2022. After the trading hours of the Stock Exchange on 10 June 2022, the Company published an announcement regarding the completion of a discloseable transaction in relation to the assignment of an agency agreement by an assignor, who is an independent third party of the Group, to a wholly-owned subsidiary of the Company involving the issue of Shares. The closing price of the Shares started to increase and reach its short-term highest level of HK\$0.111 on 22 June 2022. Since then, the closing price of the Shares had been on a downtrend until reaching HK\$0.093 on 22 August 2022. The Company published its interim results for the six months ended 30 June 2022 on 31 August 2022. The closing price of the Shares rose to HK\$0.107 on 2 September 2022 and reduced gradually to HK\$0.104 on the Last Trading Day. Subsequent to the publication of the announcement regarding the Subscription and the Whitewash Waiver on the Last Trading Day, the closing price of the Shares continues to decrease to HK\$0.075 on 21 September 2022 and rebounded to HK\$0.094 on 27 September 2022. Afterwards, the closing price of the Shares dropped gradually to HK\$0.047, being the lowest closing price of the Shares during the Review Period, on 14 November 2022 and was HK\$0.055 on the Latest Practicable Date. We were advised by the management of the Company that the Company did not aware of any conclusive reason for the price movement of the Shares.

Having considered that the Subscription Price is substantially higher than the closing price of the Shares throughout the Review Period, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

(b) Historical trading volume of the Shares

We have also reviewed the historical trading volume of the Shares during the Review Period. The number of trading days, the average daily trading volume of the Shares and the percentages of average daily trading volume of the Shares as compared to the total number of issued Shares and the Shares held by the public during the Review Period are shown below:

| Month | Number of trading days | Average daily trading volume (Note 1) | % of average daily trading volume to the total number of issued Shares (Note 2) | % of average daily trading volume to the total number of Shares in public hands (Note 3) |
|-----------------------------|-------------------------------|--|--|---|
| 2022 | | | | |
| March <i>(Note 4)</i> | 14 | 2,187,314 | 0.1811% | 0.2566% |
| April | 18 | 2,067,444 | 0.1712% | 0.2426% |
| May | 20 | 7,539,650 | 0.6243% | 0.8845% |
| June | 21 | 6,444,857 | 0.5337% | 0.7561% |
| July | 20 | 4,684,928 | 0.3879% | 0.5496% |
| August | 23 | 6,823,574 | 0.5650% | 0.8005% |
| September | 21 | 6,202,790 | 0.5136% | 0.7277% |
| October | 20 | 6,513,010 | 0.5393% | 0.7641% |
| November | 22 | 14,973,755 | 1.2399% | 1.7567% |
| December <i>(Note 5)</i> | 9 | 2,174,444 | 0.1800% | 0.2551% |

Source: the website of the Stock Exchange

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days in the relevant month/period which excludes any trading day on which trading of Shares on the Stock Exchange was halted for the whole trading day.
2. Calculated based on 1,207,691,855 Shares in issue as at the Latest Practicable Date.
3. Calculated based on 852,374,855 Shares held in public hands as at the Latest Practicable Date.
4. Represents trading volume for the period from 14 March 2022 to 31 March 2022.
5. Represents trading volume for the period from 1 December 2022 to the Latest Practicable Date.

LETTER FROM INDEPENDENT FINANCIAL ADVISER

During the Review Period, the average daily trading volume of the Shares was in the range of approximately 0.1712% to approximately 1.2399% of the total number of issued Shares as at the Latest Practicable Date and approximately 0.2426% to approximately 1.7567% of the total number of Shares held in public hands as at the Latest Practicable Date. The above statistics show that the liquidity of the Shares was low during the Review Period.

The low liquidity of the Shares may imply a lack of interest from potential investors in the Shares and as such, it may not be easy for the Company to conduct other equity financing alternatives with an issue price at a premium over the prevailing market price of the Shares as in the case of the Subscription when considering fundraising exercises in the market such as rights issue or open offer.

(c) Comparison with industry comparables

To evaluate the fairness and reasonableness of the Subscription Price, we considered comparing the price-to-book multiple and the price-to-earnings multiple implied by the Subscription Price with those of the companies listed in the Main Board of the Stock Exchange engaging in businesses similar to the Group. However, given that the Group was loss-making for the year ended 31 December 2021, we consider that the price-to-earnings multiple is not applicable for such purpose and thus only the price-to-book multiple was adopted.

Based on the unaudited net asset value of the Group attributable to Shareholders as at 30 June 2022 of approximately HK\$401.1 million and 1,207,691,855 issued Shares as at the Latest Practicable Date, the net asset value of the Group attributable to Shareholders per Share amounted to approximately HK\$0.33. Accordingly, the price-to-book multiple (the “**PBR**”) of the Group implied by the Subscription Price of HK\$0.1855 per Subscription Share is approximately 0.56.

We have performed research to identify companies that (i) are currently listed on the Main Board of the Stock Exchange; and (ii) have over 50% of their revenue derived from the provision of electronic manufacturing services for their respective latest financial year. We have identified four comparable companies (the “**Industry Comparables**”) based on the abovementioned criteria. We consider such Industry Comparables represent an exhaustive list of relevant comparable companies based on the said criteria, and are fair and representative samples for assessing the fairness and reasonableness of the Subscription Price as their core business is similar to the business of the Group and their major turnover was mainly derived from the provision of electronic manufacturing services for their respective latest financial year. Set out below is

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a comparison of the PBR of the Group as implied by the Subscription Price and the Industry Comparables as at the Latest Practicable Date.

| Company name (stock code) | Principal business activities | Market capitalization as at the Latest Practicable Date <i>HK\$ million</i> | PBR as at the Latest Practicable Date <i>times</i> |
|--|--|---|---|
| Wong's International Holdings Limited (99) | Engaged in the provision of electronic manufacturing services | 957.0 | 0.21 |
| Superactive Group Company Limited (176) | Engaged in manufacturing of electronics products, provision of nursery education service and property development and management in the PRC; and provision of money lending service and regulated financial service in Hong Kong | 71.1 | 0.20 |
| Sprocomm Intelligence Limited (1401) | Engaged in the research, design, manufacture and sale of mobile phones, printed circuit board assembly and internet-of-things-related products on the basis of original design manufacturer | 570.0 | 1.63 |
| FIH Mobile Limited (2038) | Engaged as a vertically integrated manufacturing services provider for the handset industry worldwide | 6,906.7 | 0.46 |
| Minimum | | | 0.20 |
| Maximum | | | 1.63 |
| Average | | | 0.63 |
| the Company (1143) | Engaged in EMS and Product Distribution Businesses, real estate supply chain services business, assisted reproduction medical technology business and securities and other assets investment | 224.0 | 0.56 |

Source: the website of the Stock Exchange

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As shown in the above table, the PBRs of the Industry Comparables ranged from approximately 0.20 times to 1.63 times, with an average of approximately 0.63 times. The implied PBR of the Company of approximately 0.56 times falls within the range of the Industry Comparables and is lower than the average PBR of the Industry Comparables.

