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

If you have sold or transferred all your shares in D&G Technology Holding Company Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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D&G TECHNOLOGY HOLDING COMPANY LIMITED

德基科技控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1301)

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF PROPERTIES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



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

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 28 of this circular. A notice convening the EGM to be held at 20/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong on the 26th day of July 2016 at 9:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for 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 if you so wish.

11 July 2016

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DEFINITIONS

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

“Acquisition”	collectively, the acquisitions of Property I, Property II, Property III and Property IV
“Amazing Rush”	Amazing Rush Holdings Limited, a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Balama Prima Engineering”	Balama Prima Engineering Company Limited, a company incorporated under the laws of Hong Kong with limited liability and held as to 40% by Mr. Choi, 20% by Ms. Tin, 20% by Mr. Derek Choi and 20% by Ms. Glendy Choi, respectively
“Board”	the board of Directors
“Building Order”	Order No. DBR/RB01-15/0001/12 issued by the Buildings Department relating to the common areas of Hing Lung Commercial Building, of which the Properties form part
“BVI”	British Virgin Islands
“Company”	D&G Technology Holding Company Limited, a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in this context, means the controlling shareholders of the Company, being each of Mr. Choi, Ms. Tin, Mr. Derek Choi and Ms. Glendy Choi
“Diamond Strong”	Diamond Strong Limited, a company incorporated under the laws of Hong Kong with limited liability and held as to 40% by Mr. Choi, 20% by Ms. Tin, 20% by Mr. Derek Choi and 20% by Ms. Glendy Choi, respectively
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the transactions contemplated thereunder

DEFINITIONS

“Elegant Station”	Elegant Station Limited, a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“GFA”	gross floor area
“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”	the independent committee of the Board, comprising Mr. Law Wang Chak, Waltery, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson, all of whom are independent non-executive Directors, formed to advise the Independent Shareholders as to the Sale and Purchase Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreements and the transactions contemplated thereunder
“Independent Shareholders”	with respect to the Sale and Purchase Agreements and the transactions contemplated thereunder, the Shareholders excluding Prima DG Investment Holding Company Limited, Mr. Choi, Ms. Tin, Mr. Derek Choi, Ms. Glendy Choi and their respective associates
“Independent Third Party”	a party that is independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive, substantial shareholders of the Company, the Company’s subsidiaries or any of their respective associates
“IPO”	the global offering of the Shares conducted by the Company in May 2015
“Latest Practicable Date”	7 July 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Shing Kwong, an Independent Third Party
“Mr. Choi”	Mr. Choi Hung Nang, an executive Director and Controlling Shareholder
“Mr. Derek Choi”	Mr. Choi Hon Ting, Derek, an executive Director and Controlling Shareholder
“Ms. Glendy Choi”	Ms. Choi Kwan Li, Glendy, an executive Director and Controlling Shareholder
“Ms. Tin”	Ms. Tin Suen Chu, a Controlling Shareholder
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	collectively, Property I, Property II, Property III and Property IV
“Property I”	Office A (including the lavatory) and Office B (including the lavatory), 7th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong
“Property II”	Office A and Unit B2, 10th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong
“Property III”	Units B1 (including the lavatories), 10th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong
“Property IV”	Offices A and B (including the lavatories), 17th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong
“Sale and Purchase Agreement I”	the sale and purchase agreement dated 17 June 2016 entered into between Diamond Strong as vendor and Amazing Rush as purchaser in relation to Property I, details of which are set out in the paragraph headed “Principal Terms of Sale and Purchase Agreement I” of this circular
“Sale and Purchase Agreement II”	the sale and purchase agreement dated 17 June 2016 entered into between Diamond Strong as vendor and Elegant Station as purchaser in relation to Property II, details of which are set out in the paragraph headed “Principal Terms of Sale and Purchase Agreement II” of this circular

DEFINITIONS

“Sale and Purchase Agreement III”	the sale and purchase agreement dated 17 June 2016 entered into between Mr. Chan as vendor and Elegant Station as purchaser in relation to Property III, details of which are set out in the paragraph headed “Principal Terms of Sale and Purchase Agreement III” of this circular
“Sale and Purchase Agreement IV”	the sale and purchase agreement dated 17 June 2016 entered into between Balama Prima Engineering as vendor and Super Diamond as purchaser in relation to Property IV, details of which are set out in the paragraph headed “Principal Terms of Sale and Purchase Agreement IV” of this circular
“Sale and Purchase Agreements”	collectively, Sale and Purchase Agreement I, Sale and Purchase Agreement II, Sale and Purchase Agreement III and Sale and Purchase Agreement IV
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.ft”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Diamond”	Super Diamond Group Limited, a company incorporated under the laws of the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per centum

LETTER FROM THE BOARD



D&G TECHNOLOGY HOLDING COMPANY LIMITED
德基科技控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1301)

Executive Directors:

Mr. Choi Hung Nang (*Chairman*)
Mr. Choi Kwan Li, Glendy
(Chief Executive Officer)
Mr. Choi Hon Ting, Derek
Mr. Liu Tom Jing-zhi
Mr. Lao Kam Chi
Mr. Yu Ronghua

Non-Executive Director:

Mr. Chan Lewis

Independent Non-Executive Directors:

Mr. Law Wang Chak, Waltery
Mr. Li Zongjin
Mr. Lee Wai Yat, Paco
Mr. Fok Wai Shun, Wilson

Registered Office:

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in the PRC:

No. 12 Yinghua Road
Yongqing Industrial Park
Yongqing County
Langfang City
Hebei Province
PRC

Principal Place of Business in Hong Kong:

7/F, Hing Lung
Commercial Building
68-74 Bonham Strand
Sheung Wan
Hong Kong

11 July 2016

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Reference is made to the announcement of the Company dated 17 June 2016, in which the Company announced that the Group has entered into the Sale and Purchase Agreements, pursuant to which the Group has conditionally agreed to purchase the Properties at an

LETTER FROM THE BOARD

aggregate consideration of HK\$52.8 million which will be satisfied as to approximately 30% by means of bank borrowings to be secured by first priority mortgages on the Properties and as to approximately 70% by internal resources of the Company (other than proceeds from the IPO).

The purpose of this circular is to provide, among other things, (i) further information about the Sale and Purchase Agreements; (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to both the Independent Board Committee and the Independent Shareholders; (iv) the valuation report of the Properties; and (v) notice of the EGM.

Principal terms of the Sale and Purchase Agreements are set out below:

PRINCIPAL TERMS OF SALE AND PURCHASE AGREEMENT I

Date: 17 June 2016

Vendor: Diamond Strong

Purchaser: Amazing Rush

Property I: Office A (including the lavatory) and Office B (including the lavatory), 7th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong. The GFA of Property I is approximately 2,083 sq.ft.

Vacant possession of Property I will be delivered to Amazing Rush upon completion.

Consideration: The consideration of HK\$17.2 million for the acquisition of Property I was determined after arm's length negotiations between Diamond Strong and Amazing Rush with reference to a valuation on Property I conducted by APAC Asset Valuation and Consulting Limited, an independent property valuer using the income capitalisation method, which valued Property I at HK\$17.2 million. Pursuant to Sale and Purchase Agreement I, the consideration for the acquisition will be payable in full upon completion. A refundable deposit of HK\$1.72 million has been paid by the Group to Diamond Strong on the date of Sale and Purchase Agreement I.

Office A (including the lavatory) and Office B (including the lavatory) of Property I were acquired by Diamond Strong on 24 January 1986 and 1 July 1986, respectively, at a total acquisition cost of approximately HK\$1.3 million.

LETTER FROM THE BOARD

- Source of Funding: The consideration for the acquisition of Property I will be satisfied as to approximately 40% by means of bank borrowings to be secured by a first priority mortgage on Property I and as to approximately 60% by internal resources of the Company (other than proceeds from the IPO).
- Condition Precedent: Completion of Sale and Purchase Agreement I shall be conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM to approve Sale and Purchase Agreement I and the transactions contemplated thereunder.
- Date of Completion: Completion shall take place on or before 29 July 2016 after all conditions precedent to Sale and Purchase Agreement I have been satisfied or waived by the Company (or such other time and date as the parties to Sale and Purchase Agreement I may agree in writing).
- Building Order: Property I is sold subject to the Building Order. Diamond Strong has agreed to indemnify Amazing Rush against all costs arising from or in connection with the Building Order.

