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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

If you have sold or transferred all your shares in SEM Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the Subscriber(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sales or transfer was effected for transmission to the Subscriber(s) or the transferee(s).

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

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**SEM Holdings Limited**  
**澳達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9929)**

**(1) CONNECTED TRANSACTION IN RELATION TO PROPOSED  
ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial adviser to the Company**



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



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All capitalised terms used in this circular shall have the same meanings given to them in the section headed "Definitions" of this circular. A letter from the Board is set out on pages 6 to 35 of this circular.

A letter from the Independent Board Committee is set out on pages 36 to 37 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 38 to 71 of this circular.

A notice convening the EGM of the Company to be held at Suites 01-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on Monday, 30 March 2026 at 11:00 a.m. is set out on pages 78 to 79 of this circular.

Whether or not you intend 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 and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than 11:00 a.m. on Saturday, 28 March 2026) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

9 March 2026

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## DEFINITIONS

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*In this circular, unless the context otherwise required, capitalised terms used shall have the following meanings:*

“Acquisition”	the acquisition of the Sale Shares by the Offeror from the Vendor pursuant to Sale and Purchase Agreement, which was completed on 26 November 2025
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning given to it under the Listing Rules, unless the context otherwise specifies
“Board”	the board of Directors
“Bondholder(s)”	the holder of the Convertible Bonds
“Bond Documents”	the bond instrument that creates and constitutes the Convertible Bonds, the certificates for the Convertible Bonds and the terms and conditions attached thereto and other document designated as such by the Company and the Subscriber
“Business Day(s)”	means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general business in Hong Kong (other than a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” or “extreme conditions” as announced by the Hong Kong Government is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm)
“circular”	this circular to be despatched by the Company to the Shareholders in respect of the Subscription
“Company”	SEM Holdings Limited (澳達控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9929)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Convertible Bond(s)”	two-year convertible bonds in the aggregate principal amount of HK\$44.0 million to be issued by the Company to the Subscriber, pursuant to the Subscription Agreement
“Conversion Price”	the conversion price of HK\$0.11 per Conversion Share
“Conversion Rights”	the conversion rights attaching to the Convertible Bonds
“Conversion Shares”	the 400,000,000 new Shares which may fall to be allotted and issued to the Subscriber at the initial Conversion Price of HK\$0.11, credited as fully paid, upon full exercise of the Conversion Rights by the Subscriber
“Current Market Price”	the current market price as determined in accordance with the formula set out in the terms and conditions of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“Early Redemption Amount”	100% of the principal amount of the Convertible Bonds to be redeemed
“EGM”	the extraordinary general meeting of the Company for considering and voting on, the Subscription and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription, established for the purpose of advising the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder and in particular as to whether the terms of the Subscription are fair and reasonable

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## DEFINITIONS

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“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than the Subscriber and its associates
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 3 December 2025 in relation to, among others, the Offer and the Subscription
“Last Trading Day”	25 November 2025, being the last trading day of the Shares on the Stock Exchange before the Joint Announcement
“Latest Practicable Date”	3 March 2026, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yao”	Mr. Yao Shuobin, the sole legal and ultimate beneficial owner and the sole director of the Subscriber, and the chairman and non-executive Director of the Company
“Offer”	has the meaning given to it under the Joint Announcement
“Offeror” or “Subscriber”	Yao Capital Limited (姚記資本有限公司), a company incorporated in the British Virgin Islands with limited liability, which is legally, beneficially and wholly owned by Mr. Yao, and holds 75% of the issued share capital of the Company
“Options”	the rights, options, warrants or other rights to subscribe for or purchase any Shares

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## DEFINITIONS

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“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, with its address at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 November 2025 entered into between the Offeror, the Vendor and the Vendor Guarantor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 1,500,000,000 Shares sold to the Offeror pursuant to the Sale and Purchase Agreement, representing 75% in aggregate of the total issued Shares as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the mandate to be sought from the Independent Shareholders at the EGM to allot and issue the Conversion Shares upon conversion of the Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 26 November 2025 entered into by the Subscriber and the Company in respect of the Subscription
“Subscription Completion”	completion of the Subscription

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## DEFINITIONS

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“Subscription Completion Date”	the date of Subscription Completion, being a Business Day to be mutually agreed between the Company and the Subscriber after the conditions precedent of the Subscription is satisfied (or, failing such agreement, the Subscription Long Stop Date)
“Subscription Long Stop Date”	a date falling on six months from the date of the Subscription Agreement, being 25 May 2026, or such other date that the Company and the Subscriber may agree upon in writing
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	SEM Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, which is legally and beneficially owned as to 77%, 20% and 3% by Mr. Wan Man Keung, Mr. Wun Chi Wai and Mr. Yu Chi Kwan, respectively
“Vendor Guarantor”	Mr. Wan Man Keung, being the controlling shareholder of the Vendor and an executive Director
“%”	per cent

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## LETTER FROM THE BOARD

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### SEM Holdings Limited 澳達控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9929)**

*Executive Director:*

Mr. Wan Man Keung

*Non-executive Director:*

Mr. Yao Shuobin (*Chairman*)

*Independent non-executive Directors:*

Dr. Huang Mingxin

Dr. Zang Yunzhi

Ms. Chen Tak Yee Dickdy

*Registered office in the Cayman Islands:*

Cricket Square, Hutchins Drive,

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

*Principal Place of Business in Hong Kong:*

Unit 1, 4/F

Chai Wan Industrial City Phase II,

70 Wing Tai Road

Chai Wan, Hong Kong

9 March 2026

*To the Shareholders*

Dear Sir or Madam

**(1) CONNECTED TRANSACTION IN RELATION TO PROPOSED  
ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **I. INTRODUCTION**

The purpose of this circular is to provide you with the information in relation to (i) the Subscription Agreement and the transactions contemplated thereunder, (ii) the letter of advice from the Independent Board Committee, (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and (iv) the notice of the EGM.

#### **II. THE SUBSCRIPTION AND THE CONVERTIBLE BONDS**

As disclosed in the Joint Announcement, on 26 November 2025 (before trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe, in cash, for the Convertible Bonds in the principal amount of HK\$44.0 million, which may be converted into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share upon exercise of the conversion rights under the Convertible Bonds in full.

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## LETTER FROM THE BOARD

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The principal terms of the Subscription Agreement and the Convertible Bonds are summarised as below:

- Date : 26 November 2025
- Parties : (1) the Company, as issuer; and  
(2) the Subscriber, as subscriber
- Principal amount : HK\$44.0 million
- Maturity date : The date falling on the second anniversary date of the issue date of the Convertible Bonds (“**Maturity Date**”).

Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem all the Convertible Bonds then outstanding at the principal amount of the Convertible Bonds on the Maturity Date.

The Company intends to redeem the Convertible Bonds upon maturity, in the event they are not fully converted, by utilising the existing financial resources of the Group and the cash flow generated from its operations.

- Interest : The Convertible Bonds do not bear any interest on their outstanding principal amount.
- Conversion Rights and restrictions : Notwithstanding any conditions of the Convertible Bonds, no Bondholder may deposit the conversion notice for the purpose of its exercise of the Conversion Right unless:
- (a) any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion save that if at any time the aggregate outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted;
  - (b) the conversion will not cause the Company to be unable to meet the public float requirement under the Listing Rules or as required by the Stock Exchange, in which case only a portion of the Conversion Rights may be exercised so as to maintain the public float requirement;

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## LETTER FROM THE BOARD

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- (c) the conversion will comply with all applicable laws, regulations and rules (including without limitation, Rule 31.3 of the Takeovers Code); and
- (d) the conversion will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) which exercised the Conversion Rights and parties acting in concert with it, in which case only a portion of the Conversion Rights may be exercised such that the mandatory offer obligation will not be triggered.

Conversion period : The Bondholder has the right to convert all or any of its Convertible Bonds for Conversion Shares at any time during the conversion period, being the period commencing from the date of issuance of the Convertible Bonds and expiring on the close of business on the earlier of:

- (i) the date which falls five Business Days prior to the Maturity Date; or
- (ii) if such Convertible Bonds shall have been called for redemption prior to the Maturity Date, the close of business on the date which falls five Business Days prior to the date fixed for redemption.

Conversion Price : HK\$0.11 per Conversion Share, subject to adjustment as described below

Adjustment events : The initial Conversion Price is subject to adjustment from time to time upon the occurrence of certain prescribed events, including:

- (a) Consolidation, subdivision or reclassification of the Shares

If and whenever the Shares shall be consolidated, subdivided or reclassified, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

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## LETTER FROM THE BOARD

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where:

- A is the nominal amount of one Share immediately after such consolidation, sub-division or reclassification; and
- B is the nominal amount of one Share immediately before such consolidation, sub-division or reclassification.

Such adjustment shall become effective on the date the consolidation, sub-division or reclassification (as the case may be) takes effect.

- (b) Capitalisation of profits or reserves of the Company;
- If and whenever the Company shall issue any Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue; and
- B is the aggregate nominal amount of the issued Shares immediately after such issue.

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## LETTER FROM THE BOARD

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Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

- In the case of an issue of Shares by way of a Scrip Dividend where 95% of the Current Market Price of such Shares on the date of announcement of the terms of such issue of Shares multiplied by the number of Shares issued exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which: (i) the numerator is the amount of the whole (or the relevant part) of the Relevant Cash Dividend; and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole (or the relevant part) of the relevant cash dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, the day immediately after such record date.

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## LETTER FROM THE BOARD

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- (c) Capital distribution being made by the Company to the Shareholders;

If and whenever the Company shall pay or make any capital distribution to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which the capital distribution is publicly announced; and

B is the fair market value, on the date of such announcement, of the portion of the capital distribution attributable to one Share.

Such adjustment shall become effective on the date that such capital distribution is made or, if a record date is fixed therefor, the day immediately after such record date.

- (d) Rights Issues of Shares or Options over Shares

If and whenever the Company shall issue Shares to all or substantially all existing Shareholders as a class by way of rights, or issue or grant to all or substantially all existing Shareholders as a class, by way of the Options, at less than 95% of the Current Market Price per Share on the date of the announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

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## LETTER FROM THE BOARD

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where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the Options issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or (as the case may be) comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such Options (as the case may be) or, where a record date is fixed therefor, the day immediately after such record date.

(e) Rights Issues of Other Securities

If and whenever the Company shall issue any securities (other than Shares or Options) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or Options), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which the final terms of such issue or grant is publicly announced; and

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## LETTER FROM THE BOARD

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B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or, where a record date is fixed, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants (as the case may be).