Shareholders should note that each of the Industry Comparables may not be entirely comparable to the Group in terms of market capitalization, the geographical spread of activities, the scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, the composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of results in our comparison. Notwithstanding the foregoing, we consider that the analysis of the Industry Comparables can still provide a reference to the Shareholders as the Industry Comparables are involved in the business comparable to the Group, and therefore can provide a general overview of their market valuation with respect to their corresponding book value for comparison purpose. Accordingly, we consider the trading statistics of the Industry Comparables can serve as a benchmark for assessing the reasonableness and fairness of the Subscription Price. Meanwhile, we have also considered the results of the above comparison together with all other factors stated in this letter as a whole.

(d) Comparison with market comparables

To further evaluate the fairness and reasonableness of the Subscription Price, we also considered a comparison of the issues of new shares under a specific mandate for cash involving an application for whitewash waiver announced by companies listed on the Main Board of the Stock Exchange (the “**Market Comparables**”) during the Review Period. However, only two companies were identified, and we considered the sample size of two to be too small for a meaningful comparison. As such, we have extended the comparison period to the period from 14 September 2021, being twelve months immediately preceding the Last Trading Day, to the Last Trading Day (the “**Comparison Period**”) to reflect the recent market sentiment on similar transactions in Hong Kong. We consider that the inclusion of all similar transactions transacted with either connected persons or independent third parties is appropriate for comparison purposes since whether the subscriber is a connected person or not should not be a critical determining factor for the subscription price in a fair and reasonable deal under normal circumstances. Based on the information available from the Stock Exchange’s website, we have identified five Market Comparables that met the abovementioned criteria. We consider that the Market Comparables are fair, representative and exhaustive samples for our evaluation of the Subscription Price and the Comparison Period is appropriate for comparison purposes as it can illustrate the structure of the recent issues of shares under a specific mandate for cash involving a whitewash waiver application in Hong Kong under the prevailing market conditions and

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sentiments in the Hong Kong stock market and contains sufficient samples and information to enable the Independent Shareholders to have a general understanding on the recent similar transactions being conducted in Hong Kong stock market.

Shareholders should note that the principal activities, market capitalization, profitability and financial position of the Market Comparables may be different from those of the Company and the circumstances surrounding the Market Comparables may also be different from those relating to the Company. We have not conducted any in-depth investigation into the respective businesses and operations of the Market Comparables. Despite the aforementioned, since the Market Comparables can provide a general reference of the transactions similar to the Subscription and the Whitewash Waiver in the Hong Kong stock market, we consider the comparison with the Market Comparables an appropriate basis for assessing the fairness and reasonableness of the Subscription Price. Moreover, in forming our opinion on the Subscription Price, we have considered the results of the comparison with the Market Comparables together with other factors stated in this letter as a whole. Details of the Market Comparables are summarized as follows:

| Company name (stock code) | Date of the announcement | Principal activities as at the date of the announcement | Premium/(discount) of subscription price over/(to) | | Dilution effect on existing public shareholding | Approved by independent shareholders |
|---|-----------------------------|--|---|---|--|--|
| | | | the closing price on the last trading day prior to/on the release of the announcement | the net asset value per share as indicated in the latest published accounts | | |
| Unity Group Holdings International Limited (formerly known as Synergy Group Holdings International Limited) (1539) | 15 September 2021 | Provision of leasing services of energy-saving systems, consultancy services and artificial intelligence technology services and trading of energy-saving products | (81.5%) | 6.3% | 60.5% | Yes |
| Lingbao Gold Group Company Limited (3330) | 11 November 2021 | Mining, processing, smelting and sales of gold and other metallic products in the PRC | (12.4%) | (63.4%) | 27.0% | Yes |

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| Company name (stock code) | Date of the announcement | Principal activities as at the date of the announcement | Premium/(discount) of subscription price over/(to) | | Dilution effect on existing public shareholding | Approved by independent shareholders |
|---|-----------------------------|--|---|---|--|--|
| | | | the closing price on the last trading day prior to/on the release of the announcement | the net asset value per share as indicated in the latest published accounts | | |
| China Wood International Holdings Co., Limited (1822) | 10 March 2022 | Sale and distribution of furniture wood, manufacturing and sales of antique style wood furniture and imported timber flooring processing business and car rental business in the PRC | (32.3%) | net liability was recorded | 90.1% | Yes |
| Shandong Hi-Speed New Energy Group Limited (formerly known as Beijing Enterprises Clean Energy Group Limited) (1250) | 14 March 2022 | Investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC | (7.7%) | (55.4%) | 43.3% | Yes |
| Fullsun International Holdings Group Co., Limited (627) | 13 September 2022 | Development and sale of residential and commercial properties in the PRC and Hong Kong | (93.6%) | 25.9% | 42.6% | The circular has not been issued yet |
| Minimum | | | (93.6%) | (63.4%) | 27.0% | |
| Maximum | | | (7.7%) | 25.9% | 90.1% | |
| Average | | | (45.5%) | (21.7%) | 52.7% | |

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| Company name (stock code) | Date of the announcement | Principal activities as at the date of the announcement | Premium/(discount) of subscription price over/(to) the closing price on the last trading day prior to/on the release of the announcement | the net asset value per share as indicated in the latest published accounts | Dilution effect on existing public shareholding | Approved by independent shareholders |
|------------------------------|-----------------------------|--|---|---|--|--|
| the Company (1143) | 13 September 2022 | Engaged in EMS and Product Distribution Businesses, real estate supply chain services business, assisted reproduction medical technology business and securities and other assets investment | 78.4% | (44.3%) | 30.0% | |

Source: the website of the Stock Exchange

As illustrated in the above table, the subscription prices of the Market Comparables were set in discounts ranging from approximately 7.7% to 93.6%, with an average discount of approximately 45.5%, to their respective closing prices as quoted on the date of the announcement or the last trading day immediately prior to the date of the announcement. The Subscription Price represents a premium of approximately 78.4% over the closing price of the Shares on the Last Trading Day. Furthermore, the subscription prices of the Market Comparables ranged from a discount of approximately 63.4% to a premium of approximately 25.9%, with an average discount of approximately 21.7%, to their respective net asset value per share as indicated in their respective latest published accounts. The discount of approximately 44.3% of the Subscription Price to the unaudited consolidated net asset value per Share falls within the range of the Market Comparables and is higher than the average of the Market Comparables.

Based on the above analysis and the facts that (i) the Subscription Price represents a premium over the closing price of the Shares throughout the Review Period; (ii) the price of the Shares has been at a downward trend during the Review Period and the trading liquidity of the Shares was low during the Review Period; (iii) the implied PBR of the Subscription Price falls within the range of the Industry Comparables; (iv) all the shares of the Market Comparables were issued at a discount to their respective closing prices on the last trading day prior to the date of the agreement or date of the agreement while the Subscription Price represent a premium over the closing price on the Last Trading Day; and (v) the discount of the Subscription Price to the latest

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published unaudited consolidated net asset value per Share falls within the range of the Market Comparables, we consider that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned although the Subscription Price represented a discount of approximately 44.3% to the unaudited consolidated net asset value per Share.