PRINCIPAL TERMS OF SALE AND PURCHASE AGREEMENT II

- Date: 17 June 2016
- Vendor: Diamond Strong
- Purchaser: Elegant Station
- Property II: Office A and Unit B2, 10th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong. The GFA of Property II is approximately 1,336 sq.ft.
- Vacant possession of Property II will be delivered to Elegant Station upon completion.
- Consideration: The consideration of HK\$11.1 million for the acquisition of Property II was determined after arm's length negotiations between Diamond Strong and Elegant Station with reference to a valuation on Property II conducted by APAC Asset Valuation and Consulting Limited using the income capitalisation method, which valued Property II at HK\$11.1 million. Pursuant to Sale and Purchase Agreement II, the consideration for the acquisition will be payable in full upon completion. A refundable deposit of HK\$1.11 million has been paid by the Group to Diamond Strong on the date of Sale and Purchase Agreement II.

LETTER FROM THE BOARD

Office A and Unit B2 of Property II were acquired by Diamond Strong on 25 October 1994 and 14 September 1992, respectively, at a total acquisition cost of approximately HK\$3.4 million.

- Source of Funding: The consideration for the acquisition of Property II will be satisfied as to approximately 40% by means of bank borrowings to be secured by a first priority mortgage on the Property II and as to approximately 60% by internal resources of the Company (other than proceeds from the IPO).
- Condition Precedent: Completion of Sale and Purchase Agreement II shall be conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM to approve Sale and Purchase Agreement II and the transactions contemplated thereunder.
- Date of Completion: Completion shall take place on or before 29 July 2016 after all conditions precedent to Sale and Purchase Agreement II have been satisfied or waived by the Company (or such other time and date as the parties to Sale and Purchase Agreement II may agree in writing).
- Building Order: Property II is sold subject to the Building Order. Diamond Strong has agreed to indemnify Elegant Station against all costs arising from or in connection with the Building Order.

PRINCIPAL TERMS OF SALE AND PURCHASE AGREEMENT III

- Date: 17 June 2016
- Vendor: Mr. Chan
- Purchaser: Elegant Station
- Property III: Unit B1 (including the lavatories), 10th Floor, Hing Lung Commercial Building, 68-74 Bonham Strand, Hong Kong. The GFA of Property III is approximately 747 sq.ft.

Property III is currently leased by Diamond Strong for a term of one year expiring on 31 March 2017 at a monthly rental of HK\$17,000 exclusive of rates and management fee, which will be terminated by surrender by Diamond Strong upon completion. Vacant possession of Property III will be delivered to Elegant Station upon completion.

LETTER FROM THE BOARD

Consideration: The consideration of HK\$6.4 million for the acquisition of Property III was determined after arm's length negotiations between Mr. Chan and Elegant Station with reference to a valuation on Property III conducted by APAC Asset Valuation and Consulting Limited using the income capitalisation method, which valued Property III at HK\$6.4 million. Pursuant to Sale and Purchase Agreement III, the consideration for the acquisition will be payable in full upon completion. A refundable deposit of HK\$0.64 million has been paid by the Group to Mr. Chan on the date of Sale and Purchase Agreement III.

Property III was acquired by Mr. Chan on 2 April 1992 at an acquisition cost of approximately HK\$1.8 million.

Source of Funding: The consideration for the acquisition of Property III will be satisfied as to approximately 40% by means of bank borrowings to be secured by a first priority mortgage on Property III and as to approximately 60% by internal resources of the Company (other than proceeds from the IPO).

Conditions Precedent: Completion of Sale and Purchase Agreement III shall be conditional upon:

(1) the Company having obtained the approval of the Independent Shareholders at the EGM to approve Sale and Purchase Agreement III and the transactions contemplated thereunder; and

(2) Sale and Purchase Agreement II being completed.

Date of Completion: Completion shall take place on or before 29 July 2016 after all conditions precedent to Sale and Purchase Agreement III have been satisfied or waived by the Company (or such other time and date as the parties to Sale and Purchase Agreement III may agree in writing).

Building Order: Property III is sold subject to the Building Order. Mr. Chan has agreed to indemnify Elegant Station against all costs arising from or in connection with the Building Order.

PRINCIPAL TERMS OF SALE AND PURCHASE AGREEMENT IV

Date: 17 June 2016

Vendor: Balama Prima Engineering

Purchaser: Super Diamond

LETTER FROM THE BOARD

Property IV: Offices A and B (including the lavatories), 17th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong. The GFA of Property IV is approximately 2,083 sq.ft.

Vacant possession of Office A will be delivered to Super Diamond upon completion.

Office B is currently leased to an Independent Third Party for a term of two years expiring on 19 December 2016 at a monthly rental of HK\$37,750 inclusive of rates and management fees. Property IV will be assigned to Super Diamond subject to such tenancy. The net rental income generated from Office B during each of the two financial years ended 31 December 2014 and 2015 amounted to approximately HK\$375,000 and HK\$409,000, respectively. No tax has been paid in respect of such income as Balama Prima Engineering did not have assessable profits for the relevant periods.

Consideration: The consideration of HK\$18.1 million for acquisition of Property IV was determined after arm's length negotiations between Balama Prima Engineering and Super Diamond with reference to a valuation on the Property IV conducted by APAC Asset Valuation and Consulting Limited using the income capitalisation method, which valued Property IV at HK\$18.1 million. Pursuant to Sale and Purchase Agreement IV, the consideration for the acquisition will be payable in full upon completion. A refundable deposit of HK\$1.81 million has been paid by the Group to Balama Prima Engineering on the date of Sale and Purchase Agreement IV.

Property IV was acquired by Balama Prima Engineering on 1 November 2004 at an acquisition cost of approximately HK\$5.2 million.

Source of Funding: The consideration for the acquisition of Property IV will be satisfied as to approximately 10% by means of bank borrowings to be secured by a first priority mortgage on Property IV and as to approximately 90% by internal resources of the Company (other than proceeds from the IPO).

Condition Precedent: Completion of Sale and Purchase Agreement IV shall be conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM to approve Sale and Purchase Agreement IV and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Date of Completion: Completion shall take place on or before 29 July 2016 after all conditions precedent to Sale and Purchase Agreement IV have been satisfied or waived by the Company (or such other time and date as the parties to Sale and Purchase Agreement IV may agree in writing).

Building Order: Property IV is sold subject to the Building Order. Balama Prima Engineering has agreed to indemnify Super Diamond against all costs arising from or in connection with the Building Order.

Each of the aforesaid deposits paid by the purchaser to the relevant vendor shall be refunded to the purchaser in the event that the relevant condition(s) precedent is/are not satisfied or the relevant vendor fails to complete the transaction in accordance with the relevant Sale and Purchase Agreement.

INFORMATION ABOUT THE COMPANY

The Company specialises in the research and development, design, manufacturing and sale of medium to large asphalt mixing plants and provides one-stop customised solutions to customers in the PRC and abroad. The Company's products play an important role in expressway and highway construction and municipal road maintenance projects.

INFORMATION ABOUT THE VENDORS

Diamond Strong is an investment holding company.

Mr. Chan is an Independent Third Party.

Balama Prima Engineering is principally engaged in the trading of machinery and investment holding.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is currently leasing Property I from Diamond Strong and Office A of Property IV from Balama Prima Engineering for its office use. It is anticipated that the Group's business operations in Hong Kong in respect of overseas sales will grow in the foreseeable future as a result of the geographical expansion plan and in light of the "One Belt, One Road" initiative and the Group will also need to occupy Property II and Property III for its office use. The Group will continue to use Property I and Office A of Property IV as office premises whereas Office B of Property IV will continue to be leased to an Independent Third Party. In view of the aforesaid need for additional office space, it is appropriate to acquire the Properties to better position the Group for its anticipated expansion. The Acquisition is beneficial to the Group as it will allow the Group to save rental expenses from a long-term perspective, broaden the fixed asset base of the Group and provide capital appreciation to the Group.