(f) Issues at less than Current Market Price

If and whenever the Company shall issue (otherwise than as mentioned in paragraph (d) above) wholly for cash any new Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or subscription for, Shares) or the issue or grant (otherwise than as mentioned in paragraph (d) above) of options, warrants or other rights to subscribe or purchase Shares, at a price per Share which is less than 95% of the Current Market Price on the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

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## LETTER FROM THE BOARD

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C is the number of Shares in issue immediately after the issue of such additional Shares.

In the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Shares, references to “additional Shares” in the above formula shall mean such number of Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or (as the case may be) the issue of such options, warrants or other rights.

(g) Other Issues at less than Current Market Price

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this paragraph (g), the issue wholly for cash by the Company or any of its Subsidiaries (otherwise than as mentioned in paragraphs (d), (e) or (f) above) or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity of any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, new Shares to be issued by the Company upon conversion, exchange or subscription, at a consideration per Share which is less than 95% of the Current Market Price on the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{A+C}$$

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## LETTER FROM THE BOARD

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where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

(h) Modification of Rights of Conversion

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in paragraph (g) above so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95% of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A-B}{A}$$

where:

- A is such Current Market Price of one Share on the date on which such modification is announced; and

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## LETTER FROM THE BOARD

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B is the difference between the fair market value of the modification on a per Share basis on the date of such announcement and the consideration received for the modification on a per Share basis of such modification.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(i) Other Offers to Shareholders

If and whenever there shall be an issue, sale or distribution by the Company or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Company or such other company, person or entity pursuant to which offer the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraphs (d), (e), (f) or (g) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A-B}{A}$$

where:

A is the Current Market Price of one Share on the date on which such issue is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

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## LETTER FROM THE BOARD

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- Conversion Shares : Based on the principal amount of the Convertible Bonds of HK\$44.0 million, the Convertible Bonds are convertible into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share (subject to adjustments).
- Early Redemption at the option of the Bondholder : If any of the events below occurs, the Bondholder will have the right at its option to require the Company to redeem all or some of such Bondholder's Convertible Bonds at their Early Redemption Amount:
- (a) the Shares cease to be listed or admitted to trading on the Stock Exchange or any event occurs that affects the listing status of the Shares; or
  - (b) the trading in the Shares on the Stock Exchange is withdrawn or suspended other than for a temporary suspension of trading for a period of not more than 30 consecutive trading days; or
  - (c) the Company is in breach of any provisions contained in the Bond Documents.
- Events of default : Upon the occurrence of any of the events of default specified below, (i) the Bondholder shall have the right to require the Company to redeem some or all of the Convertible Bonds held by it by delivering a redemption notice to the Company and the Company shall redeem such Convertible Bonds no later than 5 Business Days after receipt of such redemption notice at the Early Redemption Amount; and (ii) the Bondholder shall be entitled to exercise any or all of its rights, remedies, powers or discretions under the Bond Documents:
- (a) the Company fails to make a payment, whether of principal or any amount due or otherwise, in accordance with the Bond Documents when due and the Company fails to rectify such failure within 3 Business Days from the payment due date;
  - (b) any failure by the Company to deliver any Conversion Shares;

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## LETTER FROM THE BOARD

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- (c) a default in the performance or observance by the Company of any covenant, undertaking, condition, obligation, representation, warranty or provision contained in the Bond Documents and on its part to be performed or observed and such default continues for 30 Business Days after the earlier of: (i) the Company becoming aware of its default (or evidencing its intention to default); and (ii) written notice of such default having been given by any Bondholder to the Company;
- (d) there has been any breach of and non-compliance with any applicable law, rules or regulations, including the Listing Rules and the Takeovers Code, by any member of the Group which will result in a material adverse effect on the Group as a whole;
- (e) the Shares cease to be listed on the Stock Exchange or are suspended from trading on the Stock Exchange for a continuous period of 30 trading days due to the default of any member of the Group, excluding any suspension in connection with the clearance of any announcement, circular or other documents pursuant to the Listing Rules or the Takeovers Code;
- (f) there is any cross-default by the Company or any member of the Group of its other indebtedness or the Company or any member of the Group fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, where the aggregate amount of the relevant indebtedness, guarantees and indemnities equals or exceeds HK\$5,000,000 or its equivalent;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of any member of the Group which is not discharged or stayed within 30 days;

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## LETTER FROM THE BOARD

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- (h) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or any of its subsidiaries in respect of any substantial part of the property, assets or revenues of any member of the Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (i) the winding-up or dissolution, judicial management or administration of the Company or any of its subsidiaries (except for a members' voluntary solvent winding up of a subsidiary), or the cessation of all or substantially all of the business or operations of the Company or any of its Major Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by the Bondholders, or (b) in the case of a Major Subsidiary, whereby the undertaking and assets of such subsidiary are transferred to or otherwise vested in the Company or another of its subsidiaries). For this purpose, "**Major Subsidiary**" means a subsidiary of the Company whose aggregated total assets, profits or revenue represents 10% or more under any of the percentage ratios as defined under Chapter 14 of the Listing Rules;
- (j) any member of the Group is involved in any insolvency event;
- (k) any necessary consent, approval, authorisation, etc. required (i) to enable the Company lawfully to perform and comply with its obligations under the Convertible Bonds; (ii) to ensure that those obligations are legally binding and enforceable; and (iii) to make the Convertible Bonds admissible in evidence in the courts of Cayman Islands or Hong Kong or Macau is not taken, fulfilled or done;

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## LETTER FROM THE BOARD

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- (l) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Convertible Bonds or for any member of the Group to conduct its business as it is currently conducted;
- (m) any step is lawfully taken by any competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of any member of the Group; or any member of the Group is prevented by any competent governmental authority from exercising normal control over all or any part of its property, assets and turnover and (except where such default is not capable of remedy) such default continues for 30 Business Days after the earlier of: (i) the Company becoming aware of its default (or evidencing its intention to default); and (ii) written notice of such default having been given by any Bondholder to the Company;
- (n) if the Company has breached any warranty or covenant in the Subscription Agreement and (except where such default is not capable of remedy) such default continues for 30 Business Days after the earlier of: (i) the Company becoming aware of its default (or evidencing its intention to default); and (ii) written notice of such default having been given by any Bondholder to the Company;
- (o) the occurrence of any event, development or change which in the opinion of the Bondholders would materially adversely affect the business or financial prospects of the Company and any member of the Group;
- (p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the foregoing events.

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## LETTER FROM THE BOARD

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- Voting rights : The Bondholder(s) shall not have any right to attend or vote in any general meeting of the Company by reason only of it being a holder of the Convertible Bonds.
- Transferability : Subject to the terms and conditions to the Convertible Bonds and compliance with the relevant laws and regulations, including the Takeovers Code, the Convertible Bonds may be transferred at any time to any person, provided that the prior approval of the Stock Exchange may be required for any transfer to any transferee which is a connected person (as defined in the Listing Rules) of the Company.
- Ranking : The Conversion Shares shall, when allotted and issued, rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.
- Listing : No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.
- Security : The obligations of the Company under the Convertible Bonds are unsecured.

Based on the initial Conversion Price of HK\$0.11 per Conversion Share, a maximum number of 400,000,000 Conversion Shares will be allotted and issued upon conversion of the Convertible Bonds in full, which represent: (i) 20% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds in full, assuming no changes to the number of issued Shares from the Latest Practicable Date up to the date of full conversion of the Convertible Bonds.

The maximum aggregate nominal value of the Conversion Shares is HK\$4,000,000.

### **Conditions precedent of the Subscription**

Subscription Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions precedent:

- (a) the warranties of the Company under the Subscription Agreement remaining true, accurate and correct in all material aspects, the Company having performed all of its material obligations under the Subscription Agreement to be performed on or before the Subscription Completion Date, and the delivery by the Company to the Subscriber a certificate to such effect on the Subscription Completion Date;

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## LETTER FROM THE BOARD

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- (b) since the date of the Subscription Agreement, there having been, in the reasonable opinion of the Subscriber, no change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company or of the Group, which, in the reasonable opinion of the Subscriber, is material and adverse in the context of the issue of the Convertible Bonds;
- (c) the delivery by the Company to the Subscriber on the Subscription Completion Date a certificate confirming the Group is not in breach or in default of contracts, condition, covenant or instrument binding on the Group, where such breach or default would have a material adverse effect on the Group as a whole;
- (d) the current listing status of the Company on the Stock Exchange has not been withdrawn from the date of the Subscription Agreement to the date of Subscription Completion and the Shares are continuously tradable on the Stock Exchange. For this purpose, the Shares shall be deemed continuously tradable on the Stock Exchange if (i) the Shares have not been suspended from trading on the Stock Exchange for more than ten (10) consecutive trading days, or (ii) if the Shares have been so suspended from trading on the Stock Exchange for more than ten (10) consecutive trading days but such suspension is due to the Sale and Purchase Agreement, the Subscription Agreement and the transactions contemplated thereunder;
- (e) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares (or the Subscriber being reasonably satisfied that such approval will be granted);
- (f) the passing by the Board and Independent Shareholders at the EGM of all resolutions required under the relevant laws and regulations and the Listing Rules to approve the Subscription Agreement and the Specific Mandate;
- (g) no notice, order, judgment, suit or proceeding has been served, issued, made or instituted which restrains, enjoins or makes unlawful, or attempts to restrain or make unlawful, any transaction contemplated under the Subscription Agreement or which may materially and adversely affect the exercise by the Subscriber of their rights under the Subscription Agreement;
- (h) the Completion; and
- (i) the close of the Offer in accordance with the Takeovers Code.

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## LETTER FROM THE BOARD

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The Subscriber may at any time waive in writing any of the conditions precedent set out above (except conditions (e) and (f)). The Company shall use its best endeavours to procure the fulfilment of the conditions precedent set out in conditions (a) to (g) (except conditions (h) and (i)) as soon as reasonably practicable and in any event, on or before the Subscription Long Stop Date.

If the conditions precedent have not been fulfilled or waived by the Subscriber on or before the Subscription Long Stop Date, the Subscription Agreement shall lapse, and neither the Company nor the Subscriber shall have or make any claim against the other in respect of the Subscription Agreement save for liabilities for any antecedent breach.

As at the Latest Practicable Date, as confirmed by the Directors, save for conditions (h) and (i), none of the conditions had been fulfilled.

### **Termination**

The Subscriber may, by notice to the Company given at any time prior to payment of the subscription price for the Convertible Bonds to the Company on the Subscription Completion Date, terminate the Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the Subscriber any material breach of, or any event rendering untrue or incorrect in any material respect, any of the Company's warranties under the Subscription Agreement or any material failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
- (b) if there shall have occurred any change (or any development or event involving a prospective change) in the condition (financial or other), prospects, results of operations or general affairs of the Company or of the Group, which, in the opinion of the Subscriber, is material and adverse in the context of the issue and subscription of the Convertible Bonds; and
- (c) if any of the condition precedent of the Subscription has not been satisfied or waived by the Subscriber by the end of the Subscription Long Stop Date.