(ii) Conditions precedent and Completion

Pursuant to the Subscription Agreement, if the conditions precedent of the Subscription Agreement are not satisfied or waived (as the case may be) on or before the Long Stop Date (i.e. 13 March 2023), being six months from the date of the Subscription Agreement or such other time or date as the Company and the Subscriber shall agree in writing, the Subscription Agreement will lapse and neither party to the Subscription Agreement may have any claim against each other save for antecedent breaches and the Company shall return the Earnest Money in full to the Subscriber within five Business Days without interest. Completion shall take place within five Business Day after satisfaction of the last of the conditions precedent of the Subscription Agreement or at such date and time as agreed by the Company and the Subscriber.

The Company and the Subscriber may agree to a postponement of the Long Stop Date and/or the date of Completion to cater for any delay caused by administrative or technical reasons (such as when the Company needs more time to clear the Circular with the Stock Exchange resulting in the delay in the despatch of the Circular), or where any unforeseen circumstances necessitate the postponement of the Long Stop Date and/or the date of Completion, but the Company and the Subscriber will make a further assessment based on the actual circumstances when any postponement is being proposed. As at the Latest Practicable Date, the Company and the Subscriber do not have any intention to postpone the Long Stop Date and/or the date of Completion. In the event of any material postponement of the Long Stop Date and/or the date of Completion, the Company will re-comply with the relevant Listing Rules requirements and seek Shareholders' approval again as appropriate.

Given the Company will re-comply with the relevant Listing Rules requirements (including the requirement of Shareholders' approval) in the event of any material postponement of the Long Stop Date and/or the date of Completion, we concur with the view of the Directors that the allowance for postponement of the Long Stop Date and/or the date of Completion is fair and reasonable and in the interest of the Company and its Shareholders as a whole as the Shareholders are allowed to reconsider approving the Subscription Agreement if there is any material postponement of the Long Stop Date and/or the date of Completion. We also consider that the terms of the Subscription (including the Subscription Price) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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6. Dilution effect on the shareholding structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date and, for illustrative purposes, immediately upon allotment and issue of the Subscription Shares, assuming no share options are being exercised and there are no other changes in the issued share capital of the Company prior to Completion, are as follows:

| | As at the Latest Practicable Date | | Immediately upon allotment and issue of the Subscription Shares | |
|--|-----------------------------------|-------------------------|---|-------------------------|
| | <i>Number of Shares</i> | <i>Approximately %</i> | <i>Number of Shares</i> | <i>Approximately %</i> |
| The Subscriber and parties acting in concert with it | — | — | 517,600,000 | 30.0 |
| Power Port Holdings Limited <i>(Note 1)</i> | 75,817,000 | 6.3 | 75,817,000 | 4.4 |
| Keywan Global Limited <i>(Note 2)</i> | 49,500,000 | 4.1 | 49,500,000 | 2.9 |
| Mr. Sy Ming Yiu | 100,000,000 | 8.3 | 100,000,000 | 5.8 |
| Public Shareholders | <u>982,374,855</u> | <u>81.3</u> | <u>982,374,855</u> | <u>56.9</u> |
| Total | <u><u>1,207,691,855</u></u> | <u><u>100.0</u></u> | <u><u>1,725,291,855</u></u> | <u><u>100.0</u></u> |

Notes:

1. Power Port Holdings Limited, a company incorporated in the British Virgin Islands, was wholly owned by Ms. Yang Changrong as at the Latest Practicable Date.
2. Keywan Global Limited, a company incorporated in the British Virgin Islands, was wholly owned by Mr. He Xiaoming as at the Latest Practicable Date.
3. As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any Shares.
4. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

As shown in the above table, for illustrative purposes only, assuming there are no other changes in the issued share capital of the Company prior to Completion, the shareholding of the existing public Shareholders shall be diluted from approximately 81.3% of the issued share capital of the Company as at the Latest Practicable Date to approximately 56.9% of the enlarged issued share capital of the Company immediately upon allotment and issue of the Subscription Shares, representing a decrease of approximately 30.0%.

As illustrated in the table set out under the section headed “5. Principal terms of the Subscription — (d) Comparison with market comparables”, the dilution effect of the issue of shares on the shareholding interests of the existing public shareholders of the Market Comparables ranged from approximately 27.0% to approximately 90.1%, with an average

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of approximately 52.7%. The dilution effect of the Subscription of approximately 30.0% falls within the range of the Market Comparables and is lower than the average of the Market Comparables.

Given (i) the reasons for and benefits of the Subscription; (ii) the Subscription Price being fair and reasonable; and (iii) the dilution effect of the Subscription falls within the range of the Market Comparables and is lower than the average of the Market Comparables, we consider that the dilution effect of the Subscription on the shareholding interests of the existing public Shareholders is justifiable.

7. Financial effect of the Subscription

As stated in the letter from the Board, the net proceeds from the Subscription are expected to be approximately HK\$95.5 million, of which approximately HK\$14.0 million will be used for repayment of borrowings, approximately HK\$19.5 million will be used for expansion of product portfolio of the EMS and Product Distribution Businesses, approximately HK\$21.0 million will be used for upgrade of equipment for the EMS and Product Distribution Businesses and the remaining balance of approximately HK\$41.0 million will be used for general working capital of the Group. It is expected that a cash inflow of approximately HK\$95.5 million will be recorded, and both the net assets and total assets of the Group will be increased, upon Completion. Meanwhile, the Subscription shall not have any impact on the liabilities and profit and loss of the Group. In view of the above, the Directors consider, and we concur that the Subscription would have positive effects on the cash flow and net asset value of the Group.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company upon Completion.

8. The Whitewash Waiver

As at the Latest Practicable Date, neither the Subscriber and its ultimate beneficial owner nor any party acting in concert with any of them owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Shares. Assuming there are no other changes in the share capital of the Company from the Latest Practicable Date up to and including the date of Completion, the Subscriber will hold 517,600,000 Shares upon Completion, representing 30.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive.

The Subscriber has applied to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash

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Waiver at the EGM; and (ii) the approval by at least 50% of the votes cast by the Independent Shareholders in respect of the Subscription (including the Specific Mandate) at the EGM. As obtaining the Whitewash Waiver is one of the conditions precedent to completion of the Subscription Agreement and such condition is not waivable, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders. The Executive has indicated that it would grant the Whitewash Waiver, subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

Given the benefits of the Subscription mentioned in the section headed “3. Reasons for and benefits of the Subscription” above and the terms of the Subscription Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the opinion that the approval for the Whitewash Waiver, which is a prerequisite of the Subscription, is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Subscription.