The Directors, excluding the independent non-executive Directors, are of the view that the terms and conditions of the purchase of the Properties are fair and reasonable and are in the interests of the Group and its Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the date hereof, Diamond Strong is held as to 40% by Mr. Choi, 20% by Ms. Tin, 20% by Mr. Derek Choi and 20% by Ms. Glendy Choi, respectively. Diamond Strong is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the purchase of Property I by Amazing Rush and the purchase of Property II by Elegant Station from Diamond Strong constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As completion of Sale and Purchase Agreement III is conditional upon the completion of Sale and Purchase Agreement II, Mr. Chan is, for the purposes of the Acquisition, deemed to be a connected person of the Company by virtue of Rule 14A.20 of the Listing Rules. Accordingly, the purchase of Property III by Elegant Station from Mr. Chan constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As at the date hereof, Balama Prima Engineering is held as to 40% by Mr. Choi, 20% by Ms. Tin, 20% by Mr. Derek Choi and 20% by Ms. Glendy Choi, respectively. Balama Prima Engineering is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the purchase of the Property IV by Super Diamond from Balama Prima Engineering constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In addition, as certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25% and the aggregate consideration are more than HK\$10 million, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Acquisition. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

THE EGM

The EGM will be held at 20/F, OfficePlus@Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong on the 26th day of July 2016 at 9:30 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

Mr. Choi, Ms. Glendy Choi and Mr. Derek Choi, each being executive Directors of the Company, are shareholders of Diamond Strong and Balama Prima Engineering, and therefore abstained from voting at the meeting of the Board approving the Sale and Purchase Agreements and the transactions contemplated thereunder. Save as the above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the other Directors has a material interest in the Sale and Purchase Agreements and was required to abstain from voting at the meeting of the Board approving the Sale and Purchase Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Choi, Ms. Tin, Ms. Glendy Choi and Mr. Derek Choi hold, directly or indirectly, 58.65% of the entire issued share capital of the Company. In view of the material interests of Mr. Choi, Ms. Tin, Ms. Glendy Choi and Mr. Derek Choi in the Properties under the Sale and Purchase Agreements, Mr. Choi, Ms. Tin, Ms. Glendy Choi and Mr. Derek Choi, will abstain from voting on the resolution in relation to the Sale and Purchase Agreements and the transactions contemplated thereunder at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof, should you so wish.

RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee set out on pages 15 to 16 of this circular and the letter from the Independent Financial Adviser set out on pages 17 to 28 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Sale and Purchase Agreements and the transactions contemplated thereunder and the principal factors considered by it in arriving at its recommendation.

The Independent Board Committee, having taken into account the advice of Independent Financial Adviser, is of the opinion that the terms of the Sale and Purchase Agreements are fair and reasonable so far as the Independent Shareholders are concerned and the Sale and Purchase Agreements are in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the Sale and Purchase Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
D&G Technology Holding Company Limited
Choi Hung Nang
Chairman



D&G TECHNOLOGY HOLDING COMPANY LIMITED

德基科技控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1301)

11 July 2016

To the Independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF PROPERTIES**

We refer to the circular of the Company dated 11 July 2016 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the Acquisition are fair and reasonable so far as the Company and the Independent Shareholders are concerned and whether entering into of the Acquisition is in the interests of the Company and its Shareholders as a whole. Optima Capital Limited has been appointed as the independent financial adviser to advise us and you in this respect.

We have considered the various details of the Acquisition, in particular, the reasons for the Acquisition and the effect thereof. We have also reviewed the advice given by the Independent Financial Adviser on the terms of the Acquisition as set out in their letter reproduced on pages 17 to 28 of the Circular.

Having considered the information set out in the letter from the Board and taking into account the advice from the Independent Financial Adviser, we consider the terms of the Acquisition are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

Yours faithfully,
Mr. Law Wang Chak, Waltery
Mr. Li Zongjin
Mr. Lee Wai Yat, Paco
Mr. Fok Wai Shun, Wilson
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Optima Capital Limited dated 11 July 2016 in relation to the transactions contemplated under the Acquisition prepared for incorporation in this circular.



Suite 1501, 15th floor
Jardine House
1 Connaught Place
Central
Hong Kong

11 July 2016

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION — ACQUISITION OF PROPERTIES

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition. Details of the Acquisition are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 11 July 2016 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

On 17 June 2016, Amazing Rush, Elegant Station and Super Diamond, each an indirect wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreements with Diamond Strong, Mr. Chan and Balama Prima Engineering (each a “**Vendor**”, and together, the “**Vendors**”), respectively, pursuant to which (i) Diamond Strong agreed to sell and Amazing Rush agreed to purchase Property I for a cash consideration of HK\$17.2 million; (ii) Diamond Strong agreed to sell and Elegant Station agreed to purchase Property II for a cash consideration of HK\$11.1 million; (iii) Mr. Chan agreed to sell and Elegant Station agreed to purchase Property III for a cash consideration of HK\$6.4 million; and (iv) Balama Prima Engineering agreed to sell and Super Diamond agreed to purchase Property IV for a cash consideration of HK\$18.1 million.

As at the Latest Practicable Date, each of Diamond Strong and Balama Prima Engineering was held as to 40% by Mr. Choi (an executive Director and Controlling Shareholder), 20% by Ms. Tin (a Controlling Shareholder), 20% by Mr. Derek Choi (an executive Director and Controlling Shareholder) and 20% by Ms. Glendy Choi (an executive Director and Controlling Shareholder), respectively. Accordingly, each of Diamond Strong and Balama Prima Engineering is a connected person of the Company under Chapter 14A of the Listing Rules, and the acquisition of Property I, Property II and Property IV from Diamond Strong and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Balama Prima Engineering, respectively, constitute connected transactions of the Company under Chapter 14A of the Listing Rules. On the other hand, Mr. Chan is an Independent Third Party. However, as completion of the Sale and Purchase Agreement III (in respect of the sale and purchase of Property III) is conditional upon completion of the Sale and Purchase Agreement II (in respect of the sale and purchase of Property II), the acquisition of Property III by Elegant Station from Mr. Chan contemplated under the Sale and Purchase Agreement III also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

In addition, as certain of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25% and the aggregate consideration is more than HK\$10 million, the Acquisition constitutes a discloseable and connected transaction of the Company, and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Law Wang Chak, Waltery, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson, has been established to advise the Independent Shareholders on the fairness and reasonableness of the terms of the Sale and Purchase Agreements and on how to vote on the resolution to be proposed at the EGM. We, Optima Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, neither Optima Capital Limited nor persons stipulated under Rule 13.84(4) of the Listing Rules had any current business relationship with the Company, the parties to the Sale and Purchase Agreements, or a director, subsidiary, holding company or substantial shareholder of the Company or the parties to the Sale and Purchase Agreements, which would be reasonably considered to affect our independence in performing the duties as set out in the Listing Rules, or might reasonably give rise to a perception that our independence would be so affected.

In formulating our opinion and recommendation, we have reviewed, among other things, (i) the Sale and Purchase Agreements; (ii) the announcement of the Company dated 17 June 2016; (iii) the annual report of the Company for the year ended 31 December 2015 (the "**Annual Report**"); (iv) the prospectus of the Company dated 14 May 2015 (the "**Prospectus**"); (v) the valuation report (the "**Valuation Report**") prepared by the Company's independent property valuer, APAC Asset Valuation and Consulting Limited (the "**Valuer**"); and (vi) the other information as set out in the Circular.

In addition, we have relied on the information and facts supplied, and the statements, representations and opinions made, by the Directors and the management of the Group (the "**Management**") and have assumed that they are true, accurate and complete in all material respects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the

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truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation with regard to the Acquisition, we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group was listed on the Main Board of the Stock Exchange on 27 May 2015. It is principally engaged in the manufacturing and sale of asphalt mixing plants, spare parts and provision of equipment modification services and operating lease of asphalt mixing plants for PRC and overseas customers. The asphalt mixtures produced by the asphalt mixing plants of the Group can be used in the construction and maintenance of all levels of roads and highways. The Acquisition is not in the usual and ordinary course of business of the Group.

The Group has been leasing Property I and Office A of Property IV as its principal office in Hong Kong. As set out in the Board Letter, the Group intends to expand its office spaces and therefore, entered into the Sale and Purchase Agreements to acquire the Properties, details of which are set out in the paragraph headed “Information on the Properties” below.