### **Application for Listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of listing of, and permission to deal in, the Conversion Shares.

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

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## LETTER FROM THE BOARD

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### Conversion Price

The initial Conversion Price of HK\$0.11 per Conversion Share represents:

- (i) a discount of approximately 83.82% over the closing price of HK\$0.680 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 6.80% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.79% over the average closing price of HK\$0.095 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of 37.50% over the average closing price of approximately HK\$0.080 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 3.77% over the audited consolidated net assets per Share of approximately HK\$0.106 as at 31 December 2024, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$212,944,000 as at 31 December 2024 (the date on which the latest audited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the date of the Joint Announcement; and
- (vii) a premium of approximately 2.80% over the unaudited consolidated net assets per Share of approximately HK\$0.107 as at 30 June 2025, which was calculated based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$213,164,000 as at 30 June 2025 (the date on which the latest unaudited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the Latest Practicable Date.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber after considering the prevailing market performance of the Shares and current market conditions.

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## LETTER FROM THE BOARD

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Given that the Conversion Price is not set at a discount of the “theoretical diluted price” to the “benchmarked price” of the Shares (as contemplated under Rule 7.27B of the Listing Rules), which is calculated based on the “theoretical diluted price” of approximately HK\$0.1052 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.1030 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day of HK\$0.1042 per Share), there is no value dilution to the existing public Shareholder under Rule 7.27B of the Listing Rules.

During the approximate 12-month period before the Last Trading Day and up to the Last Trading Day (the “**First Review Period**”), the closing price of the Shares remained largely stable ranging from the lowest closing price of HK\$0.045 per Share up to the highest closing price at HK\$0.116 per Share, with an average of HK\$0.063 per Share. The Conversion Price of HK\$0.11 represents a premium of approximately 75.0% over the average closing price during the First Review Period.

Following the publication of the Joint Announcement up to and including the Latest Practicable Date (the “**Second Review Period**”), the closing price of Shares ranged from HK\$0.48 to HK\$0.95, with an average closing price of HK\$0.626 per Share. During the Second Review Period, the closing price of the Shares experienced a notable increase upon the resumption of trading on 4 December 2025 after the Joint Announcement has been published, with the closing price surging from HK\$0.103 on 25 November 2025 to HK\$0.950 on 7 January 2026.

Although the Conversion Price is below the average closing price of Shares during the Second Review Period, the Board considered the initial Conversion Price justifiable, fair and reasonable for the reasons that (i) the Conversion Price represents a notable premium over the average closing price of the Shares during the First Review Period; and (ii) the increase in the trading price of the Shares during the Second Review Period, as compared to the First Review Period, is more likely an extending market effect and reaction to the mandatory unconditional cash offer, which could be temporary and short-term; and (iii) save for the Acquisition and Subscription, there have not been any material change to the underlying fundamentals and position of the Group in the Second Review Period as compared to the First Review Period.

Taking into account the above, the Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the Subscription Completion and full conversion of the Convertible Bonds by the Subscriber at the initial Conversion Price of HK\$0.11 per Conversion Share (assuming no other changes to the issued share capital of the Company since the Latest Practicable Date):

Shareholders	As at the Latest Practicable Date		Immediately upon the Subscription Completion and full conversion of the Convertible Bonds by the Subscriber (Note 2)	
	<i>Number of Shares</i>	<i>% of issued Shares</i> <i>(approximate)</i>	<i>Number of Shares</i>	<i>% of issued Shares</i> <i>(approximate)</i>
Subscriber (Note 1)	1,500,000,000	75.00	1,900,000,000	79.17
Public Shareholders	500,000,000	25.00	500,000,000	20.83 (Note 2)
<b>Total</b>	<b>2,000,000,000</b>	<b>100.0</b>	<b>2,400,000,000</b>	<b>100.0</b>

*Notes:*

1. The Subscriber is legally, beneficially and wholly owned by Mr. Yao.
2. This scenario is for illustrative purpose only on the assumption that there will be no other changes in the issued share capital of the Company since the Latest Practicable Date save for the full conversion of the Conversion Bonds. Pursuant to the conversion restrictions under the terms and conditions of the Convertible Bonds, the Subscriber shall only exercise the Conversion Rights if and to the extent that, among other things, immediately following the conversion, (i) the Company will be able to meet the public float requirement under the Listing Rules; and (ii) the Bondholders will not be required to make a general offer under Rule 26 of the Takeovers Code.

### EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in provision of electrical and mechanical (“E&M”) engineering services in Macau and Hong Kong. The scope of the Group’s electrical and mechanical engineering services mainly consisted of supply, installation and maintenance of electrical system, for new and existing buildings in the projects of commercial and residential development, hotel development, casino development, hotel renovation and sports venue in Macau and Hong Kong and trading of electrical cable.

According to the Company’s annual report for the year ended 31 December 2024, the Group remains committed to its core strategy of securing new electrical and mechanical engineering service projects in Macau and Hong Kong. A key focus remains on opportunities within Hong Kong’s existing building block, where ongoing upgrades to meet modern standards present a consistent pipeline of work. The management maintains a cautiously optimistic outlook for the E&M markets in both regions and is positioned to capitalise on new opportunities arising from evolving industry dynamics.

Furthermore, as disclosed in the Company’s interim report for the six months ended 30 June 2025, the Group is actively pursuing a strategic diversification of its revenue streams by entering into a new business of trading of electrical cables while constantly striving to stabilise the Group’s market position in the E&M engineering business. This initiative is a direct response to the continued weakness in the property markets of Macau and Hong Kong. Leveraging its extensive service provision in this sector, the Group has established a solid industry network, which provides a substantial foundation for the new cable trading venture. The Group will focus on sourcing high-quality electrical cables with the aim of establishing the Group as a reliable distributor within the Hong Kong construction market.

In light of the rapidly growing demand for electric vehicle (“EV”) charging infrastructure, the Group will strategically focus its E&M expertise on this high-growth sector. This pivot is designed to position the Company for sustained future growth and solidify its status as a trusted and leading provider of EV charging solutions. The EV charging solution business will be delivered through a streamlined model encompassing hardware provision and expert installation, drawing directly on the deep E&M engineering heritage of the Group. It is strategically concentrating on the private residential segment with existing parking facilities, a market with acute demand but currently limited quality service providers, thereby presenting a substantial and immediate opportunity. Additional funding will further enhance the Group’s ability to scale such business, including enabling the procurement of additional charging hardware, strengthening its engineering and project delivery teams through targeted recruitment, and expanding marketing efforts to accelerate customer acquisition and market penetration.

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## LETTER FROM THE BOARD

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### **Further information on cable trading business**

The Group focuses on sourcing high-quality electrical cables with the aim of establishing itself as a reliable distributor within the Hong Kong and Macau construction market. It operates on an order-driven basis, securing customer orders after obtaining quotation for specified products from its suppliers. The process involves placing a purchase order with a supplier after customer orders are confirmed, and conducting quality control checks at the supplier's warehouse. After passing these checks, the goods are transferred to and held by the Group until delivery to the customer's project site or any location specified by the customer, which generally takes place within a relatively short period of time in order to reduce storage cost, minimise the risk of theft and the impact of raw material price fluctuations. While the Group seeks to align purchases closely with customer demand, in certain circumstances, customer orders may be placed with a specified buffer in quantity. In such cases, the Group may place purchase orders with suppliers based on the buffered quantity, and any remaining stock may be temporarily accommodated at the Group's existing warehouses, which will be delivered to the customers' project site or any location specified when required. The selling prices of electrical cables offered to customers are primarily determined with reference to current market prices, contract specifics, and the customer's payment history.

The Group's targeted customers primarily include the main contractors of E&M projects in Hong Kong and Macau. The Group focuses on establishing itself as a reliable partner for these entities, integrating seamlessly into their project supply chains to provide essential electrical materials and logistical support.

The Group's competitive edges are derived from its strong industry connections and technical expertise, including cultivated relationships with contractors, developers, and property owners in Hong Kong. Furthermore, the Group provides added value through its professional understanding of E&M projects, offering advice on cost-saving and project management. Leveraging its long-standing relationships and network with suppliers established through its existing E&M business, the Group's ability to source cables at competitive prices, coupled with the provision of flexible credit terms to qualified customers, further distinguish its services in the market.

As the Group provides credit terms to its customers in most circumstances, payments to suppliers are generally required before settlements are received from customers. This working capital gap necessitates additional funding to strengthen the Group's financial resources, enabling it to better manage supplier payments and bridge timing differences in customer collections.

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## LETTER FROM THE BOARD

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### **Further information on EV charging solution business**

In response to the growing demand for electric vehicle charging infrastructure, the Group strategically leveraged its established E&M engineering expertise to enter the EV charging solutions sector. Operated as part of its existing E&M business segment, the Group's scope of work in this expanded aspect primarily involves the provision of EV charging hardware and installation services, without engaging in the manufacture of such hardware, and the Group undertakes engineering projects for residential property management entities in Hong Kong that have successfully applied for funding under the EV-charging at Home Subsidy Scheme ("EHSS").

The Group's development in this sector commenced in 2020. An early milestone was the successful completion of an EV charging infrastructure project for a public property in 2021, followed by subsequent installations at commercial and residential buildings. Throughout this initial phase, the Group successfully delivered numerous installations, building a strong track record.

The business achieved significant scaling with the award of its first EHSS project in 2025, which involved transforming an estate's parking facilities to being fully operational for EV charging, in compliance with government scheme requirements. Since then, the Group has been awarded additional EHSS projects and has expanded its project pipeline by acting as a nominated subcontractor for various EHSS projects under main contractors, further integrating its services into the mainstream construction supply chain for EV infrastructure.

Contracts are secured through a competitive quotation or tender process, commencing with the submission of a formal quotation or tender, followed by negotiations and culminating in a binding agreement upon receipt of a customer's written letter of intent. Revenue from EV charging projects represents the contract sum agreed with customers, comprising installation fees that cover, among others, labour costs, material costs, consultancy fees and the Group's internal project management charges. Revenue is generated progressively over the project execution period, aligning with certified milestones. The project implementation begins with a dedicated team being formed to prepare working drawings and a detailed programme, and to engage the necessary workforce. To carry out installation works, the Group maintains a team of up to five in-house technicians and where necessary, engages subcontractors, with the number of workers mobilised to be determined by the size and requirements of each project. The Group applies for progress payments based on work completed. Upon the end of a defect liability period of up to two years, during which the Group rectifies any defects (if any), the Group will collect the residue retention monies.