RECOMMENDATION

Having considered the principal factors and reasons stated above, in particular:

- (i) the loss-making performance of the Group since 2015 and no net cash was generated from the operating activities since the year ended 31 December 2016;
- (ii) the existing bank and cash balances have been earmarked for specific usage or planned for supporting the operating activities of the Group and it is prudent to source additional funding from the Subscription for the growth of the Group;
- (iii) the possible adverse impact to be faced by the Group having considered the uncertainty of the business environment owing to the ongoing development of the COVID-19 pandemic;
- (iv) the Subscription can raise additional funding for the Group to repay its existing borrowings, develop the EMS and Product Distribution Businesses and maintain sufficient general working capital for further business development;
- (v) the Subscription is a more desirable financing option for the Group under the current circumstances as compared with other fund-raising alternatives;
- (vi) the Subscription Price represents a premium over the closing price of the Shares throughout the Review Period;
- (vii) the price of the Shares has been on a downward trend during the Review Period and the trading liquidity of the Shares was low during the Review Period;
- (viii) the implied PBR of the Subscription Price falls within the range of the Industry Comparables;

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- (ix) all the shares of the Market Comparables were issued at a discount to their respective closing prices on the last trading day prior to the date of the agreement or date of the agreement while the Subscription Price represent a premium over the closing price on the Last Trading Day;
- (x) the discount of the Subscription Price to the latest published unaudited consolidated net asset value per Share falls within the range of the Market Comparables;
- (xi) the dilution effect of the Subscription on the shareholding interests of the existing public Shareholders is justifiable;
- (xii) the Subscription would have positive effects on the cash flow and net asset value of the Group; and
- (xiii) the grant and approval of the Whitewash Waiver is one of the conditions precedent to the completion of the Subscription Agreement,

we are of the view that the terms of the Subscription (including the Specific Mandate) and the Whitewash Waiver are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole although the Subscription is not conducted in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favor of the resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Crescendo Capital Limited

Amilia Tsang
Managing Director

Helen Fan
Director

Notes:

1. Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 18 years of experience in corporate finance.
2. Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 14 years of experience in corporate finance.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2019, 2020 and 2021 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.link-asia.com.hk/en/index.php>):

- (i) The unaudited financial information of the Group for the six months ended 30 June 2022 is disclosed in the interim report of the Company for the six months ended 30 June 2022 published on 29 September 2022, from pages 19 to 47:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0929/2022092900521.pdf>

- (ii) The audited financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 3 May 2022, from pages 131 to 277:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0503/2022050303101.pdf>

- (iii) The audited financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 29 April 2021, from pages 128 to 281:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900009.pdf>

- (iv) The audited financial information of the Group for the year ended 31 December 2019 is disclosed in the annual report of the Company for the year ended 31 December 2019 published on 24 April 2020, from pages 82 to 237:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042402016.pdf>

(a) Summary of financial information of the Group

The following is a summary of the (i) audited financial results of the Group for the years ended 31 December 2019, 2020 and 2021 as extracted from the relevant annual reports of the Group; and the (ii) unaudited financial results of the Group for the six months ended 30 June 2021 and 2022 as extracted from the relevant interim results announcement of the Group:

| | For the six months ended 30 June | | For the year ended 31 December | | |
|--|--|---------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| | 2022 HK\$'000 (unaudited) | 2021 HK\$'000 (unaudited) | 2021 HK\$'000 (audited) | 2020 HK\$'000 (audited) | 2019 HK\$'000 (audited) |
| Revenue | 281,893 | 324,797 | 675,523 | 595,023 | 629,948 |
| Cost of sales | <u>(232,766)</u> | <u>(254,211)</u> | <u>(530,635)</u> | <u>(440,311)</u> | <u>(494,106)</u> |
| Gross profit | 49,127 | 70,586 | 144,888 | 154,712 | 135,842 |
| Loss before tax | (10,934) | (30,060) | (43,752) | (169,747) | (163,288) |
| Income tax expense | <u>(1,890)</u> | <u>(2,069)</u> | <u>(3,395)</u> | <u>(3,323)</u> | <u>(1,300)</u> |
| Loss for the period/year from continuing operations | (12,824) | (32,129) | (47,147) | (173,070) | (164,588) |
| Loss for the period/year from discontinued operations | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(14,739)</u> |
| | <u>(12,824)</u> | <u>(32,129)</u> | <u>(47,147)</u> | <u>(173,070)</u> | <u>(179,327)</u> |
| Loss for the period/year attributable to: | | | | | |
| — Owners of the Company | (13,539) | (32,042) | (46,397) | (173,052) | (171,735) |
| — Non-controlling interests | <u>715</u> | <u>(87)</u> | <u>(750)</u> | <u>(18)</u> | <u>(7,592)</u> |
| | <u>(12,824)</u> | <u>(32,129)</u> | <u>(47,147)</u> | <u>(173,070)</u> | <u>(179,327)</u> |
| Loss per share | | | | | |
| Basic (HK cents per share) | 1.42 | 7.02 | 7.79 | 46.12 | 57.77 |
| Diluted (HK cents per share) | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

No interim dividend was proposed for the six months ended 30 June 2022 and 2021.

No dividend had been paid or proposed for the each of the financial years ended 31 December 2019, 2020 and 2021.

(b) Audited financial statement of the Group for the year ended 31 December 2021

The audited consolidated financial statements of the Group for the year ended 31 December 2021 are contained in the following section in the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”) which was published on 3 May 2022 on the websites of the Company (<http://www.link-asia.com.hk/en/index.php>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0503/2022050303101.pdf>):

(i) Consolidated Statement of Financial Position as at 31 December 2021:

Please refer to pages 141 to 142 of the 2021 Annual Report.

(ii) Consolidated Statement of Cash Flows for the year ended 31 December 2021:

Please refer to pages 144 to 147 of the 2021 Annual Report.

(iii) Other Consolidated Financial Statements for the year ended 31 December 2021:**(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021:**

Please refer to pages 139 to 140 of the 2021 Annual Report.

(b) Consolidated Statement of Changes in Equity for the year ended 31 December 2021:

Please refer to page 143 of the 2021 Annual Report.

(iv) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31 December 2021

Please refer to pages 148 to 277 of the 2021 Annual Report.

RSM Hong Kong, the previous auditor of the Company which resigned on 23 December 2021, issued unqualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2019 and qualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2020. Save as disclosed above, the Company had no items of any income or expense which were material during each of the financial years ended 31 December 2019 and 2020. No dividend was declared or paid for each of the financial years ended 31 December 2019 and 2020. No amount was set aside by the Company for the payment of dividend for each of the financial years ended 31 December 2019 and 2020.

McMillan Woods (Hong Kong) CPA Limited, the current auditor of the Company, issued unqualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2021. Save as disclosed above, the Company had no items of any income or expense which were material during the financial year ended 31 December 2021. No dividend was declared or paid for the financial year ended 31 December 2021. No amount was set aside by the Company for the payment of dividend for the financial year ended 31 December 2021.

Details of qualified opinion contained in the auditor’s report for the financial year ended 31 December 2020

An extract of the auditor’s report issued by RSM Hong Kong in respect of the qualified opinion on the financial statements of the Group for the financial year ended 31 December 2020 is produced below:

We have audited the consolidated financial statements of Link-Asia International MedTech Group Limited (formerly known as “Link-Asia International Co. Ltd.”) (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 137 to 281 of the Annual Report for the year ended 31 December 2020, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

(1) Scope limitations on inability to obtain sufficient appropriate audit evidence for a loan to other party and the related interest income and impairment

In March 2020, the Company entered into a loan agreement with a company (“**Company B**”) pursuant to which the Company granted a short-term loan of HK\$16,000,000 to Company B, bearing interest at 10% per annum, unsecured and repayable on 30 June 2020. As indicated in the loan agreement, the purpose of the loan was solely for financing Company B’s operation and market expansion.