2. Information on the Properties

Set out in the table below is a summary of the information of the Properties:

	Property I	Property II	Property III	Property IV
Landlord:	Diamond Strong	Diamond Strong	Mr. Chan	Balama Prima Engineering
Floor (or portion thereof):	7th floor	10th floor (Office A and Unit B2)	10th floor (Unit B1)	17th floor
GFA:	2,083 sq.ft	1,336 sq.ft	747 sq.ft	Office A — 523 sq.ft; and Office B — 1,560 sq.ft
Existing tenant(s):	The Group	Nil	Diamond Strong	Office A — leased by the Group; and Office B — leased by an Independent Third Party

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	Property I	Property II	Property III	Property IV
Current lease term:	Three years expiring on 31 December 2017	Not applicable	One year expiring on 31 March 2017, which will be terminated by surrender by Diamond Strong upon completion of the Acquisition	Office A — Two years expiring on 31 December 2017; and Office B — Two years expiring on 19 December 2016
Monthly rent:	HK\$45,760	Not applicable	HK\$17,000	Office A — HK\$15,000; and Office B — HK\$37,750
Planned use after completion of the Acquisition:	Group's office	Group's office	Group's office	Office A — Group's office; and Office B — continually leased to the Independent Third Party

3. Principal terms of the Sale and Purchase Agreements

Set forth below are the principal terms of the Sale and Purchase Agreements:

(i) Consideration

Pursuant to each of the Sale and Purchase Agreements, the aggregate consideration for the Acquisition amounts to HK\$52.8 million. The Group intends to satisfy approximately HK\$15.7 million of the aggregate consideration through bank borrowings to be secured by first priority mortgages (the “**Mortgage Loans**”), and the balance of approximately HK\$37.1 million through utilising its internal resources.

Based on the Annual Report, as at 31 December 2015, the Group's bank deposits and cash and cash equivalents totalled approximately RMB331.3 million, of which approximately RMB162.4 million were the Group's restricted and pledged bank deposits, as well as unrestricted bank deposits with an initial term of over three months but within one year, while cash and cash equivalents amounted to approximately RMB168.9 million. Net of the unutilised net proceeds from the IPO of approximately RMB222.0 million as at 31 December 2015, the balance of the Group's bank deposits and cash and cash equivalents was approximately HK\$109.3 million. The current ratio of the Group was approximately 4.1 times as at 31 December 2015, calculated by dividing the Group's current assets of approximately RMB862.5 million by its current liabilities of approximately RMB212.2 million. The gearing ratio of the Group, calculated by dividing the

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Group's loans and borrowings by the Group's total equity attributable to its Shareholders, was at approximately 13.6% as at 31 December 2015. We consider that the Group has maintained a relatively low gearing ratio and a relatively safe level of liquidity to meet its short-term financial obligations and that the Group also has sufficient internal resources (other than the net proceeds from the IPO) to satisfy the cash balance of the consideration for the Acquisition.

The consideration for the Acquisition has been determined upon arm's length negotiations between the parties to the Sale and Purchase Agreements with strict reference to the valuation of the respective Property conducted by the Valuer. We note that no discount or premium had been made to such valuation in arriving at the consideration. Our assessment on the fairness and reasonableness of the consideration is set out in the paragraph headed "Valuation Report" below in this letter.

(ii) Conditions precedent

Each of the Sale and Purchase Agreements is conditional upon the Company having obtained the approval from the Independent Shareholders at the EGM to approve the respective Sale and Purchase Agreement and the transactions contemplated thereunder. The completion of the Sale and Purchase Agreement III is also conditional upon completion of the Sale and Purchase Agreement II (the "**Conditional Clause**"). As discussed in the section headed "Introduction" in this letter, the Acquisition constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. We consider that the condition precedent requiring the Independent Shareholders' approval for each of the Sale and Purchase Agreements fulfills the requirements of the Listing Rules in this regard.

As discussed with the Management, both Property II and Property III are currently occupied by Diamond Strong and have been repartitioned as a combined unit. In light of the additional office space needed by the Group as discussed above, it is reasonable for the Group to consider acquiring both Property II and Property III as a combined unit, instead of soliciting and acquiring separate units. However, Property II and Property III are owned by different Vendors and the acquisition of Property II in any case constitutes a connected transaction of the Company and is subject to the Independent Shareholders' approval. In the absence of the Conditional Clause, the Group would be exposed to a risk that it would still need to proceed with the acquisition of Property III, even if the acquisition of Property II were not completed. The acquisition of Property III solely would not entirely align with the Group's office expansion plan. In this connection, we concur with the Management's view that the inclusion of the Conditional Clause in the Sale and Purchase Agreement III is justified and in the interests of the Company and the Shareholders as a whole.

(iii) Undertaking by the Vendors

We note that the building at which the Properties are situated (the “**Building**”) is subject to the Building Order issued by the Buildings Department. We have obtained a copy of the Building Order and note that the Building Order is addressed to the Incorporated Owners of the Building and requires certain repair work to be done on the Building. As advised by the Management, the Incorporated Owners of the Building is responsible for and has been in the process of handling the requests as set out in the Building Order. It is also to the understanding of the Company after discussion with its legal advisers that there is no potential liability arising from the Building Order on the owners of the Properties other than the potential costs to be incurred in fulfilling the Building Order. Pursuant to each of the Sale and Purchase Agreements, the respective Vendor has agreed to indemnify the respective purchaser (being Amazing Rush, Elegant Station and Super Diamond, respectively) against all costs arising from or in connection with the Building Order. In this connection, we consider that the risk exposure with respect to the existence of the Building Order of the Group after completion of the Acquisition has been reasonably mitigated.

4. Valuation Report

As illustrated above, the consideration for the Acquisition has been determined upon arm’s length negotiations between the parties to the Sale and Purchase Agreements with reference to the valuation of the respective Property conducted by the Valuer. In assessing the fairness and reasonableness of the consideration for the Properties, we have, therefore, reviewed the Valuation Report and discussed with the Valuer regarding, among other things, the bases, assumptions and methodologies adopted therein.

(i) Valuation methodologies and assumptions

According to our discussion with the Valuer, the valuation on the Properties has been conducted based on the income capitalisation method which has taken into account the rental income of the Properties derived from its existing leases and/or potential rental income achievable in the existing market by making reference to the current rental rates of other properties of similar nature and category and in close proximity to the Properties, with due allowance for the reversionary income potential of the leases, and were then capitalised to arrive at the present market value of the Properties at a yield rate. The yield rate was determined with reference to the latest rental yield published by the Rating and Valuation Department of the Government of the Hong Kong Special Administrative Region (the “**R&V Department**”). We also note that the Valuation Report was prepared in compliance with Chapter 5 and Practice Note 12 of the Listing Rules and the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors. We also note that the income capitalisation method adopted by the Valuer has been used for valuing the assets and properties of other listed companies in Hong Kong in their annual reports and/or circulars.

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As advised by the Valuer, in adopting the income capitalisation method, it has capitalised the current and future rental income without taking into account any costs and expenses relating to the Properties. The Valuer added that, due to the absence of readily available information on costs and expenses associated with leased properties in Hong Kong in general, it is a normal market practice that the rental income accounted for in the valuation is a gross figure. We understand from the Management that the costs and expenses charged on the landlords of the leased Properties under the existing tenancies include only government rates and management fees which, in aggregate, amount to a few thousand Hong Kong dollars on a monthly average basis. We consider such amount minimal and would not cause material difference on the valuation of the Properties should such expenses be accounted for in the valuation.

Under the income capitalisation method, the Valuer has assumed that (a) the owners sell the Properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Properties; (b) the Properties have been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise state; (c) for any use of the Properties upon which the Valuation Report is based, all required licences, permits, certificates and authorisations have been obtained; (d) the Properties are free from encumbrances, restrictions, outgoing of onerous nature and publication information which could affect their values; and (e) the owners of the Properties have free and uninterrupted rights to use and dispose of the Properties for the whole of the unexpired lease term under the government lease of the Properties. Further, we note from the Valuer that, in valuing the Properties, no allowance has been made in the valuation neither for any charges, mortgages or amounts owing on the Property interests nor for any expenses or taxation which may be incurred in effecting a sale. We were given to understand that the above are generally adopted assumptions and bases for property valuations.

We are also advised by the Valuer that, for cross-checking purpose, it has also adopted market approach and compared the current market prices of similar properties in the Sheung Wan area in Hong Kong (“**Sheung Wan**”) with the valuation of the Properties based on the income capitalisation method. The Valuer confirmed that there is no significant discrepancy in the valuation between the two approaches.

Taking into account the factors discussed above, we concur with the Valuer that the income capitalisation method adopted by the Valuer is appropriate and in line with market practice, and reflects the value of the Properties.