The competitive advantages of the Group are anchored in its operational expertise and strategic network. The Group possesses a long history and strong references in E&M project delivery. Its established supplier connections ensure efficient material procurement, while a network of trusted subcontractors allows for the rapid mobilisation of skilled labour to meet demanding project timelines.

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## LETTER FROM THE BOARD

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### **Other investment/business opportunities in relation to EV charging solution business**

The Directors continuously assess the market for strategic opportunities that leverage the Group's core E&M engineering capabilities. As at the Latest Practicable Date, in addition to the EV charging solution business mentioned above whereby the Group undertakes engineering projects under the EHSS scheme for residential property management entities, the Group had identified further opportunities in the EV charging solution business, including but not limited to business-to-customer (B2C) initiatives and service-based arrangements. The Directors believe these represent significant opportunities to provide comprehensive upgrade services to properties in Hong Kong.

The Group has been exploring installation services for individual property owners of housing estates not covered under the EHSS scheme, which will continue to be recognised under the Group's existing E&M segment. In parallel, the Group is exploring the provision of EV charging solutions through alternative service models, including service-based arrangements for residential housing estates and commercial buildings in Hong Kong, which are intended to be grouped under a separate business segment of the Group. These arrangements encompass EV charging systems designed for shared environments (e.g., visitor parking bays) and are intended to operate under service-based models such as pay-per-kilowatt-hour and/or monthly subscription. As at the Latest Practicable Date, the Group was engaged in business discussions with certain individual property owners, housing estates and a commercial building in relation to these opportunities. Concurrently, the Group continues to execute its established core business of general electrical installation and E&M projects.

### **Reasons for the Subscription**

The Company intends to raise funds to strategically develop its businesses in EHSS projects and EV charging systems, as well as to support the working capital requirements of its electrical cables trading operations. These segments inherently require significant upfront capital outlay before revenue is realised. Specifically, for EHSS projects, the Group must bear all labour, material, and subcontractor costs for an extended period, as progress payments follow a schedule mandated by the Environmental Protection Department, typically resulting in a cash conversion cycle of six months or more from project commencement. Similarly, developing EV charging systems requires the Group to fund all installation costs upfront, with revenue accruing gradually.

The Directors believe that the current operating cash flow generated from the Group's established E&M project work is insufficient to sustainably fund these concurrent cash requirements. The trading of electrical cables further compounds this need, as it requires advance deposits for materials prior to customer delivery, with trade cycles of up to six months. Relying solely on internal cash generation would constrain the Company's ability to bid for multiple projects simultaneously, manage procurement, and invest in new solution development. Therefore, external funding is essential to provide the stable capital base required to execute this growth strategy and ensure smooth operational continuity.

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## LETTER FROM THE BOARD

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The Board has considered other fundraising alternatives before resolving to the Subscription, including but not limited to other equity financing solutions such as rights issue and open offer, placing under general or specific mandate and debt financing.

As for rights issue or open offer, while these would offer all qualifying Shareholders an equal opportunity to participate, they would involve significant time and cost, particularly given the Company's recent change in controlling Shareholder. This would include identifying suitable underwriter(s), negotiating agreeable terms, preparing requisite compliance and legal documentation, issuing listing documents, and managing other application and administrative procedures.

As for placing of new Shares under general or specific mandate, the Directors consider that it is higher cost to arrange a placing of new shares, as the placing agent would charge commission with reference to certain percentages of the amount of the fund raising as compared with no commission from the Subscription, and the placing of new shares will cause an immediate dilution to the shareholding of existing Shareholders as compared with the conversion of the Convertible Bonds.

With respect to other alternative means of debt financing, such as borrowings from banks and other financial institutions, the Company considered these options as an attempt to strengthen the Group's capital base. In particular, lenders will likely demand higher interest rates and subject the Company to lengthy due diligence, especially given the recent change in its controlling Shareholder. Furthermore, additional debt financing would increase the interest burden, drive up the Group's gearing ratio, and increase its overall finance cost burden.

In contrast, the Directors consider the issuance of the Convertible Bonds an appropriate means of providing additional working capital for the Group. The Subscription provides certainty of funds, as the Subscribers have already conditionally agreed to fully subscribe for the Subscription Shares, and as a zero-coupon instrument, it will not increase the Group's financial burden nor result in the immediate dilution on the shareholding of the existing Shareholders. In addition, the Subscription by the Subscriber, also being the Offeror, demonstrate a strong support from the new shareholder holding the majority interest in the Company in the existing business of the Group.

The gross proceeds from the issue of the Convertible Bonds will be HK\$44.0 million. The net proceeds from the issue of the Convertible Bonds (after deducting expenses) is expected to be approximately HK\$43.3 million and the net price for each Conversion Share is approximately HK\$0.108.

As disclosed in the Joint Announcement, the net proceeds from the issue of the Convertible Bonds were originally intended to be applied for. In the following manners:

- (i) approximately HK\$20.0 million for developing the electrical cable business of the Group;

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## LETTER FROM THE BOARD

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- (ii) approximately HK\$10.0 million for expansion of EV charging solution and other related investment/business opportunities;
- (iii) approximately HK\$5.0 million for repayment of bank borrowings;
- (iv) approximately HK\$5.0 million for purchase of performance bonds on potential E&M projects of the Group; and
- (v) approximately HK\$3.3 million to replenish general working capital of the Group.

As at the Latest Practicable Date, the Company has fully repaid certain bank borrowings. The Board considers this early repayment to be in the best interests of the Company and the Shareholders as it strengthens the Group's financial position. In view of the foregoing, and to provide the Group with greater flexibility in allocating the net proceeds among the expansion of its EV charging solution business, other related investment and business opportunities, and the purchase of performance bonds for potential projects, subject to the prevailing circumstances and market conditions, the intended application of the net proceeds has been revised as follows:

- (i) approximately HK\$22.5 million for developing the electrical cable business of the Group;
- (ii) approximately HK\$17.5 million for expansion of EV charging solution and other related investment/business opportunities, including the purchase of performance bonds for the potential EV charging-related projects of the Group. A performance bond serves as a financial guarantee to the project owner that the contractor will duly perform its contractual obligations in accordance with the agreed terms, specifications and timelines. In the event of non-performance or default by the contract, the project owner may call on the bond to cover losses of secure completion of the works. Such arrangements are common and customary in mid-to-sizeable EV charging-related projects in Hong Kong, where project owners typically require contractors to provide performance security; and
- (iii) approximately HK\$3.3 million to replenish general working capital of the Group.

The net proceeds from the Subscription are expected to be fully utilised by the Group by the end of 2026.

Based on the above, the Board (including the members of the Independent Board Committee whose views are set out in the letter of advice from the Independent Board Committee on pages 36 to 37 of this circular) considers that the terms and conditions of the Subscription Agreement, the Convertible Bonds and the fund raising through the Subscription are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands on 6 November 2015 as an exempted company with limited liability. The Group is principally engaged in provision of electrical and mechanical engineering services in Macau and Hong Kong. The scope of the Group's electrical and mechanical engineering services mainly consisted of supply, installation and maintenance of electrical system, for new and existing buildings in the projects of commercial and residential development, hotel development, casino development, hotel renovation and sports venue in Macau and Hong Kong and trading of electrical cable.

### INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with limited liability on 27 May 2024 and principally engaged in investment holding. As at the Latest Practicable Date, the Subscriber is legally, beneficially and wholly owned by Mr. Yao.

Before Completion, the Subscriber was an Independent Third Party. The Subscriber acquired the Sale Shares under the Acquisition and became a connected person of the Company after Completion by virtue of its shareholding in the Company.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber held an aggregate of 1,500,000,000 Shares, representing 75% of the issued share capital of the Company.

As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. The Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and independent shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

The Conversion Shares will be allotted and issued under the Specific Mandate to be sought at the EGM and are therefore subject to the Independent Shareholders' approval.

The Company will seek approval from the Independent Shareholders at the EGM for the Subscription Agreement, the issuance of the Convertible Bonds, and the transactions contemplated thereunder. As at the Latest Practicable Date, save for the Subscriber and its associates, no Shareholder had a material interest in the Subscription Agreement, the issuance of the Convertible Bonds and the transactions contemplated thereunder. As such, save for the Subscriber and its associates, who control or are entitled to control the voting right in respect of their shares in the Company, no Shareholder was required to abstain from voting for the resolution to approve the Subscription Agreement, the issuance of the Convertible Bonds and the transactions contemplated thereunder at the EGM as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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Pursuant to Rule 14A.39 of the Listing Rules, the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Subscription has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement and the issuance of the Convertible Bonds are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee in respect of the Subscription Agreement and, in particular, as to whether the terms of the Subscription Agreement, the issuance of the Convertible Bonds and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

### APPROVAL OF THE BOARD

As at the Latest Practicable Date, as Mr. Yao was the chairman and non-executive Director of the Company, and the sole director and shareholder of the Subscriber, he was regarded as having a material interest in the Subscription and had accordingly abstained from voting on the relevant resolution(s) at the Board meeting convened to consider the Subscription and the transactions contemplated thereunder.

Save as disclosed above, no other Director is considered to have a material interest in the transactions contemplated under the Subscription.

### EGM

The EGM will be held at Suites 01-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong, on Monday, 30 March 2026 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Subscription Agreement, the issuance of the Convertible Bonds and the transactions contemplated thereunder (including the granting of the Specific Mandate for the allotment and issue of the Conversion Shares). The notice of the EGM is set out on pages 78 to 79 of this circular.

In accordance with the Listing Rules, the Subscriber will be required to abstain from voting on the resolution(s) in respect of the Subscription at the EGM.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries none of the Shareholders (other than the Subscriber and its associates) are required to abstain from voting on the resolution(s) in respect of the Subscription at the EGM.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is also enclosed. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. not later than 11:00 a.m. on Saturday, 28 March 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

Further announcement(s) will be made by the Company as and when appropriate to inform the Shareholders of, among other things, the poll results of the EGM.

### RECOMMENDATIONS

Your attention is drawn to the advice of the Independent Board Committee set out in its letter set out on pages 36 to 37 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 38 to 71 of this circular in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder.

The Directors (including the Independent Board Committee after considering the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription and the granting of the Specific Mandate) are fair and reasonable and on normal commercial terms or better though it is not in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM.