Company B failed to make repayment upon maturity. After negotiation, a repayment schedule with monthly instalments was agreed and the maturity date was extended to 31 December 2020 but no repayment was received before end of reporting period. As at 31

December 2020, the aggregate carrying amounts of the loan receivable and interest receivable (before impairment) amounted to approximately HK\$17,944,000. Up to the date of this report, a total amount of HK\$14,881,000 was recovered. Impairment loss of HK\$3,063,000 was recognised for the year ended 31 December 2020.

Management of Company B represented that Company B has been engaging in investing in clinics offering medical cosmetology and reproductive technology services in Southeast Asia. However, Company B and the Company were not able to provide us with sufficient appropriate audit evidence in relation to the existence of Company B's operations.

Due to the above scope limitations, we were unable to obtain satisfactory audit evidence regarding (i) the business rationale and commercial substance of the purported loan, and (ii) whether the purported loan, the related interest income and impairment had been properly accounted for in the consolidated financial statements of the Group.

Any adjustments found to be necessary in respect of the aforementioned purported loan, had we obtained sufficient appropriate audit evidence, might have a consequential effect on the net assets of the Group as at 31 December 2020, and its loss and cash flows for the year then ended, as well as the presentation and disclosure in the consolidated financial statements. Any adjustments found to be necessary might also have consequential effect on the net assets of the Company as at 31 December 2020 as disclosed in note 41 to the consolidated financial statements.

(2) Scope limitations on inability to obtain sufficient appropriate audit evidence for certain prepayments

During April 2020, the Group has entered into two service contracts with a company (“**Company R**”) for Company R's provision of services to assist the Group to obtain exclusive sales rights of certain properties in 2 Asian countries. The total prepaid service fees under these two service contracts were HK\$9,500,000 as at end of reporting period.

We were provided with an assessment of the recoverability of the prepayment prepared by the Group's management based on its value in use. The assessment involved significant management judgements and estimations in relation to the additional costs to be incurred to obtain the exclusive sales rights and the expected sales of the properties. We were not provided with sufficient appropriate audit evidence to support the reasonableness of the assumptions made by management in estimating the recoverable amount of the prepayment. Accordingly, we were unable to determine whether any impairment of the prepaid service fees should be recognised in the consolidated financial statements for the year ended 31 December 2020.

Any adjustments found to be necessary in respect of the possible impairment of the prepaid service fees, had we obtained sufficient appropriate audit evidence, might have a consequential effect on the net assets of the Group as at 31 December 2020 and its loss and cash flows for the year ended, as well as the presentation and disclosure in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group’s indebtedness are as follows:

| | As at 30 September 2022 <i>HK\$’000</i> |
|--------------------------------|---|
| Current liabilities | |
| Lease liabilities | 16,769 |
| Borrowings | <u>14,554</u> |
| | <u>31,323</u> |
| Non-current liabilities | |
| Lease liabilities | <u>24,903</u> |

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 30 September 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

The Directors confirm that (i) there has been no material change in indebtedness or contingent liabilities of the Group since 30 September 2022; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements; (iii) the Group does not have material covenants relating to the outstanding debts; (iv) the Group has complied with all of the finance covenants up to the Latest Practicable Date; and (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration of the financial resources presently available to the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

4. MATERIAL CHANGE

The Directors confirm that save as disclosed below, there had been no material changes in the financial or trading position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date:

- (i) as disclosed in the announcement of the Company dated 18 January 2022, the Company, Link-Asia International Assisted Reproductive Technology Group Limited, an indirect wholly-owned subsidiary of the Company (as the assignee), and Mr. Sy Ming Yiu (as the assignor) entered into a deed of assignment, pursuant to which the Group agreed to accept, and the assignor agreed to assign, all its rights, obligations, title, interest, and benefit in and to an agency distribution agreement to the Group at the consideration of HK\$37,800,000, which will be settled by the allotment and issue of 230,000,000 consideration shares by the Company to the assignor (or its nominee) upon completion. The assignment and the allotment and issue of the consideration shares were completed on 10 June 2022 as disclosed in the announcement of the Company dated 10 June 2022;
- (ii) as disclosed in the interim report of the Company for the six months ended 30 June 2022,
 - (a) the Group's revenue decreased by approximately HK\$42,904,000 from approximately HK\$324,797,000 for the six months ended 30 June 2021 to approximately HK\$281,893,000 for the six months ended 30 June 2022. The decrease in revenue was mainly attributable to the decrease in revenue from the EMS business as the Group's operation in Hong Kong and the PRC was affected by the implementation of related prevention control and quarantine measures during the outbreak of Omicron in the first half of 2022; and
 - (b) loss attributable to owners of the Company for the six months ended 30 June 2022 decreased by approximately HK\$18,503,000 from approximately HK\$32,042,000 for the six months ended 30 June 2021 to approximately HK\$13,539,000 for the six months ended 30 June 2022 due to the net effect of decrease in gross profit resulting from the reduced revenue and increase in material cost, decreases in overall impairment loss and selling and distribution expenses and administrative expenses (such as staff costs and testing expenses) and increase in net gains including increases in net foreign exchange gain and gain on disposal of a subsidiary and the recognition of previously overprovided license fee for using the "RCA" trademark in trading of certain manufactured business phones in the USA and Canada; and

- (iii) as disclosed in the announcement of the Company dated 13 September 2022, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 517,600,000 new Shares at the Subscription Price of HK\$0.1855 per Subscription Share.

5. BUSINESS, FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in (i) provision of electronic manufacturing services (“EMS”); (ii) marketing and distribution of communication products; (iii) real estate supply chain services; (iv) assisted reproduction medical technology business; and (v) securities and other assets investment. The Group’s products under the EMS business and the business segment of marketing and distribution of communication products (collectively, the “**EMS and Distribution Products Businesses**”) include corded and cordless residential telephones and small and medium business phone systems, appliances and appliances control products, portable storage devices, multimedia products and beauty care equipment.

Based on the interim report of the Company for the six months ended 30 June 2022, the EMS and Distribution Products Businesses recorded an aggregate revenue for the Period of approximately HK\$278.6 million, representing a decrease in revenue by approximately 13.5% from approximately HK\$321.9 million for the same corresponding period of the previous year. In order to drive the long-term growth of the Group, the Company has been exploring new growth directions in the segment to diversify its income streams and expand its customer base. In the first half of 2022, the Group has entered into a deed of assignment with Mr. Sy Ming Yiu to act as (i) the exclusive agent to distribute the testing and measuring electronic equipment which can be widely used in laboratories (the “**Products**”) and offer after-sale service in Hong Kong and Macau; and (ii) the non-exclusive agent to distribute the Products and offer after-sale service in the regions of Asia outside the mainland China, except Hong Kong and Macau. As disclosed in the section headed “Letter from the Board — Reasons for and benefits of the Subscription and use of proceeds” in this circular, with the proceeds from the Subscription, the Group plans to (i) enrich the products portfolio of the EMS and Distribution Products Businesses with PCBA products used in renewable energy charging electronic solutions for electric vehicles; and (ii) upgrade the equipment of the EMS and Distribution Products Businesses as a mean to improve the overall production capacity and operation efficiency of the segment.