(ii) Experience of the Valuer

We have been furnished with the qualifications and experience of the Valuer in relation to the conduct of the valuation of the Properties, and note that it possesses experience in, among others, financial instrument valuations, business valuations, and property valuations. The responsible person in charge of the Valuation Report, who

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is a Registered Professional Surveyor (General Practice Division), has over 16 years of experience in valuation of properties in the Asia-Pacific region, including Hong Kong and the PRC.

Based on our review of the Valuation Report and discussion with the Valuer as aforesaid, including but not limited to the valuation methodologies and assumptions in preparing the Valuation Report and the qualifications and experience of the Valuer in valuations, nothing has come to our attention that causes us to doubt the fairness and reasonableness of the preparation of the Valuation Report. We have also reviewed the Valuer's terms of engagement with the Company (including its scope of work) and are not aware of any irregularities during our discussion with the Valuer and in our review of their work. In view of this, we consider that the procedures of the valuation carried out by the Valuer as well as the bases, assumptions and methodologies adopted for the Valuation Report are appropriate. The value of the Properties as set out in the Valuation Report is therefore considered indicative to the consideration of the Properties.

Accordingly, we are of the view that the consideration for the Acquisition, which has been determined based on the valuation of the Properties under the Valuation Report, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

5. Reasons for and benefits of the Acquisition

As set out in the Board Letter, the Group has planned to expand its business operations in Hong Kong, focusing on overseas sales of asphalt mixing plants amid the "One Belt, One Road" initiative (the "**Initiative**") of the PRC government, and has, therefore, planned to recruit more staff to support the growing business. The Group has been leasing Property I and Office A of Property IV for its office use. In view of its geographical expansion plan, the Group decided to enter into the Sale and Purchase Agreements to acquire the Properties, including its currently leased office units. It is the intention of the Group that it will continue to use Property I and Office A of Property IV while expanding its office space to further occupy Property II and Property III. Given that Office B of Property IV has been leased to an Independent Third Party, the Group intends that such unit will continue to be leased out in order for the Group to obtain stable rental income cash flow. The Management considers that the Acquisition is beneficial to the Group as it will allow the Group to save rental expenses from a long-term perspective, and broaden the fixed asset base of the Group and provide capital appreciation to the Group.

We have discussed with the Management and understand that, while the PRC market has historically been a major market for the Group's sales of asphalt mixing plants, expanding its business abroad has always been one of the Group's key business strategies in order to diversify the potential market risks that may arise in the PRC. We have reviewed the Annual Report and note that the contribution of the Group's overseas sales has revealed a gradual increase from approximately 14.7% of the total sales of asphalt mixing plants in FY2014 to approximately 17.9% in FY2015. Up to the end of FY2015,

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the Group had asphalt mixing plants projects in a total of 22 overseas countries. This performance in its overseas business in the asphalt mixing plant category supports the plan of the Company as set out in the Prospectus that the Group intends to gradually increase its revenue from the sale of its products overseas. In addition, as illustrated by the Management, with the backdrop of the Initiative, there will be an increased demand for highway or road infrastructure projects in the countries along the “One Belt, One Road” economic belt. The Group, as a leading road construction machinery provider, is expected to ride on the positive growth prospect. We have reviewed the action plan on the Initiative issued by the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the PRC on 28 March 2015, and recognised that the Initiative aims to connect countries throughout Asia, Europe and Africa and is expected to bring positive economic development in these regions. Facilities connectivity is a priority area for implementing the Initiative and construction and improvement projects on road infrastructure are among the key focuses. To this end, we agree that the Initiative will essentially uphold the awareness and interest of these overseas countries to invest in highway or road projects, which will in turn benefit the Group’s overseas business expansion in the long run. We, therefore, concur with the Management’s view that it is reasonable for the Group to expand its workforce in Hong Kong to handle their overseas business, and to prepare for the anticipated business expansion at this moment.

As advised by the Management, the Group is currently leasing Property I at a monthly rental of HK\$45,760 and Office A of Property IV at a monthly rental of HK\$15,000. The aggregate annual rental paid by the Group for its office amounted to approximately HK\$729,000. The GFA of these leased Properties totals 2,606 sq.ft, accommodating 12 staff members. To position itself for the expansion plan of its overseas business, the Group intends to recruit an addition of seven people, including four sales personnel, two staff accountants and one information technology support staff. Without acquiring the office units, the Group will need to lease additional offices to accommodate the new staff and will inevitably incur higher rental expenses. There will also be uncertainties as to whether the Group could identify and eventually lease the additional offices within the Building or in close proximity to its current office location.

We further understand from the Management that, in making the decision to enter into the Sale and Purchase Agreements with the Vendors, the Company had also considered factors including (i) retaining its current offices (which the Hong Kong operations of the Group has been based in for more than 20 years) in order to save the time and cost in relocation and refurbishment, given that the Group has recently renovated its office in Property I in October 2015; (ii) having the new offices in the Building for the convenience of communication among staff; and (iii) the potential appreciation in value of the Properties. We also understand that the Group has solicited other office properties in Sheung Wan district and considered the consideration for the Properties is relatively attractive as compared with other currently on-sale office properties in the same area which are in general newer yet relatively less spacious.

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In order to assess the basis of the potential benefits of the Acquisition, we have conducted desktop research and reviewed certain public information in relation to markets of office in Hong Kong. According to a publication entitled “Hong Kong Property Review Monthly Supplement” issued by the R&V Department in June 2016, the demand for offices in Hong Kong has continued to be solid as demonstrated by the steadily rising office rents in general. Since the beginning of 2015, the monthly rental index of private offices in Hong Kong has been following an upward trend from 219.3 in January 2015 up to the latest available figure of 231.6 in April 2016. On the contrary, the price index of private offices in Hong Kong is showing a decline from 431.6 in January 2015 to 420.4 in April 2016. Nevertheless, on a month-on-month basis, the negative momentum on the office price index waned with a slight decrease of approximately 1.5% in April 2016 as compared with the 12-month high decline rate of almost 2.9% in March 2016. It is also worth noting that, despite the short-term fluctuations, over the past five years since the beginning of 2011 up to April 2016, the price index and the rental index have risen significantly by approximately 58.3% and 48.0%, respectively.

Considering the information above, we are of the view that the demand for offices in Hong Kong has remained positive and there are no apparent factors which may lead to a significant slide in office rents or office prices, and that the prospects of appreciation of the office price in the long run remain positive. We are, therefore, of the view that it is commercially justified for the Group to purchase the Properties for its office use at this moment aiming to save its future rental spending, broaden its fixed asset base and capture a potential value appreciation of the Properties in the long run.

Based on the above-mentioned that:

- (i) there is an imminent need for additional office space for the Group to expand its workforce in Hong Kong preparing for the anticipated overseas business expansion at this moment;
- (ii) the Group will incur increased rental expenses should the Group opt to lease for the additional office space it requires for the expanded workforce in Hong Kong;
- (iii) the rental fee is expected to increase analogous to the overall market trend, and that the Acquisition could save the rental expenses of the Group;
- (iv) the intention of the Group to diversify potential market risks arising from the PRC; and
- (v) despite the recent drop in property sale price, the office price may resume its rise in the long run and that the Group could capture a potential long-term capital appreciation of the Properties,

we agree with the Directors’ view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

6. Financial effects of the Acquisition

Based on our discussion with the Directors, we understand that the Directors have taken into account the following factors when they considered the potential impact of the Acquisition on the financial position of the Group:

(i) Net assets

Given that the total consideration of HK\$52.8 million is determined based on the valuation of the Properties of the same amount, it is expected that the Acquisition would not have a material impact on the Group's equity attributable to the Shareholders upon completion unless the value of the Properties significantly deviated from its appraised value as at 31 May 2016.

(ii) Liquidity and working capital

The Group's gearing ratio as at 31 December 2015, which is calculated on the basis of total loans and borrowings divided by total equity attributable to the Shareholders, was approximately 13.6%, whilst the current ratio of the Group, which expresses a ratio of total current assets divided by current liabilities to reflect the adequacy of the financial resources, was approximately 4.1 times as at 31 December 2015.