### FURTHER INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular

By Order of the Board  
**SEM Holdings Limited**  
**Yao Shuobin**  
*Chairman and non-executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Subscription Agreement and the transaction contemplated thereunder.*

### **SEM Holdings Limited** **澳達控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9929)**

9 March 2026

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

We refer to the circular issued by the Company dated 9 March 2026 (the “**Circular**”) to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed by the Board to advise the Independent Shareholders in respect of the terms of the Subscription Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons which the Independent Financial Adviser has taken into consideration in giving such advice are set out in the “Letter from the Independent Financial Adviser” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information as set out in the appendix hereto.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the terms of the Subscription Agreement and the transactions contemplated thereunder, and the recommendation of the Independent Financial Adviser as stated in its letter of advice, we are of the opinion that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned. While the Subscription Agreement and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole. We, therefore, recommend that you vote in favour of the resolution(s) to be proposed at the EGM.

Yours faithfully,  
For and on behalf of the  
**Independent Board Committee**

**Dr. Huang Mingxin**  
*Independent*  
*non-executive Director*

**Dr. Zang Yunzhi**  
*Independent*  
*non-executive Director*

**Ms. Chen Tak Yee Dickdy**  
*Independent*  
*non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder for inclusion in this circular.*



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

Room 2703, 27/F,  
China Insurance Group Building,  
141 Des Voeux Road Central,  
Hong Kong

Tel: (852) 2857 9208  
Fax: (852) 2857 9100

9 March 2026

*To: The Independent Board Committee and the Independent Shareholders of  
SEM Holdings Limited*

Dear Sir/Madam,

### **CONNECTED TRANSACTION IN RELATION TO PROPOSED ISSUANCE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 9 March 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

References are made to the Joint Announcement and the Circular in respect of the connected transaction in relation to the issue of the Convertible Bonds by the Company to the Subscriber in the principal amount of HK\$44.0 million under a specific mandate. On 26 November 2025 (before trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe, in cash, for the Convertible Bonds in the principal amount of HK\$44.0 million, which may be converted into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share upon exercise of the conversion rights under the Convertible Bonds in full, representing (a) 20.00% of the issued share capital of the Company as at the Latest Practicable Date; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds in full, assuming no changes to the number of issued Shares from the Latest Practicable Date up to the date of full conversion of the Convertible Bonds.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Subscriber held an aggregate of 1,500,000,000 Shares, representing 75% of the issued share capital of the Company. As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. The Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and independent shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

The Conversion Shares will be allotted and issued under the Specific Mandate to be sought at the EGM and are therefore subject to the independent shareholders' approval.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors namely, Dr. Huang Mingxin, Dr. Zang Yunzhi and Ms. Chen Tak Yee Dickdy, has been formed to advise the Independent Shareholders as to whether the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, are in the ordinary and usual course of business of the Group and are in the interests of the Company and its Shareholders as a whole, and how to vote at the EGM. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two (2) years, we have acted as the independent financial adviser to independent board committee of the Company in relation to mandatory unconditional cash offer for the issued shares of the Company, the composite document of which was published on 29 December 2025. Apart from the abovementioned independent financial adviser role, we have not acted in any capacity for the Company in the past two (2) years.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company (“**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

Our review and analysis were based upon, among other things, including, (i) the Subscription Agreement; (ii) the Joint Announcement; (iii) information set out in the Letter from the Board; (iv) the annual report of the Company for the year ended 31 December 2024 (“**2024 Annual Report**”); and (v) the interim report for the six months ended 30 June 2025 (“**2025 Interim Report**”). We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company, to enable us to reach an informed view and to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, the Management or the Directors, which have been provided to us.

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

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Subscription Agreement, including the issue of the Convertible Bonds and the transaction contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

#### 1. Financial information of the Group and outlook

##### 1.1 Historical financial information of the Group

The Company is a company incorporated in the Cayman Islands on 6 November 2015 as an exempted company with limited liability. The Group is principally engaged in provision of electrical and mechanical engineering services in Macau and Hong Kong. The scope of the Group's electrical and mechanical engineering services mainly consisted of supply, installation and maintenance of electrical system, for new and existing buildings in the projects of commercial and residential development, hotel development, casino development, hotel renovation and sports venue in Macau and Hong Kong and trading of electrical cable.

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2023 and 2024 as extracted from the 2024 Annual Report and the six months ended 30 June 2024 and 2025 as extracted from the 2025 Interim Report, respectively:

##### *Summary of the consolidated statement of comprehensive income of the Group*

	For the six months ended		For the year ended	
	30 June		31 December	
	2025	2024	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	21,545	50,889	91,707	258,894
– Macau	15,822	7,376	31,380	22,144
– Hong Kong	5,723	43,513	60,327	236,750
– Provision of electrical and mechanical engineering services	19,109	50,889	91,707	258,894
– Trading of electrical cables	2,436	–	–	–
Cost of sales	(17,761)	(48,884)	(68,186)	(239,382)
Gross profit	3,784	2,005	23,521	19,512
Profit/(loss) and total comprehensive income/ (expense) for the period/year attributable to owners of the Company	220	(7,438)	3,802	(7,970)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Financial performance for the six months ended 30 June 2024 (“6M2024”) and the six months ended 30 June 2025 (“6M2025”)*

Based on the 2025 Interim Report, revenue of the Group decreased by approximately 57.7% from approximately HK\$50.9 million for 6M2024 to approximately HK\$21.5 million for 6M2025. The revenue for 6M2025 mainly comprised approximately HK\$19.1 million from provision of electrical and mechanical engineering services and approximately HK\$2.4 million from trading of electrical cables. The decrease in revenue was mainly due to the sluggishness in the construction markets of Hong Kong and Macau. The slow economic recovery, global economy’s uncertainties and elevated borrowing costs have led to the continuous sluggishness.

Notwithstanding the decrease in revenue in 6M2025, the gross profit of the Group increased from approximately HK\$2.0 million for 6M2024 to approximately HK\$3.8 million for 6M2025, representing an increase of approximately 88.7% and the gross profit margin also increased from approximately 3.9% in 6M2024 to approximately 17.6% in 6M2025. The increase in gross profit margin was mainly attributable to the trading of electrical cables segment. The Directors consider that the gross profit margin of construction projects has been impacted severely by the downturn of the construction market. The Group is striving to implement various cost-saving measures to achieve a higher gross margin of the Group.

The Group recorded profit attributable to owners of the Company for 6M2025 of approximately HK\$0.2 million versus loss attributable to owners of the Company of approximately HK\$7.4 million for 6M2024 which was resulted from (1) increase in gross profit as stated above; and (2) the reversals of impairment losses under expected credit loss (“ECL”) model, net increased from approximately HK\$0.2 million in 6M2024 to approximately HK\$6.5 million in 6M2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Financial performance for the year ended 31 December 2023 (“FY2023”) and the year ended 31 December 2024 (“FY2024”)*

We noted from the 2024 Annual Report that the Group recorded revenue of approximately HK\$91.7 million for FY2024, representing a decrease of approximately HK\$167.2 million or 64.6% as compared to approximately HK\$258.9 million for FY2023. The decrease in revenue was primarily due to decrease in contribution of revenue from public properties, one of the property categories to which the Group provides electrical and mechanical engineering services, from approximately HK\$238.3 million in FY2023 to approximately HK\$63.9 million in FY2024, representing a decrease of approximately HK\$174.4 million or 73.2%. Such decrease was mainly attributable by the largest project on hand (a sport venue development project in Hong Kong) with contract sum over HK\$300 million started in 2021 being at completion stages in FY2024 and the Group faced operational challenges including other existing project delays and increasing competition which affected its tendering and the project revenue booked in FY2024. Based on our discussion with the Company, we understand that (i) the value of construction projects currently on hand has decreased during FY2024 as compared to FY2023, primarily as a result of the aforementioned project reached its completion stage in FY2024; and (ii) the aggregate contract amount of tenders in which the Company has participated or applied to has declined, attributable to the increased competition in the construction industry in Hong Kong.

Notwithstanding the decreased in revenue, the gross profit of the Group increased from approximately HK\$19.5 million for FY2023 to approximately HK\$23.5 million for FY2024, representing an increase of approximately 20.5%. The gross profit margin increased from approximately 7.5% in FY2023 to approximately 25.6% in FY2024 which was attributable to (1) cost saving measurements implemented in Macau and Hong Kong; and (2) revaluation of budget project cost in the sport venue development project in Hong Kong.

The Group recorded a change in profit attributable to owners of the Company to approximately HK\$3.8 million for FY2024 from loss attributable to owners of the Company approximately HK\$8.0 million for FY2023, mainly attributable to (1) increase in gross profit as stated above; (2) there is a change from impairment losses under ECL model of approximately HK\$3.7 million in FY2023 to reversal of impairment losses under ECL model of approximately HK\$2.1 million in FY2024; and (3) reduction of other losses from approximately HK\$2.8 million in FY2023 to nil in FY2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Summary of the consolidated statement of financial position of the Group extracted from the 2024 Annual Report and the 2025 Interim Report*

	As at 30 June	As at 31 December	
	2025	2024	2023
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(audited)
Non-current assets	28,636	29,609	31,405
Current assets	216,280	227,991	228,507
– Cash and cash equivalents	75,743	56,126	35,887
<b>Total assets</b>	<b>244,916</b>	<b>257,600</b>	<b>259,912</b>
Non-current liabilities	4,547	4,930	5,638
Current liabilities	27,205	39,726	45,132
<b>Total liabilities</b>	<b>31,752</b>	<b>44,656</b>	<b>50,770</b>
<b>Net current assets</b>	<b>189,075</b>	<b>188,265</b>	<b>183,375</b>
<b>Net assets</b>	<b>213,164</b>	<b>212,944</b>	<b>209,142</b>

*Financial position as at 30 June 2025 and 31 December 2024*

Total assets of the Group amounted to approximately HK\$244.9 million as at 30 June 2025, which decreased slightly from the total assets of the approximately HK\$257.6 million as at 31 December 2024. The total assets of the Group as at 30 June 2025 mainly comprised (i) contract assets of approximately HK\$81.4 million; (ii) cash and cash equivalents of approximately HK\$75.7 million; (iii) time deposits of approximately HK\$34 million; (iv) property, plant and equipment of approximately HK\$28.6 million; and (v) trade and other receivables of approximately HK\$25.2 million.

Total liabilities of the Group recorded at approximately HK\$31.8 million as at 30 June 2025, which mainly consisted of (i) other payables of approximately HK\$19.5 million; (ii) bank borrowing of approximately HK\$5.0 million; and (iii) trade payables of approximately HK\$4.7 million.