Given the unpredictability associated with the development of COVID-19 and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact, if any, on the Group’s future prospects and financial performances could be significantly different from the forecasts depending on how the situation evolves, the Group will closely monitor in this regard. Nevertheless, the Group will continue to make effort to maintain its competitiveness, actively consolidate its resources and act with prudence in pursuing continuous development in the core businesses, and capture the trends and investment opportunities to diversify income sources for the Group.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Subscriber) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the sole director of the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The information in relation to the Subscriber contained in this circular has been supplied by the director of the Subscriber, Mr. Xiao. The sole director of the Subscriber, Mr. Xiao, accepts full responsibility for the accuracy of the information contained in this circular (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statements in this circular misleading.

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

2. SHARE CAPITAL AND SHARE OPTIONS

(i) Share capital

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after the allotment and issue of the Subscription Shares are set out as follows:

(a) As at the Latest Practicable Date

| | |
|--|----------------------|
| <i>Authorised:</i> | <i>HK\$</i> |
| <u>75,000,000,000</u> Shares of HK\$0.02 | <u>1,500,000,000</u> |
| <i>Issued and fully paid up:</i> | |
| <u>1,207,691,855</u> Shares of HK\$0.02 | <u>24,153,837</u> |

(b) Immediately following the allotment and issue of the Subscription Shares

| | |
|--|----------------------|
| <i>Authorised:</i> | <i>HK\$</i> |
| <u>75,000,000,000</u> Shares of HK\$0.02 | <u>1,500,000,000</u> |
| <i>Issued and fully paid up:</i> | |
| <u>1,725,291,855</u> Shares of HK\$0.02 | <u>34,505,837</u> |

(ii) Share Options

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

| Name of grantee | Position | Number of underlying Shares subject to outstanding Share Options (note a) | Date of grant | Exercise price (HK\$ per Share) (note b) | Exercise period |
|------------------|--|--|-----------------|---|---------------------|
| Mr. Lin Dailian | Executive Director and chairman of the Board | 5,333,092 | 28 January 2021 | 0.346 | 2021.1.28–2026.1.27 |
| Mr. Wang Guozhen | Executive Director | 5,333,092 | 28 January 2021 | 0.346 | 2021.1.28–2026.1.27 |
| Other employees | N/A | <u>20,316,607</u> | 28 January 2021 | 0.346 | 2021.1.28–2026.1.27 |
| | | <u><u>30,982,791</u></u> | | | |

Notes:

- (a) The number of Share Options has reflected the adjustment in relation to the Rights Issue which completed on 23 November 2021.
- (b) The exercise price per share of the Share Options has reflected the adjustment in relation to the Rights Issue which completed on 23 November 2021.

All the Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Subscriber will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares.

Since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, the Company issued 230,000,000 Shares to Mr. Sy Ming Yiu on 10 June 2022 in relation to the Assignment. Save as disclosed above and the Subscription Shares to be issued under the Subscription, the Company had not issued any Shares since 31 December 2021.

No application is being made or is currently proposed or sought for the Shares or the Subscription Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there are outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 30,982,791 Shares. Save as and except for the Share Options, as at the Latest Practicable Date, the Company has no other outstanding convertible securities, options in issue which confer any right to subscribe for, convert or exchange into Shares. Save as set out above, no share or loan capital of the Group had been put under option or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. MARKET PRICE

The table below sets out the closing prices of the Shares on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) last trading day immediately preceding the date of the Announcement; (iii) on the Last Trading Day; and (iv) on the Latest Practicable Date.

| Date | Closing price per Share (HK\$) |
|---|--------------------------------------|
| 31 March 2022 | 0.107 |
| 29 April 2022 | 0.100 |
| 31 May 2022 | 0.103 |
| 30 June 2022 | 0.105 |
| 29 July 2022 | 0.101 |
| 31 August 2022 | 0.105 |
| 30 September 2022 | 0.089 |
| 31 October 2022 | 0.073 |
| 30 November 2022 | 0.051 |
| 9 September 2022 (being the last trading day immediately preceding the date of the Announcement) | 0.103 |
| 13 September 2022 (being the Last Trading Day) | 0.104 |
| 13 December 2022 (being the Latest Practicable Date) | 0.055 |

As at the Latest Practicable Date, the Company (i) has no intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business; and (ii) did not expect to enter into any other arrangement or transaction with the Subscriber and or its associate apart from the Subscription.

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.131 on 14 March 2022 and HK\$0.047 on 14 November 2022, respectively.

4. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests in the Company

As at the Latest Practicable Date, so far as known to any Director or chief executive of the Company, other than as disclosed below, no interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) were held by the Directors and chief executives of the Company which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken

or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the Part XV of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of the Company contained in the Listing Rules to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this circular pursuant to the requirements of the Takeovers Code.

As at the Latest Practicable Date, so far as known to any Director or chief executive of the Company, none of the Director is a director or employee of a company which has an interest or a short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

| Name of Director | Capacity/Nature of interest | Number of underlying shares held/ interested pursuant to Share Options | Long or short position | Approximate percentage of issued share capital of the Company |
|------------------|-----------------------------|--|------------------------|---|
| Mr. Lin Dailian | Beneficial Owner | 5,333,092 | Long position | 0.4% |
| Mr. Wang Guozhen | Beneficial Owner | 5,333,092 | Long position | 0.4% |

(ii) Substantial shareholders' interests in the Company

As at the Latest Practicable Date, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register that was required to be kept pursuant to Section 336 of Part XV of the SFO and to be disclosed in this circular pursuant to the requirements of the Takeovers Code were as follows:

| Name of shareholder | Capacity/Nature of interest | Number of shares held | Long or short position | Approximate percentage of issued share capital of the Company (Note) |
|--------------------------------------|--------------------------------|-----------------------|------------------------|---|
| Power Port Holdings Limited (Note 1) | Beneficial Owner | 75,817,000 | Long position | 6.3% |
| Ms. Yang Changrong | Held by controlled corporation | 75,817,000 | Long position | 6.3% |
| Keywan Global Limited (Note 2) | Beneficial Owner | 49,500,000 | Long position | 4.1% |

| Name of shareholder | Capacity/Nature of interest | Number of shares held | Long or short position | Approximate percentage of issued share capital of the Company (Note) |
|---------------------|--------------------------------|-----------------------|------------------------|---|
| Mr. He Xiaoming | Held by controlled corporation | 49,500,000 | Long position | 4.1% |
| Mr. Sy Ming Yiu | Beneficial Owner | 100,000,000 | Long position | 8.3% |

Notes:

1. Power Port Holdings Limited, which is a company incorporated in the British Virgin Islands, is wholly-owned by Ms. Yang Changrong.
2. Keywan Global Limited, which is a company incorporated in the British Virgin Islands, is wholly-owned by Mr. He Xiaoming.
3. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares, debentures or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Company or had any options in respect of such Shares.