The consideration will be settled as to HK\$37.1 million by cash and HK\$15.7 million by Mortgage Loans. The Mortgage Loans will add to the total loans and borrowings of the Group and lead to increase in the gearing ratio of the Group. Given the current low level of the gearing ratio and the high base of total equity of the Group, it is not likely that the Mortgage Loans will cause a significant increase in the gearing ratio. Conversely, the Group's current assets are expected to decrease by the same cash amount deployed to settle the consideration while the Mortgage Loans, as long-term loans in nature, will be in large be classified as non-current liabilities, instead of current liabilities. The current ratio of the Group immediately upon completion of the Acquisition may slightly decrease. Nevertheless, following completion, the Group will be able to save future rental expenses from leasing its office space which may gradually improve the current ratio of the Group in the long run.

(iii) Earnings

Given that the Group intends to occupy the Properties for its office use, despite the potential interest expenses that may be increased by the Company from the Mortgage Loans, it is expected that the Group would be able to achieve improvement in its earnings as a result of the rental savings. Further, to a lesser extent, in view of that Property IV is currently leased to an Independent Third Party and that the Group intends to continue to lease Property IV to such Independent Third Party after completion of the Acquisition, the Group will continue to receive rental income from the lease, which could also immediately contribute to the total earnings of the Group.

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The aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be after the entering into the Sale and Purchase Agreements or completion of the Acquisition.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, though the Acquisition is not in the ordinary and usual course of business of the Group, we are of the view that the Acquisition is on normal commercial terms, the terms of the Sale and Purchase Agreements are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the Sale and Purchase Agreements is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the Sale and Purchase Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Optima Capital Limited
Benny Ng
Senior Director

Mr. Benny Ng is a responsible officer of Optima Capital Limited and a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO. Mr. Benny Ng has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

The following is the text of a letter and valuation certificate from APAC Asset Valuation and Consulting Limited, an independent valuer, in connection with its valuation as at 31 May 2016 of the Properties to be acquired by the Group, prepared for the purpose of incorporation in this circular.



APAC Asset Valuation and Consulting Limited

Units 07-08, 17/F, Loon Kee Building, 267 – 275 Des Voeux Road Central, Hong Kong

Tel: (852) 2357 0059

Fax: (852) 2951 0799

The Directors
D&G Technology Holding Company Limited
7/F,
Hing Lung Commercial Building,
68–74 Bonham Strand,
Sheung Wan,
Hong Kong

11 July 2016

Dear Sirs,

In accordance with instructions from D&G Technology Holding Company Limited (the “Company”) for us to value the property interests of 7/F, 10/F and 17/F, Hing Lung Commercial Building, 68–74 Bonham Strand, Sheung Wan, Hong Kong, with details stated in the valuation certificates attached, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at 31 May 2016 (the “Date of Valuation”) for public circular in respect of the proposed acquisition.

Valuation Basis

Our valuation is our opinion of Market Value which is defined by The Hong Kong Institute of Surveyors (“HKIS”) Valuation Standards to mean “the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

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

This valuation is complied with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors (“HKIS”). We have also complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

Valuation Assumptions

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

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free of encumbrances, restrictions, outgoings of onerous nature and public information which could affect its value.

Unless stated as otherwise, we have assumed that the property have been constructed, occupied and used in full compliance with, and without contravention of all laws, except only where otherwise stated. We have further assumed that, for any use of the property upon which this report is based, all required licenses, permit, certificate and authorisations have been obtained.

We have assumed that the owners of the property have free and uninterrupted rights to use and dispose of the property for the whole of the unexpired lease term under the government lease of the property. Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificate attached herewith.

Valuation Methodology

We have attributed no commercial value to the property interests, which have not been assigned to the Group as at the valuation date, thus the title of the property is not vested in the Group.

Title and Assumptions

We have carried out land searches at the Land Registry for the properties. We have been, in some instances, provided with the extracts of the documents relating to the properties. However, we have not verified ownership of the properties to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

Source of Information

We have relied to a considerable extent on information given by the Company, in particular, but not limited to, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas, tenancy agreements. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided to us.

Site Inspections

Site inspection of the property was carried by Mr. Ben Lee, with over 10 years valuation experience on properties in Asian Pacific region, including Hong Kong, China, Taiwan, etc. in June 2016. Mr. Ben Lee holds an associate degree in surveying from the City University of Hong Kong. We have inspected the exterior and, where possible, the interior of the properties. We have not inspected those parts of the property which were covered, unexposed or inaccessible and such parts have been assumed to be in reasonable condition. We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plan handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

In the course of our inspection, we did not notice any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is or not free of rot, infestation or any other structural defects. No tests have been carried out on any of the services. Neither have we carried out site investigation to determine the suitability of the ground conditions or the services for any property development thereon. No structural survey has been carried out and it was not possible to inspect the wood work and other parts of the structures which were covered, unexposed or inaccessible. We are therefore, unable to report that the property is free of rot, infestation or any structural defects. No tests have been carried out on any of the building services.

Limitation of Liabilities

This report is issued on the understanding that you have drawn our attention to all matters of which they are aware concerning the property which may have an impact on our report up to the Date of Valuation. We have no responsibility to update this report for events and circumstances occurring after the date of completion of our assessment after the Date of Valuation but will be pleased to discuss further instructions as may be required.

Management Confirmation of Facts

A draft of this report and our calculation has been sent to the management of the Company. They have reviewed and orally confirmed to us that facts as stated in this report and calculation are accurate in all material respects and that they are not aware of any material matters relevant to our engagement which have been excluded.

Currency and Exchange Rate

Unless otherwise stated, all monetary amounts in our valuation are in Hong Kong Dollars (“HKD”).

Our valuation certificates are attached.

Yours faithfully,

For and on behalf of
APAC Asset Valuation and Consulting Limited

Ken Wong Leung Kin

MHKIS, MCIREA, RPS (GP)

Director

Note: Mr. Ken Wong is a Registered Professional Surveyor in General Practice Division of HKIS with over 16 years valuation experience on properties in Asian Pacific region, including Hong Kong, Taiwan, the PRC, etc.

SUMMARY OF VALUES

No.	Property	Value of the property interests attributable to the Group in existing state as at 31 May 2016
1.	Office A (including the lavatory) and Office B (including the lavatory), 7/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	No commercial value
2.	Office A and Unit B2, 10/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	No commercial value
3.	Unit B1 (including lavatories), 10/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	No commercial value
4.	Office A (including the lavatory), 17/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	No commercial value
5.	Office B (including the lavatory), 17/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	No commercial value
Grand Total:		<u>No commercial value</u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
1.	Office A (including the lavatory) and Office B (including the lavatory), 7/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	The property comprises 7th Floor of Hing Lung Commercial Building, a 23-storey commercial building. The building was completed in 1984 and is located in the tradition commercial region with about 5 minutes walking distant from MTR Sheung Wan Station.	The property is subject to a tenancy for a term of 3 years expiring on 31 December 2017 for a monthly rent of HKD45,760 and is occupied by the Group.	No commercial value
	1,011/29,040 equal and undivided shares of and in the Remaining portion of Inland Lot No. 1410, the Remaining portion of Section A of Inland Lot No. 855, the Remaining portion of Inland Lot No. 856 and the Remaining portion of Section B of Inland Lot No. 857	The gross floor area of the property is approximately 193.52 sq.m. (2,083 sq. ft.). The property is held under government lease for a term of 999 years commented on 26 June 1843 subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the lots.		