The net assets of the Group amounted to approximately HK\$213.2 million as at 30 June 2025, which is general in line with the net assets of the Group of approximately HK\$212.9 million as at 31 December 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Financial position as at 31 December 2024 and 31 December 2023*

Total assets of the Group amounted to approximately HK\$257.6 million as at 31 December 2024, which broadly in line with the total assets of the approximately HK\$259.9 million as at 31 December 2023. The total assets of the Group as at 31 December 2024 mainly comprised (i) contract assets of approximately HK\$92.3 million; (ii) cash and cash equivalents of approximately HK\$56.1 million; (iii) time deposits of approximately HK\$16.0 million; (iv) property, plant and equipment of approximately HK\$29.6 million; and (v) trade and other receivables of approximately HK\$63.6 million.

Total liabilities of the Group recorded at approximately HK\$44.7 million as at 31 December 2024, which decreased slightly from the total liabilities of the approximately HK\$50.8 million as at 31 December 2023. The total liabilities of the Group as at 31 December 2024 mainly consisted of (i) trade and other payables of approximately HK\$28.8 million; (ii) contract liabilities of approximately HK\$8.2 million; and (iii) bank borrowing of approximately HK\$5.4 million.

The net assets of the Group amounted to approximately HK\$212.9 million as at 31 December 2024, which is higher than the net assets of the Group of approximately HK\$209.1 million as at 31 December 2023. The increase in the net assets of the Group was attributable to the profit for the year attributable to the owners of the Company in FY2024.

### **1.2 Outlook and prospects of the Group**

#### *Electric vehicles market*

As advised by Management, the Group recognized the need to diversify its revenue streams in the future. Thus, the Group continues to expand its business to trading of construction materials. In view of the rapidly increasing demand for electric vehicles (“EV”) charging facilities, the Company will focus on the electrical and mechanical (“E&M”) work of this aspect, positioning it well for its future growth, and reinforcing its status as a trusted provider of EV charging solutions. The Management is prudently assessing and evaluating the E&M markets in Macau and Hong Kong and will continue to strive for capturing the new market for E&M engineering services. Leveraging its extensive service provision in this sector, the Group has established a solid industry network, which provides a substantial foundation for the new cable trading venture. The Group will focus on sourcing high-quality electrical cables with the aim of establishing the Group as a reliable distributor within the Hong Kong construction market. As advised by Management, the Company has secured contracts amounting to not less than HK\$30 million from the trading of electrical cables, the contracts of which are expected to be completed in the year ended 31 December 2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the rapidly growing demand for EV charging infrastructure, the Group will strategically focus its E&M expertise on this high-growth sector. This pivot is designed to position the Company for sustained future growth and solidify its status as a trusted and leading provider of EV charging solutions. The EV charging solution business will be delivered through a streamlined model encompassing hardware provision and expert installation, drawing directly on the deep E&M engineering heritage of the Group. It is strategically concentrating on the private residential segment with existing parking facilities, a market with acute demand but currently limited quality service providers, thereby presenting a substantial and immediate opportunity.

Based on the information published on the website of the Environmental Branch – Environmental and Ecology Bureau of the Government of the Hong Kong Special Administrative Region<sup>1</sup> (the “**HK Government**”), the HK Government has implemented various measures and financial initiatives to promote the use of electric vehicles, such as the “Fast Charger Incentive Scheme” launched in 2025 to support the rising number of electric vehicles. As at end of September 2025, the total number of EV chargers for public use amounted to approximately 15,578 in Hong Kong, with the target of providing additional 3,000 EV chargers by the end of 2028. In parallel, data disclosed on the website of the Government Portal of Macau Special Administrative Region of the People’s Republic of China<sup>2</sup> indicated that, as at 31 July 2025, the number of new registrations of motor vehicles decreased by 2.9% year-on-year, while the proportion of EV growing by 7.5 percentage points to 37.9%, demonstrating the growing trend in EV adoption.

### *Market in Hong Kong and Macau*

According to the Hong Kong Census and Statistics Department, the value of construction works at locations other than sites – special trades (carpentry, electrical equipment, ventilation, gas and water fitting installation and maintenance etc) for main contractor and sub-contractor in 2024 were HK\$35,444 million and HK\$86,353 million respectively, representing a 4.1% and 2.8% growth comparing with 2023.

According to the Government of Macao Statistics and Census Service, in 2024, the construction industry’s revenue increased by 3.7% year-on-year to MOP54.66 billion, of which revenue from contracted projects was MOP53.37 billion, an increase of 2.4%; total expenditure increased by 4.2% to MOP50.61 billion. Industry profits decreased by 1.8% year-on-year to MOP4.04 billion, and the total added value was MOP12.98 billion, a decrease of 10.0%.

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<sup>1</sup> <https://www.eeb.gov.hk/en/FCIS/index.html>

<sup>2</sup> <https://www.gov.mo/en/news/367114/>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the aforesaid, we consider that the industry of the Group's business has moderate growth but with increasing competition, while the Group continues to face operational challenges which reflected in its revenue decrease in FY2024 and 6M2025. Nevertheless, the increasing demand of EV charging solutions, coupled with the measures introduced by the HK Government, the increasing EV adoption in Macau and the Group's effort to continue to capture the growing demand of EV charging solutions as shown by the increasing revenue recognised from the trading of electrical cables as abovementioned, may also drive the growth of the Group's business in future.

### **2. Reasons for and benefits of the Subscription**

The Group is principally engaged in provision of E&M engineering services in Macau and Hong Kong. The scope of the Group's electrical and mechanical engineering services mainly consisted of supply, installation and maintenance of electrical system, for new and existing buildings in the projects of commercial and residential development, hotel development, casino development, hotel renovation and sports venue in Macau and Hong Kong and trading of electrical cable.

According to the 2024 Annual Report, the Group remains committed to its core strategy of securing new electrical and mechanical engineering service projects in Macau and Hong Kong. A key focus remains on opportunities within Hong Kong's existing building block, where ongoing upgrades to meet modern standards present a consistent pipeline of work. The Management maintains a cautiously optimistic outlook for the E&M markets in both regions and is positioned to capitalise on new opportunities arising from evolving industry dynamics.

Furthermore, as disclosed in the 2025 Interim Report, the Group is actively pursuing a strategic diversification of its revenue streams by entering into a new business of trading of electrical cables while constantly striving to stabilise the Group's market position in the E&M engineering business. This initiative is a direct response to the continued weakness in the property markets of Macau and Hong Kong. Leveraging its extensive service provision in this sector, the Group has established a solid industry network, which provides a substantial foundation for the new cable trading venture. The Group will focus on sourcing high-quality electrical cables with the aim of establishing the Group as a reliable distributor within the Hong Kong construction market.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In light of the rapidly growing demand for EV charging infrastructure, the Group will strategically focus its E&M expertise on this high-growth sector. This pivot is designed to position the Company for sustained future growth and solidify its status as a trusted and leading provider of EV charging solutions. The EV charging solution business will be delivered through a streamlined model encompassing hardware provision and expert installation, drawing directly on the deep E&M engineering heritage of the Group. It is strategically concentrating on the private residential segment with existing parking facilities, a market with acute demand but currently limited quality service providers, thereby presenting a substantial and immediate opportunity. Additional funding will further enhance the Group's ability to scale such business, including enabling the procurement of additional charging hardware, strengthening its engineering and project delivery teams through targeted recruitment, and expanding marketing efforts to accelerate customer acquisition and market penetration.

### ***Further information on cable trading business***

The Group focuses on sourcing high-quality electrical cables with the aim of establishing itself as a reliable distributor within the Hong Kong and Macau construction market. It operates on an order-driven basis, securing customer orders after obtaining quotation for specified products from its suppliers. The process involves placing a purchase order with a supplier after customer orders are confirmed, and conducting quality control checks at the supplier's warehouse. After passing these checks, the goods are transferred to and held by the Group until delivery to the customer's project site or any location specified by the customer, which generally takes place within a relatively short period of time in order to reduce storage cost, minimise the risk of theft and the impact of raw material price fluctuations. While the Group seeks to align purchases closely with customer demand, in certain circumstances, customer orders may be placed with a specified buffer in quantity. In such cases, the Group may place purchase orders with suppliers based on the buffered quantity, and any remaining stock may be temporarily accommodated at the Group's existing warehouses, which will be delivered to the customers' project site or any location specified when required. The selling price of electrical cables offered to customers are primarily determined with reference to current market prices, contract specifics, and the customer's payment history.

The Group's targeted customers primarily include the main contractors of E&M projects in Hong Kong and Macau. The Group focuses on establishing itself as a reliable partner for these entities, integrating seamlessly into their project supply chains to provide essential electrical materials and logistical support.

The Group's competitive edges are derived from its strong industry connections and technical expertise, including cultivated relationships with contractors, developers, and property owners in Hong Kong. Furthermore, the Group provides added value through its professional understanding of E&M projects, offering advice on cost-saving and project management. Leveraging its long-standing relationships and network with suppliers

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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established through its existing E&M business, the Group's ability to source cables at competitive prices coupled with the provision of flexible credit terms to and provide qualified customers, further distinguish its services in the market.

As the Group provides credit terms to its customers in most circumstances, payments to suppliers are generally required before settlements are received from customers. This working capital gap necessitates additional funding to strengthen the Group's financial resources, enabling it to better manage supplier payments and bridge timing differences in customer collections.

### ***Further information on EV charging solution business***

In response to the growing demand for electric vehicle charging infrastructure, the Group strategically leveraged its established E&M engineering expertise to enter the EV charging solutions sector. Operated as part of its existing E&M business segment, the Group's scope of work in this expanded aspect primarily involves the provision of EV charging hardware and installation services, without engaging in the manufacture of such hardware, and the Group undertakes engineering projects for residential property management entities in Hong Kong that have successfully applied for funding under the EV charging at Home Subsidiary Scheme ("EHSS").

The Group's development in this sector commenced in 2020. An early milestone was the successful completion of an EV charging infrastructure project for a public property in 2021, followed by subsequent installations at commercial and residential buildings. Throughout this initial phase, the Group successfully delivered numerous installations, building a strong track record.

The business achieved significant scaling with the award of its first EHSS project in 2025, which involved transforming an estate's parking facilities to being fully operational for EV charging, in compliance with government scheme requirements. Since then, the Group has been awarded additional EHSS projects and has expanded its project pipeline by acting as a nominated subcontractor for various EHSS projects under main contractors, further integrating its services into the mainstream construction supply chain for EV infrastructure.