5. DIRECTORS' SERVICE CONTRACTS

There is no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date of the Announcement; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

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

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2021, being the date of the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group; and (ii) none of the Directors were materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

7. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates was considered to have interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) there was no agreement, arrangement or understanding (including any compensation agreement) existing between the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Subscription Agreement or the Whitewash Waiver;
- (b) there was no agreement, arrangement or understanding (including any compensation agreement) existing between the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them and any Director regarding any benefit to any Director as compensation for loss of office or otherwise in connection with the Subscription Agreement or the Whitewash Waiver;
- (c) there was no agreement, arrangement or understanding between any Director and any other person which is conditional on/or dependent upon the outcome of the Subscription Agreement or the Whitewash Waiver or is otherwise connected with the Subscription Agreement or the Whitewash Waiver; and
- (d) none of the Directors was materially interested in any material contract entered into by the Subscriber.

9. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

During the Relevant Period,

- (a) save for the Subscription Agreement, none of the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them were interested in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares, and none of them has dealt for value in any securities of the Company;
- (b) the sole director of the Subscriber, Mr. Xiao, had no interest in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (c) the Company did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber and had no dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber;
- (d) none of the Directors had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber and none of them had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Subscriber;
- (e) save as disclosed under the paragraph headed “Directors and chief executives’ interests in the Company” in this appendix (which disclosed that, as at the Latest Practicable Date, the Directors, Mr. Lin Dailian and Mr. Wang Guozhen, only hold interests in the Share Options granted by the Company and therefore is not entitled to vote at the EGM), none of the Directors and their respective associates owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, nor had they dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date, therefore none of the Directors will vote for or against the resolutions to be proposed at the EGM to approve the Subscription Agreement, the Specific Mandate, the Whitewash Waiver and the transactions contemplated thereunder;
- (f) none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code owned or controlled any Shares or convertible securities, options, warrants or derivatives of the Company, or had dealt for value in any such securities of the Company;

- (g) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative of the Company;
- (h) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Subscriber and its ultimate beneficial owner or any person who is presumed to be acting in concert with them;
- (i) no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company, and no such person had dealt for value in any such securities of the Company;
- (j) none of the Company or the Directors or the Subscriber and its ultimate beneficial owner or any person acting in concert with any of them had borrowed or lent any Shares, convertible securities, warrants, options or derivatives of the Company; and
- (k) there was no agreement, arrangement or understanding pursuant to which the Subscription Shares to be issued to the Subscriber under the Subscription would be transferred, charged or pledged to any other persons.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any material litigation or arbitration and there was no material litigation or arbitration were pending or threatened or made against any member of the Group.

11. MATERIAL CONTRACTS

Save for the following, there were no other material contracts (not being contract(s) entered into in the ordinary course of business) which had been entered into by any member of the Group within two years immediately preceding the date of the Announcement and up till the Latest Practicable Date and are or may be material:

- (i) the strategic cooperation framework agreement dated 30 October 2020 entered into between Huashi Medical Auxiliary Technology (Shenzhen) Co., Ltd.* (華氏醫療輔助技術(深圳)有限公司), a wholly-owned subsidiary of the Company, and Qingdao Baheal Health Pharmacy Chain Co., Ltd.* (青島百洋健康藥房連鎖有限公司) in relation to negotiation among the parties for the potential cooperation on feminine care and reproductive health products;

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- (ii) the placing agreement dated 30 December 2020 entered into between the Company as the issuer and China Tonghai Securities Limited as the placing agent in relation to the placing of up to 85,580,000 placing shares at the placing price of HK\$0.35 per placing share under general mandate. The China Tonghai Securities Limited would receive a placing commission of 2% of the aggregate placing price of the placing shares;
- (iii) the memorandum of understanding dated 4 March 2021 entered into between Link-Asia International Assisted Reproductive Technology Group Limited (“**Link-Asia International**”), a wholly-owned subsidiary of the Company, I.Baby Technology Investments Limited (the “**Potential Vendor**”) and I.Baby Technology Holdings Limited (the “**Target Company**”) in relation to the possible acquisition (the “**Possible Acquisition**”) by the Company of certain equity interests in the Target Company;
- (iv) the non-legally binding investment cooperation memorandum dated 18 March 2021 entered into by Link-Asia International Cell Technology Group Limited* (環亞國際細胞科技集團有限公司), a wholly-owned subsidiary of the Company, and Hanguang Technology (Shanghai) Gene Technology Co., Ltd* (漢光雲科(上海)生物醫藥科技有限公司) (“**Hanguang Technology**”) in relation to the formation of a joint venture company (the “**JV Company**”) for the purpose of engaging in the business of endometrial stem cell storage and fertility health management;
- (v) the joint venture agreement dated 19 April 2021 entered into between Huashi Management Consulting (Shenzhen) limited* (華氏管理諮詢(深圳)有限公司), a wholly-owned subsidiary of the Company and Hanguang Technology in relation to the formation of a joint venture company for the purpose of engaging in the business of endometrial stem cell storage and fertility health management;
- (vi) the strategic investment memorandum dated 21 April 2021 entered into between Link-Asia Medtech Investment Limited (環亞醫療科技投資有限公司) (“**Link-Asia Investment**”), a wholly-owned subsidiary of the Company, Nanjing Jilang Biotechnology Co., Ltd (南京濟朗生物科技股份有限公司) (“**Nanjing Jilang**”) and Mr. Zhu Shuhan in relation to the potential investment in 15% equity interest in Nanjing Jilang;
- (vii) the non-legally binding investment cooperation memorandum dated 19 May 2021 entered into between Link-Asia International and Fujian Nuoyike Bio Technology limited* (福建諾醫可生物科技股份有限公司) in relation to the formation of a joint venture company for the purpose of engaging in the business of building marketing and promotion pipeline system of “assisted reproduction plus medical cosmetology” consumer medical services and related products;
- (viii) the non-legally binding term sheet dated 20 May 2021 entered into among Link-Asia International, the Potential Vendor and the Target Company in relation to the Possible Acquisition. Link-Asia International (including its designated party(ies)) intends to acquire, and the Potential Vendor intends to dispose, 70% of the entire

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issued shares of the Target Company held by the Potential Vendor. The consideration for the Possible Acquisition would be initially agreed at no more than RMB39.2 million and subject to further negotiation between the parties to the term sheet;

- (ix) the placing agreement dated 15 June 2021 entered into between the Company as the issuer and the KOALA Securities Limited as the placing agent in relation to the placing of up to 102,704,000 placing shares at the placing price of HK\$0.224 per placing share under general mandate. The placing agent would receive a placing commission of 3% of the aggregate placing price of the placing shares;
- (x) the strategic investment and cooperation memorandum of understanding dated 8 July 2021 entered into between the Company and Lux Aeterna Capital Limited (“**Lux Capital**”) in relation to, among other things, subscription for shares and bonds of the Company by Lux Capital, provision of financing support for the Company’s investments in merger and acquisition projects, or joint investment in the Company’s projects in the amount of around HK\$300 million;
- (xi) the underwriting agreement dated 15 October 2021 entered into between the Company as the issuer and KOALA Securities Limited as the underwriter regarding the underwriting of up to 325,773,210 underwritten shares on a best effort basis. KOALA Securities Limited would receive an underwriting commission of 3% of the aggregate subscription price in respect of the number of the rights shares being subscribed under the rights issue;
- (xii) the non-legally binding strategic cooperation memorandum of understanding dated 5 December 2021 entered into between Link-Asia Investment and Shanghai Hanxin Jinghong Investment Management Company Limited* (上海漢心景紅投資管理有限公司) in relation to the establishment of an assisted reproductive industry merger and acquisition fund (the “**Fund**”) in the Cayman Islands to carry out investment as well as merger and acquisition for quality projects and assets in the assisted reproductive industry chain worldwide. The proposed total amount of the Fund is HK\$200 million. The initial Fund aims to acquire two In Vitro Fertilization assisted reproductive centers in Southern California, the US and Phnom Penh, Cambodia;
- (xiii) the deed of assignment dated 18 January 2022 entered into among the Company as the issuer, Mr. Sy Ming Yiu as the assignor and Link-Asia International as the assignee in relation to the assignment of agency agreement involving the issue of 230,000,000 consideration shares at the issue price of approximately HK\$0.164 per consideration share under specific mandate. The total consideration of the deed of assignment was HK \$37,800,000. The specific mandate to issue the consideration shares was duly passed by the Shareholders at the extraordinary general meeting held on 31 May 2022;