Notes:

1. The registered owner of the property is Diamond Strong Limited vide Memorial Nos. UB3106950 and UB2985232 dated 1 July 1986 and 24 January 1986 for a total consideration of HKD1,249,000.
2. According to the Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29 dated 27 September 2013, the site of the property was zoned as "Commercial".
3. Pursuant to the land search records, the property is subject to, inter alia, the following encumbrances:
 - (i) Occupation Permit No. H123/84 vide Memorial No. UB2668058 dated 18 October 1986.
 - (ii) Deed of Mutual Covenant vide Memorial No. UB2813925 dated 3 May 1985.
 - (iii) Order No. DBR/RB01-15-0001-12 by The Building Authority under Section 26 of the Building Ordinance vide Memorial No. 15120300680220 date 5 March 2015.
4. Upon inspection, we noted that Office A and Office B had been repartitioned as a combined unit. In our valuation, we have assumed that the property is in its original layout and free from alteration and addition works and unauthorized structure. Besides, we have not taken into account any reinstatement and removal cost of such alteration and addition works nor any enhancement in value of the same.
5. As at the Date of Valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be HKD17,200,000, on condition that the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
2.	Office A and Unit B2, 10/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong 650/29,040 equal and undivided shares of and in the Remaining portion of Inland Lot No. 1410, the Remaining portion of Section A of Inland Lot No. 855, the Remaining portion of Inland Lot No. 856 and the Remaining portion of Section B of Inland Lot No. 857	The property comprises two office units on 10th Floor of Hing Lung Commercial Building, a 23-storey commercial building. The building was completed in 1984 and is located in the tradition commercial region with about 5 minutes walking distant from MTR Sheung Wan Station. The gross floor area of the property is approximately 124.12 sq.m. (1,336 sq. ft.). The property is held under government lease for a term of 999 years commented on 26 June 1843 subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the lots.	The property is occupied by the owner.	No commercial value

Notes:

1. The registered owner of the property is Diamond Strong Limited vide Memorial Nos. UB6159189 and UB5458259 dated 25 October 1994 and 14 September 1992 for a total consideration of HKD3,350,000.
2. According to the Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29 dated 27 September 2013, the site of the property was zoned as "Commercial".
3. Pursuant to the land search records, the property is subject to, inter alia, the following encumbrances:
 - (i) Occupation Permit No. H123/84 vide Memorial No. UB2668058 dated 18 October 1986.
 - (ii) Deed of Mutual Covenant vide Memorial No. UB2813925 dated 3 May 1985.
 - (iii) Sub- Deed of Mutual Covenant vide Memorial No. UB5328038 dated 18 May 1992.
 - (iv) Mortgage To Secure General Banking Facilities in favour of Nanyang Commercial Bank Limited vide Memorial No. UB6159190 dated 25 October 1994 (re: Office A).
 - (v) Second Mortgage in favour of Nanyang Commercial Bank Limited for all moneys vide Memorial No. 09121003030044 dated 21 November 2009 (re: Office A).
 - (vi) Third Mortgage in favour of Nanyang Commercial Bank Limited for all moneys vide Memorial No. 09121003030056 dated 21 November 2009 (re: Office A).
 - (vii) Order No. DBR/RB01-15-0001-12 by The Building Authority under Section 26 of the Building Ordinance vide Memorial No. 15120300680220 date 5 March 2015.

4. Upon inspection, we noted that Office A, Office B1 and Office B2 had been repartitioned as a combined unit. In our valuation, we have assumed that the property is in its original layout and free from alteration and addition works and unauthorized structure. Besides, we have not taken into account any reinstatement and removal cost of such alteration and addition works nor any enhancement in value of the same.

5. As at the Date of Valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be HKD11,100,000, on condition that the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
3.	Unit B1 (including lavatories), 10/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	The property comprises an office unit on 10th Floor of Hing Lung Commercial Building, a 23-storey commercial building. The building was completed in 1984 and is located in the tradition commercial region with about 5 minutes walking distant from MTR Sheung Wan Station.	The property is subject to a tenancy for a term of 1 year expiring on 31 March 2017 for a monthly rent of HKD17,000 and is occupied by Diamond Strong Limited.	No commercial value
	361/29,040 equal and undivided shares of and in the Remaining portion of Inland Lot No. 1410, the Remaining portion of Section A of Inland Lot No. 855, the Remaining portion of Inland Lot No. 856 and the Remaining portion of Section B of Inland Lot No. 857	The gross floor area of the property is approximately 69.40 sq.m. (747 sq. ft.).	The property is held under government lease for a term of 999 years commented on 26 June 1843 subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the lots.	

Notes:

1. The registered owner of the property is Chan Shing Kwong vide Memorial No. UB5486295 dated 18 May 1992 for a consideration of HKD1,785,914.
2. According to the Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29 dated 27 September 2013, the site of the property was zoned as "Commercial".
3. Pursuant to the land search records, the property is subject to, inter alia, the following encumbrances:
 - (i) Occupation Permit No. H123/84 vide Memorial No. UB2668058 dated 18 October 1986.
 - (ii) Deed of Mutual Covenant vide Memorial No. UB2813925 dated 3 May 1985.
 - (iii) Sub- Deed of Mutual Covenant vide Memorial No. UB5328038 dated 18 May 1992.
 - (iv) Order No. UBR/RB01-15-0007/12 by The Building Authority under Section 24(1) of the Building Ordinance vide Memorial No. 15120300680150 date 5 March 2015.
 - (v) Order No. DBR/RB01-15-0001-12 by The Building Authority under Section 26 of the Building Ordinance vide Memorial No. 15120300680220 date 5 March 2015.
4. Upon inspection, we noted that Office A, Office B1 and Office B2 had been repartitioned as a combined unit. In our valuation, we have assumed that the property is in its original layout and free from alteration and addition works and unauthorized structure. Besides, we have not taken into account any reinstatement and removal cost of such alteration and addition works nor any enhancement in value of the same.

5. As at the Date of Valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be HKD6,400,000, on condition that the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
4.	<p data-bbox="252 368 502 602">Office A (including the lavatory), 17/F, Hing Lung Commercial Building, 68–74 Bonham Strand, Sheung Wan, Hong Kong</p> <p data-bbox="252 634 550 953">287/29,040 equal and undivided shares of and in the Remaining portion of Inland Lot No. 1410, the Remaining portion of Section A of Inland Lot No. 855, the Remaining portion of Inland Lot No. 856 and the Remaining portion of Section B of Inland Lot No. 857</p>	<p data-bbox="584 368 949 634">The property comprises an office unit on 17th Floor of Hing Lung Commercial Building, a 23-storey commercial building. The building was completed in 1984 and is located in the tradition commercial region with about 5 minutes walking distant from MTR Sheung Wan Station.</p> <p data-bbox="584 666 949 751">The gross floor area of the property is approximately 48.59 sq.m. (523 sq. ft.).</p> <p data-bbox="584 783 949 981">The property is held under government lease for a term of 999 years commenced on 26 June 1843 subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the lots.</p>	<p data-bbox="970 368 1189 634">The property is subject to a tenancy for a term of 2 years expiring on 31 December 2017 for a monthly rent of HKD15,000 and is occupied by the Group.</p>	<p data-bbox="1225 368 1409 421">No commercial value</p>

Notes:

1. The registered owner of the property is Balama Prima Engineering Company Limited vide Memorial No. UB9392707 dated 1 November 2004 for a consideration of HKD2,600,000 (part).
2. According to the Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29 dated 27 September 2013, the site of the property was zoned as “Commercial”.
3. Pursuant to the land search records, the property is subject to, inter alia, the following encumbrances:
 - (i) Occupation Permit No. H123/84 vide Memorial No. UB2668058 dated 18 October 1986.
 - (ii) Deed of Mutual Covenant vide Memorial No. UB2813925 dated 3 May 1985.
 - (iii) Legal Charge/Mortgage in favour of Standard Chartered Bank (Hong Kong) Limited for all moneys (part) vide Memorial No. 15073102210021 dated 24 July 2015.
 - (iv) Rental Assignment in favour of Standard Chartered Bank (Hong Kong) Limited vide Memorial No. 15073102210030 dated 24 July 2015.
 - (v) Order No. DBR/RB01-15-0001-12 by The Building Authority under Section 26 of the Building Ordinance vide Memorial No. 15120300680220 date 5 March 2015.
4. As at the Date of Valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be HKD4,600,000, on condition that the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2016
5.	Office B (including the lavatory), 17/F, Hing Lung Commercial Building, 68-74 Bonham Strand, Sheung Wan, Hong Kong	The property comprises an office unit on 17th Floor of Hing Lung Commercial Building, a 23-storey commercial building. The building was completed in 1984 and is located in the tradition commercial region with about 5 minutes walking distant from MTR Sheung Wan Station.	The property is subject to a tenancy for a term of 2 years expiring on 19 December 2016 for a monthly rent of HKD37,750.	No commercial value
	739/29,040 equal and undivided shares of and in the Remaining portion of Inland Lot No. 1410, the Remaining portion of Section A of Inland Lot No. 855, the Remaining portion of Inland Lot No. 856 and the Remaining portion of Section B of Inland Lot No. 857	The gross floor area of the property is approximately 144.93 sq.m. (1,560 sq. ft.).	The property is held under government lease for a term of 999 years commenced on 26 June 1843 subject to a payment of an annual Government rent of 3% of the rateable value for the time being of the lots.	