Contracts are secured through a competitive quotation or tender process, commencing with the submission of a formal quotation or tender, followed by negotiations and culminating in a binding agreement upon receipt of a customer's written letter of intent. Revenue from EV charging projects represents the contract sum agreed with customers, comprising installation fees that cover, among others, labour costs, material costs, consultancy fees and the Group's internal project management charges. Revenue is generated progressively over the project execution period, aligning with certified milestones. The project implementation begins with a dedicated team being formed to prepare working drawings and a detailed programme, and to engage the necessary

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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workforce. To carry out installation works, the Group maintains a team of up to five in house technicians and where necessary, engages subcontractors, with the number of workers mobilised to be determined by the size and requirements of each project. The Group applies for progress payments based on work completed. Upon the end of a defect liability period of up to two years, during which the Group rectifies any defects (if any), the Group will collect the residue retention monies.

The competitive advantages of the Group are anchored in its operational expertise and strategic network. The Group possesses a long history and strong references in E&M project delivery. Its established supplier connections ensure efficient material procurement, while a network of trusted subcontractors allows for the rapid mobilisation of skilled labour to meet demanding project timelines.

### ***Other investment/business opportunities in relation to EV charging solution business***

The Directors continuously assess the market for strategic opportunities that leverage the Group's core E&M engineering capabilities. As at the Latest Practicable Date, in addition to the EV charging solution business mentioned above whereby the Group undertakes engineering projects under the EHSS scheme for residential property management entities, the Group had identified further opportunities in the EV charging solution business, including but not limited to business-to-customer (B2C) initiatives and service-based arrangements. The Directors believe these represent significant opportunities to provide comprehensive upgrade services to properties in Hong Kong.

The Group has been exploring installation services for individual property owners of housing estates not covered under the EHSS scheme, which will continue to be recognised under the Group's existing E&M segment. In parallel, the Group is exploring the provision of EV charging solutions through alternative service models, including service-based arrangements for residential housing estates and commercial buildings in Hong Kong, which are intended to be grouped under a separate business segment of the Group. These arrangements encompass EV charging systems designed for shared environments (e.g., visitor parking bays) and are intended to operate under service-based models such as pay-per-kilowatt-hour and/or monthly subscription. As at the Latest Practicable Date, the Group was engaged in business discussions with certain individual property owners, housing estates and a commercial building in relation to these opportunities. Concurrently, the Group continues to execute its established core business of general electrical installation and E&M projects.

### ***Reasons for the Subscription***

The Company intends to raise funds to strategically develop its businesses in EHSS projects and EV charging systems, as well as to support the working capital requirements of its electrical cables trading operations. These segments inherently require significant upfront capital outlay before revenue is realised. Specifically, for EHSS projects, the Group must

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bear all labour, material, and subcontractor costs for an extended period, as progress payments follow a schedule mandated by the Environmental Protection Department, typically resulting in a cash conversion cycle of six months or more from project commencement. Similarly, developing EV charging systems requires the Group to fund all installation costs upfront, with revenue accruing gradually.

The Directors believe that the current operating cash flow generated from the Group's established E&M project work is insufficient to sustainably fund these concurrent cash requirements. The trading of electrical cables further compounds this need, as it requires advance deposits for materials prior to customer delivery, with trade cycles to six months. Relying solely on internal cash generation would constrain the Company's ability to bid for multiple projects simultaneously, manage procurement, and invest in new solution development. Therefore, external funding is essential to provide the stable capital base required to execute this growth strategy and ensure smooth operational continuity.

The Board has considered other fundraising alternatives before resolving to the Subscription, including but not limited to other equity financing solutions such as rights issue and open offer, placing under general or specific mandate and debt financing.

As for rights issue or open offer, while these would offer all qualifying Shareholders an equal opportunity to participate, they would involve significant time and cost, particularly given the Company's recent change in controlling Shareholder. This would include identifying suitable underwriter(s), negotiating agreeable terms, preparing requisite compliance and legal documentation, issuing listing documents, and managing other application and administrative procedures.

As for placing of new Shares under general or specific mandate, the Directors consider that it is higher cost to arrange a placing of new shares, as the placing agent would charge commission with reference to certain percentages of the amount of the fund raising as compared with no commission from the Subscription, and the placing of new shares will cause an immediate dilution to the shareholding of existing Shareholders as compared with the conversion of the Convertible Bonds.

With respect to other alternative means of debt financing, such as borrowings from banks and other financial institutions, the Company considered these options as an attempt to strengthen the Group's capital base. In particular, lenders will likely demand higher interest rates and subject the Company to lengthy due diligence, especially given the recent change in its controlling Shareholder. Furthermore, additional debt financing would increase the interest burden, drive up the Group's gearing ratio, and increase its overall finance cost burden.

In contrast, the Directors consider the issuance of the Convertible Bonds an appropriate means of providing additional working capital for the Group. The Subscription provides certainty of funds, as the Subscribers have already conditionally agreed to fully

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subscribe for the Subscription Shares, and as a zero-coupon instrument, it will not increase the Group's financial burden nor result in the immediate dilution on the shareholding of the existing Shareholders. In addition, the Subscription by the Subscriber, also being the Offeror, demonstrate a strong support from the new shareholder holding the majority interest in the Company in the existing business of the Group.

The gross proceeds from the issue of the Convertible Bonds will be HK\$44.0 million. The net proceeds from the issue of the Convertible Bonds (after deducting expenses) is expected to be approximately HK\$43.3 million and the net price for each Conversion Share is approximately HK\$0.108. In view of the foregoing, and to provide the Group with greater flexibility in allocating the net proceeds among the expansion of its EV charging solution business, other related investment and business opportunities, and the purchase of performance bonds for potential projects, subject to the prevailing circumstances and market conditions, it is intended that the Company will utilise the net proceeds of

- (i) approximately HK\$22.5 million for developing the electrical cable business of the Group;
- (ii) approximately HK\$17.5 million for expansion of EV charging solution and other related investment/business opportunities, including the purchase of performance bonds for the potential EV charging related projects of the Group. A performance bond serves as a financial guarantee to the project owner that the contractor will duly perform its contractual obligations in accordance with the agreed terms, specifications and timelines. In the event of non-performance or default by the contract, the project owner may call on the bond to cover losses of secure completion of the works. Such arrangements are common and customary in mid-to-sizeable EV charging-related projects in Hong Kong, where project owners typically require contractors to provide performance security; and
- (iii) approximately HK\$3.3 million to replenish general working capital of the Group.

The net proceeds from the Subscription are expected to be fully utilised by the Group by the end of 2026.

We have obtained and reviewed a project list from the Management (the “**Project List**”). We noted from the Project List that the historical transaction in relation to the trading of electrical cable for the year ended 31 December 2025 amounted to approximately not less than HK\$30 million, which is included within the aggregate contract value of approximately not less than HK\$40 million for such trading entered into by the Company as at the Latest Practicable Date. It is estimated that the strategic diversification into electrical cable trading represents a viable and targeted initiative, leveraging the Group's established industry network and engineering heritage to capture demand within the construction market, thereby enhancing revenue stability and supporting sustainable growth. It is intended that the Company will utilise the net proceeds of approximately HK\$22.5 million

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for developing the electrical cable business of the Group. Considering (i) the historical transaction amount for the year ended 31 December 2025 amounted to approximately not less than HK\$30 million, which is included within the aggregate contract value of approximately not less than HK\$40 million for such trading entered into by the Company as at the Latest Practicable Date demonstrates the level of demand of the trading of electrical cable; (ii) the anticipated increase in demand on the trading of electrical cable is expected to continue in 2026; and (iii) the Company's business development plan as set out under the section headed "1.2 Outlook and prospects of the Group" in this letter above, we are of the view that it is fair and reasonable to allocate approximately HK\$22.5 million for developing the electrical cable business of the Group.

Furthermore, we noted from the Project List that the Group had ongoing projects in relation to EV charging solutions with an aggregate contract sum of approximately not less than HK\$17.0 million as at 31 December 2025. It is estimated that the expansion of the EV charging solution business will require and effectively absorb the allocated proceeds, supported by a pipeline of secured and anticipated projects. It is intended that the Company will utilise the net proceeds of approximately HK\$17.5 million for expansion of EV charging solution and other investment and/or business opportunities, including the purchase of performance bonds on potential E&M projects of the Group. Considering (i) the Group had ongoing projects in relation to EV charging solutions with an aggregate contract sum of approximately not less than HK\$17.0 million as at 31 December 2025 demonstrates the demand of EV charging solution business provide immediate revenue visibility; (ii) the anticipated increase in demand for expansion of EV charging solution and other investment and/or business opportunities is further validated by supportive government policies as set out under the section headed "1.2 Outlook and prospects of the Group" in this letter above and a clear long-term trend towards electric vehicle adoption, necessitating the capital; and (iii) the Company's business development plan as set out under the section headed "1.2 Outlook and prospects of the Group" in this letter above, we are of the view that it is fair and reasonable to allocate approximately HK\$17.5 million for expansion of EV charging solution and other investment and/or business opportunities including the purchase of performance bonds on potential E&M projects of the Group.

It is intended that the Company will utilise the net proceeds of approximately HK\$3.3 million to replenish general working capital of the Group. The Management advised that the intended allocation of general working capital of the Group allows the Group to have (i) enhanced internal resources for daily operation; and (ii) financing capacity for future business development should suitable opportunities arise; and (iii) support the hiring of additional personnel for new projects. Considering the Group's current working capital position, its operational funding requirements, and the foreseeable needs for business expansion, we are of the view that it is fair and reasonable to allocate approximately HK\$3.3 million to replenish general working capital of the Group.

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As set out in the Letter from the Board and based on our discussions with the Management, we understand from the Management that the Company's current operating cash flow generated from its established E&M project work is insufficient to sustainably finance the concurrent capital demands of its strategic growth initiatives, namely the expansion into EHSS projects and EV charging systems, as well as the ongoing working capital needs of its electrical cables trading division. This shortfall arises from the underlying financial nature of these businesses, which are characterized by significant upfront capital outlays and structurally extended cash conversion cycles that keep working capital in a state of ongoing constraint.

This need for substantial upfront funding is particularly evident in EHSS projects, where the Group is contractually obligated to bear all labor, material, and subcontractor costs for a prolonged duration. Revenue recognition is contingent upon achieving certified milestones, with progress payments disbursed according to a schedule mandated by the Environmental Protection Department. This payment structure typically results in a cash conversion cycle exceeding six months from project commencement, during which the Group must continuously fund operations without corresponding cash inflows. Similarly, the development and installation of EV charging systems require the Group to fully finance installation costs upfront, while customer revenue is recognized gradually over time.

Furthermore, the electrical cables trading operation compounds this liquidity pressure. The business model requires advance payments or deposits to suppliers to secure inventory prior to customer delivery, and the trade credit cycle with customers can extend to six months. This creates a cash gap where payments to suppliers precede collections from customers.