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(xiv) the non-legally binding strategic cooperation memorandum dated 13 October 2022 entered into between the Company and Shanghai Yuelai Network Information Technology Company Limited* (上海躍來網絡信息技術有限公司) in relation to a strategic partnership on jointly develop a one-stop product and service business of health preserving with food and healthcare; and

(xv) the Subscription Agreement.

12. EXPERT'S CONSENT AND QUALIFICATION

The following sets out the qualification of the expert who has given opinions, letters or advices included in this circular:

| Name | Qualification |
|---------------------------|---|
| Kingsway Capital Limited | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| Crescendo Capital Limited | a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

The above experts had given and had not withdrawn their written consent to the issue of this circular with the inclusion herein of their recommendations, opinions, letter and/or references to their names in the form and context in which they respectively appear. As at the Latest Practicable Date, the above experts did not have any shareholding, directly or indirectly, in any member of the Group nor did the above experts have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interest in any assets which had been, since 31 December 2021 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

* For identification purposes only

13. DOCUMENTS ON DISPLAY

The following documents will be available for inspection (i) at the principal place of business of the Company in Hong Kong at 3501 & 3513–14, 35th Floor, Tower 6, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours (9:30 a.m. to 5:00 p.m.) from Monday to Friday (except Saturdays, Sundays and public holidays); (ii) on the website of the Company (www.link-asia.com.hk); and (iii) on the website of the Securities and Futures Commission of Hong Kong (<http://www.sfc.hk>), from the date of this circular up to and including the date of the EGM:

- (a) amended and restated memorandum and articles of association of the Company;
- (b) memorandum and articles of association of the Subscriber;
- (c) the annual reports of the Company for each of the three financial years ended 31 December, 2019, 2020 and 2021;
- (d) the unaudited interim report of the Company for the six months ended 30 June 2022;
- (e) the letter from the Board, the text of which are set out on pages 5 to 22 of this circular;
- (f) the letter from the Independent Board Committee, the text of which are set out on pages 23 to 24 of this circular;
- (g) the letter of advice from the Independent Financial Adviser, the text of which are set out on pages 25 to 51 of this circular;
- (h) the written consent referred to in the section headed “12. Expert’s Consent and Qualification” in this appendix II;
- (i) the material contracts referred to under the section headed “11. Material Contracts” in this appendix II;
- (j) the Subscription Agreement;
- (k) the Announcement; and
- (l) this circular.

14. MISCELLANEOUS

- (a) In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.
- (b) The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The principal place of business in Hong Kong of the Company is located at Suites 3501 & 3513–14, 35th Floor, Tower 6 The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
- (d) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Investor Services Limited located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The principal bankers of the Company are (i) Standard Chartered Bank (Hong Kong) Limited, (ii) Nanyang Commercial Bank, Ltd., and (iii) The Hongkong and Shanghai Banking Corporation Limited.
- (f) The company secretary of the Company is Ms. Tam Mei Chu, who has been appointed as the company secretary and authorised representative of the Company since 31 August 2021. She is a member of the Hong Kong Institute of Certified Public Accountings.
- (g) The auditor of the Company is McMillan Woods (Hong Kong) CPA Limited located at 24/F., Siu On Centre 188 Lockhart Road, Wan Chai, Hong Kong.
- (h) The legal adviser to the Company as to Hong Kong laws in respect of the Subscription and the transaction contemplated thereunder is Winston & Strawn located at 42nd Floor, Bank of China, Tower, 1 Garden Road, Central, Hong Kong.
- (i) The financial adviser to the Company in respect of the Subscription and the transaction contemplated thereunder is Kingsway Capital Limited located at 7/F, Tower One Lippo Centre 89 Queensway, Hong Kong.
- (j) The office of the Independent Financial Adviser is located at 1105 Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.
- (k) The registered office of the Subscriber is located at Room F, 6/F., Mega Cube, No. 8 Wang Kwong Road, Kowloon, Hong Kong.
- (l) Mr. Xiao, the sole director and shareholder of the Subscriber, is presumed to be acting in concert with the Subscriber. The registered office of Mr. Xiao is located at 6A, Shanghai Haihang Building, 898 Puming Road, Pudong, Shanghai, China.



Link-Asia International MedTech Group Limited

環亞國際醫療科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Link-Asia International MedTech Group Limited (the “**Company**”) will be held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 10 January 2023 at 10:00 a.m. to consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the conditional subscription agreement (the “**Subscription Agreement**”) dated 13 September 2022 and entered into between the Company as issuer and China New Retail Holding Group Limited (the “**Subscriber**”) as subscriber in relation to, among others, the subscription of the 517,600,000 new shares of HK\$0.02 each in the share capital of the Company (the “**Subscription Shares**”) at the subscription price of HK\$0.1855 per Subscription Share (a copy of which is produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares, the allotment and issue of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder be and is hereby approved;
- (c) the board (the “**Board**”) of directors (each a “**Director**”) of the Company be and is hereby granted with a specific mandate to allot and issue the Subscription Shares to the Subscriber; and
- (d) any one Director be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect

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to the allotment and issue of the Subscription Shares and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its Shareholders as a whole.”

SPECIAL RESOLUTION

2. “**THAT**, subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) and any conditions that may be imposed thereon, the waiver (the “**Whitewash Waiver**”) of the obligation on the part of the Subscriber and parties acting in concert with it to make a mandatory general offer to the shareholders of the Company for all the issued shares of the Company (other than those already owned or agreed to be acquired by Subscriber and parties acting in concert with it) which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement pursuant to Note 1 on Dispensations from Rule 26 of The Code on Takeovers and Mergers be and is hereby approved, and that any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents under seal where applicable as he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”

By order of the Board

Link-Asia International MedTech Group Limited
Lin Dailian

Chairman and executive Director

Hong Kong, 16 December 2022

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. A form of proxy for use of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

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4. In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

As at the date of this notice, the Board comprises Mr. Lin Dailian (Chairman), Mr. Wang Guozhen, Mr. Liu Zhiwei and Ms. Lin Xiaoshan as executive Directors; Mr. Li Huiwu, Mr. Yang Weidong and Mr. Chak Chi Shing as independent non-executive Directors.

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