Notes:

1. The registered owner of the property is Balama Prima Engineering Company Limited vide Memorial No. UB9392707 dated 1 November 2004 for a consideration of HKD2,600,000 (part).
2. According to the Sai Ying Pun & Sheung Wan Outline Zoning Plan No. S/H3/29 dated 27 September 2013, the site of the property was zoned as "Commercial".
3. Pursuant to the land search records, the property is subject to, inter alia, the following encumbrances:
 - (i) Occupation Permit No. H123/84 vide Memorial No. UB2668058 dated 18 October 1986.
 - (ii) Deed of Mutual Covenant vide Memorial No. UB2813925 dated 3 May 1985.
 - (iii) Legal Charge/Mortgage in favour of Standard Chartered Bank (Hong Kong) Limited for all moneys (part) vide Memorial No. 15073102210021 dated 24 July 2015.
 - (iv) Rental Assignment in favour of Standard Chartered Bank (Hong Kong) Limited vide Memorial No. 15073102210030 dated 24 July 2015.
 - (v) Order No. DBR/RB01-15-0001-12 by The Building Authority under Section 26 of the Building Ordinance vide Memorial No. 15120300680220 date 5 March 2015.
4. As at the Date of Valuation, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the Date of Valuation would be HKD13,500,000, on condition that the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

a. Long position in the Shares

Name of Director	Nature of interest	Number of Shares	Approximate percentage of total issued share capital of the Company
Mr. Choi	Personal	9,192,000	1.48%
	Interest in a controlled corporation (<i>Note</i>)	345,696,000	55.83%
Mr. Liu Tom Jingzhi	Personal	15,650,000	2.53%
Mr. Yu Ronghua	Personal	15,500,000	2.50%
Mr. Lao Kam Chi	Personal	11,000,000	1.78%
Mr. Derek Choi	Personal	4,150,000	0.67%
Ms. Glendy Choi	Personal	4,150,000	0.67%
Mr. Law Wang Chak, Waltery	Personal	2,120,000	0.34%
Mr. Fok Wai Shun Wilson	Personal	400,000	0.06%
Mr. Chan Lewis	Personal	300,000	0.05%
Mr. Lee Wai Yat Paco	Personal	300,000	0.05%
Mr. Li Zongjin	Personal	300,000	0.05%

Note: These Shares are held by Prima DG Investment Holding Company Limited, which is held as to 40% by Mr. Choi. Mr. Choi is deemed to be interested in the all the Shares held by Prima DG Investment Holding Company Limited by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to there in; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

b. Interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has been, since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

c. Interests in contracts

As at the Latest Practicable Date, no contracts or arrangements were subsisting in which a Director was materially interested and which were significant in relation to the business of the Group.

d. Interests in competing business

As at the Latest Practicable Date, in so far as the Directors were aware of, none of the Directors and their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

e. Directors' service contracts

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which is not expiring or terminable by the Group within one year without payment of compensation (other than statutory compensation).

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the persons (other than the Directors and chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Nature of interest	Number of Shares	Approximate percentage of total issued share capital of the Company
Ms. Tin	Spousal interest (Note)	354,888,000	57.31%
Prima DG Investment Holding Company Limited	Beneficial owner	345,696,000	55.82%
Ocean Equity Partners Fund GP Limited	Interest in controlled corporation	50,304,000	8.12%
Ocean Equity Partners Fund L.P.	Interest in controlled corporations	50,304,000	8.12%
Regal Sky Holdings Limited	Beneficial owner	50,304,000	8.12%

Note: Since Ms. Tin is the spouse of Mr. Choi, Ms. Tin is deemed to be interested in the same number of Shares in which Mr. Choi is interested by virtue of the SFO.

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

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares or underlying 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.

4. MATERIAL LITIGATION

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

5. EXPERTS AND CONSENT

- a. The following is the qualification of the experts who have given opinions, letters or advice which are contained in this circular:

Name	Qualification
APAC Asset Valuation and Consulting Limited	Independent Qualified Valuer
Optima Capital Limited	A licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

- b. The above experts have given, and have not withdrawn, their respective written consent to the issue of this circular with the inclusion of the references to their name and/or their opinion in the form and context in which they are included.
- c. As at the Latest Practicable Date, the above experts did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- d. As at the Latest Practicable Date, the above experts do not have any interest, direct or indirect, in any asset which has been, since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group.

6. GENERAL

- a. The registered office of the Company is located at Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- b. The principal office of the Company in Hong Kong is situated at 7/F, Hing Lung Commercial Building, 68–74 Bonham Strand, Sheung Wan Hong Kong.
- c. The share registrar of the Company is Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- d. The Company Secretary is Mr. To Kwong Yeung, who is a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

- e. This circular and the accompanying form of proxy are prepared in both English and Chinese. In the event of inconsistency, the English texts shall prevail.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group as at 31 December 2015, the date to which the latest published audited financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at 7/F, Hing Lung Commercial Building, 68–74 Bonham Strand, Sheung Wan, Hong Kong, from the date of this circular, up to and including the date of the EGM:

- a. this circular; and
- b. the Sale and Purchase Agreements.

NOTICE TO EXTRAORDINARY GENERAL MEETING



D&G TECHNOLOGY HOLDING COMPANY LIMITED

德基科技控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1301)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of D&G Technology Holding Company Limited (the “**Company**”) will be held at 9:30 a.m. on 26th day of July 2016 at 20/F, OfficePlus@Sheung Wan, 93–103 Wing Lok Street, Sheung Wan, Hong Kong to consider and, if thought fit, approve, with or without modifications, the following resolution as ordinary resolution:

ORDINARY RESOLUTION

“**That:**

- (a) the Sale and Purchase Agreements in relation to the Acquisition (as defined in the circular of the Company dated 11 July 2016 (the “**Circular**”), a copy of which is marked “A” and signed by the chairman of the EGM for the identification purpose has been tabled at the EGM) (copies of the Sale and Purchase Agreements are marked “B” and signed by the chairman of the EGM for the identification purpose has been tabled at the EGM) be and are hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved:
 - (i) the sale and purchase agreement dated 17 June 2016 entered into between Diamond Strong Limited as vendor and Amazing Rush Holdings Limited as purchaser in relation to the purchase of Office A (including the lavatory) and Office B (including the lavatory), 7th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong;
 - (ii) the sale and purchase agreement dated 17 June 2016 entered into between Diamond Strong Limited as vendor and Elegant Station Limited as purchaser in relation to the purchase of Office A and Unit B2, 10th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong;
 - (iii) the sale and purchase agreement dated 17 June 2016 entered into between Mr. Chan as vendor and Elegant Station Limited as purchaser in relation to the purchase of Unit B1 (including the lavatories), 10th Floor, Hing Lung Commercial Building, 68–74 Bonham Strand, Hong Kong;

NOTICE TO EXTRAORDINARY GENERAL MEETING

- (iv) the sale and purchase agreement dated 17 June 2016 entered into between Balama Prima Engineering Company Limited as vendor and Super Diamond Group Limited as purchaser in relation to the purchase of Offices A and B (including the lavatories), 17th Floor, Hing Lung Commercial Building, 68 — 74 Bonham Strand, Hong Kong; and
- (b) any one of the directors of the Company (“**Directors**”) be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Sale and Purchase Agreements and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Sale and Purchase Agreements) as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”

For and on behalf of the Board
D&G Technology Holding Company Limited
Choi Hung Nang
Chairman

<i>Registered Office:</i>	<i>Principal Place of Business in the PRC:</i>	<i>Principal Place of Business in Hong Kong:</i>
Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands	No. 12 Yinghua Road Yongqing Industrial Park Yongqing County Langfang City Hebei Province PRC	7/F, Hing Lung Commercial Building 68–74 Bonham Strand Sheung Wan Hong Kong

Hong Kong, 11 July 2016

Notes:

- (1) The register of members of the Company will be closed from Friday, 22 July 2016 to Tuesday, 26 July 2016, both days inclusive, during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 21 July 2016.
- (2) A member entitled to attend and vote at the EGM is entitled to appoint one or, if he holds two or more Shares, more proxies to attend and vote on his behalf. A proxy needs not be a member of the Company.
- (3) To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person.

NOTICE TO EXTRAORDINARY GENERAL MEETING

- (4) If two or more persons are joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the principal or branch register of members of the Company in respect of the joint holding.
- (5) The translation into Chinese language of the above notice is for reference only. In case of any inconsistency, the English version shall prevail.