Relying solely on internally generated cash would constrain the Company's strategic and operational flexibility. It would limit the ability to bid for and concurrently execute multiple large-scale projects, manage efficient procurement material prices, and invest in solution development. As a result, obtaining external funding is necessary and essential to establish a robust and stable capital foundation that can bridge these working capital gaps, support aggressive business development, and ensure the reliable, uninterrupted execution of ongoing business activities as the Company actively works toward its specific growth goals.

Based on our discussions with the Management, we understand from the Management that the cash and cash equivalents in the amount of approximately HK\$75.7 million as at 30 June 2025, which is reserved for/consisted of:

- (i) approximately HK\$30.0 million for E&M projects;
- (ii) approximately HK\$20.0 million for the electrical cable trading business;
- (iii) approximately HK\$15.0 million for internal operating costs; and

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- (iv) the remaining amount of approximately HK\$10.7 million shall be maintained as a cash reserve for internal operating cost and contingencies.

Regarding the utilisation of the net proceeds, the expected timeline for utilising the net proceeds from the Subscription by the end of 2026 is considered fair and reasonable, given that the existing cash reserves and the net proceeds from the Subscription together provide a foundation to support the Group's strategic expansion. Specifically:

- (i) the existing approximately HK\$20.0 million cash and cash equivalents reserved for electrical cable trading business, combined with approximately HK\$22.5 million from the net proceeds of the Subscription will jointly support the electrical cable business by funding upfront inventory payments and bridging the gap between supplier payments and customer receivables across extended project timelines. This allocation is supported by the historical transaction amount for the year ended 31 December 2025 amounted to approximately not less than HK\$30 million, which is included within the aggregate contract value of approximately not less than HK\$40 million for such trading entered into by the Company as at the Latest Practicable Date, evidencing a market demand;
- (ii) the existing approximately HK\$30.0 million cash and cash equivalents reserved for E&M projects will be supplemented by approximately HK\$17.5 million from the net proceeds of the Subscription reserved for expanding the EV charging solutions and other investment/business opportunities, including the purchase of performance bonds on potential E&M projects of the Group, an allocation commensurate with the scale of anticipated growth. This allocation is supported by the Group had ongoing projects in relation to EV charging solutions with an aggregate contract sum of approximately not less than HK\$17.0 million as at 31 December 2025, the net proceeds will position the Group to secure larger or more contracts; and
- (iii) the existing approximately HK\$25.7 million cash and cash equivalents reserved for internal operating cost and contingencies, combined with the approximately HK\$3.3 million from the net proceeds of the Subscription will replenish general working capital to maintain day-to-day liquidity and provide a buffer against cyclical cash flow demands.

Taking into account the Group's stated strategic objective to establish and strengthen its position within the EV charging solutions market, we are of the view that it is fair and reasonable to allocate more than half of the net proceeds towards the development of the electrical cable business, the expansion of the EV charging solutions segment, the purchase of performance bonds on potential E&M projects of the Group, and the pursuit of other relevant investment and business opportunities.

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Having considered the above, we are of the view that the intended application of the net proceeds is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### *Other fundraising alternatives*

To strengthen its capital base and solve the funding needs, the Board had considered different funding solutions and concluded that the Subscription is the most feasible way for the Group to raise such level of funding.

With respect to other equity financing solutions, the Company considered alternatives such as a rights issue or open offer. While these would offer all qualifying Shareholders an equal opportunity to participate, they would involve significant time and cost, particularly given the Company's recent change in controlling Shareholder. This would include identifying suitable underwriter(s), negotiating agreeable terms, preparing requisite compliance and legal documentation, issuing listing documents, and managing other application and administrative procedures. In contrast, the Subscription provides certainty of funds, as the Subscribers have already conditionally agreed to fully subscribe for the Subscription Shares, and the Convertible Bonds offer interest-free capital with no immediate dilution. Therefore, the Subscriptions represent a more practicable solution to fulfil the Company's funding needs.

With respect to other alternative means of debt financing, such as borrowings from banks and other financial institutions, the Company considered these options as an attempt to strengthen the Group's capital base. In particular, lenders will likely demand higher interest rates and subject the Company to lengthy due diligence, especially given the recent change in its controlling Shareholder. Furthermore, additional debt financing would increase the interest burden, drive up the Group's gearing ratio, and increase its overall finance cost burden. Therefore, we are of the view that the Subscription is the most suitable funding route, being more practical and direct amid volatile markets, and cheaper than bank loans, especially with the Convertible Bonds carrying zero-interest rate.

Having taken into account the (i) reasons for and benefits of the Subscription as set out under the section headed "2. Reasons for and benefits of the Subscription" in this letter above; and (ii) funding needs of the Group and the fundraising alternatives considered by the Group as set out under the section headed "REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS" in the Letter from the Board, specifically the Board's evaluation of other options, including but not limited to other equity financing solutions such as rights issue and open offer, placing under general or specific mandate and debt financing, we considered that the Subscription is in interests of the Company and the Shareholders as a whole and that the Subscription is the most suitable funding route.

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### 3. Principal terms of the Subscription Agreement

The principal terms of the Subscription Agreement and the Convertible Bonds are summarised below:

Date	:	26 November 2025
Parties	:	(1) the Company, as issuer; and (2) the Subscriber, as subscriber
Principal amount	:	HK\$44.0 million
Maturity date	:	The date falling on the second anniversary date of the issue date of the Convertible Bonds (“ <b>Maturity Date</b> ”).  Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem all the Convertible Bonds then outstanding at the principal amount of the Convertible Bonds on the Maturity Date.  The Company intends to redeem the Convertible Bonds upon maturity, in the event they are not fully converted, by utilising the existing financial resources of the Group and the cash flow generated from its operations.
Interest	:	The Convertible Bonds do not bear any interest on their outstanding principal amount.
Conversion period	:	The Bondholder has the right to convert all or any of its Convertible Bonds for Conversion Shares at any time during the conversion period, being the period commencing from the date of issuance of the Convertible Bonds and expiring on the close of business on the earlier of: (i) the date which falls five Business Days prior to the Maturity Date; or (ii) if such Convertible Bonds shall have been called for redemption prior to the Maturity Date, the close of business on the date which falls five Business Days prior to the date fixed for redemption.
Conversion Price	:	HK\$0.11 per Conversion Share, subject to adjustment as stated in the Letter from the Board.

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- Conversion Shares : Based on the principal amount of the Convertible Bonds of HK\$44.0 million, the Convertible Bonds are convertible into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share (subject to adjustments).
- Voting rights : The Bondholder(s) shall not have any right to attend or vote in any general meeting of the Company by reason only of it being a holder of the Convertible Bonds.
- Transferability : Subject to the terms and conditions to the Convertible Bonds and compliance with the relevant laws and regulations, including the Takeovers Code, the Convertible Bonds may be transferred at any time to any person, provided that the prior approval of the Stock Exchange may be required for any transfer to any transferee which is a connected person (as defined in the Listing Rules) of the Company.
- Ranking : The Conversion Shares shall, when allotted and issued, rank *pari passu* in all respects with the Shares then in issue on the relevant date of registration of holders of such Shares on the register of members of the Company.
- Listing : No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.
- Security : The obligations of the Company under the Convertible Bonds are unsecured.

For further details of the Convertible Bonds such as Conversion Rights and restrictions and adjustment events, Early Redemption at the option of the Bondholder and events of default, please refer to the Letter from the Board.

The initial Conversion Price was determined after arm's length negotiations between the Company and the Subscriber after considering the prevailing market performance of the Shares and current market conditions.

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Given that the Conversion Price is not set at a discount of the “theoretical diluted price” to the “benchmarked price” of the Shares (as contemplated under Rule 7.27B of the Listing Rules), which is calculated based on the “theoretical diluted price” of approximately HK\$0.1052 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day of HK\$0.1030 per Share; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day of HK\$0.1042 per Share), there is no value dilution to the existing public Shareholder under Rule 7.27B of the Listing Rules.

Based on the initial Conversion Price of HK\$0.11 per Conversion Share, a maximum number of 400,000,000 Conversion Shares will be allotted and issued upon conversion of the Convertible Bonds in full, which represent: (i) 20.00% of the issued share capital of the Company as at the date of the Joint Announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon conversion of the Convertible Bonds in full, assuming no changes to the number of issued Shares from the date of the Joint Announcement up to the date of full conversion of the Convertible Bonds.

The maximum aggregate nominal value of the Conversion Shares is HK\$4,000,000.

### **3.1 The Conversion Price comparison**

The initial Conversion Price of HK\$0.11 per Conversion Share represents:

- (i) a discount of approximately 83.82% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 6.80% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.79% over the average closing price of HK\$0.095 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

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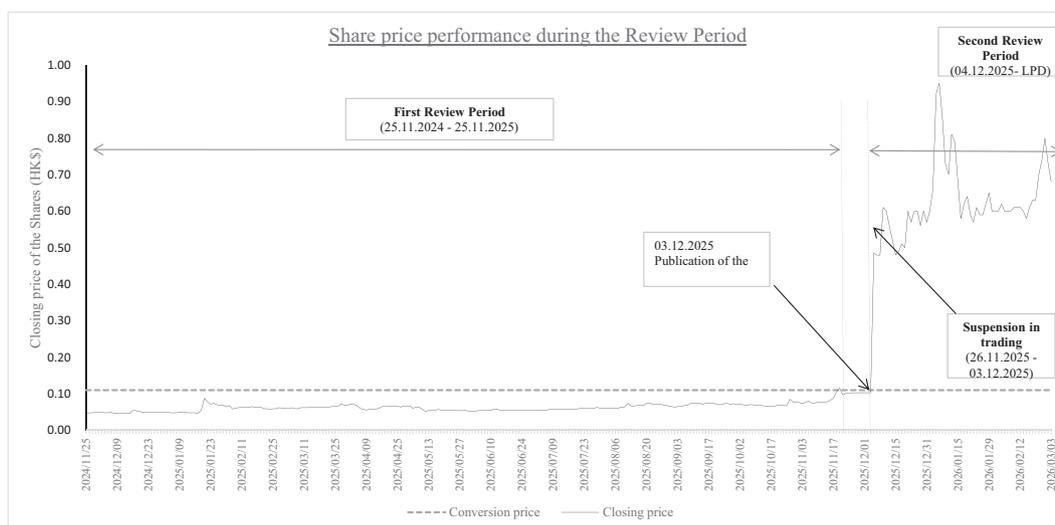
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- (v) a premium of approximately 37.50% over the average closing price of approximately HK\$0.080 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 3.77% over the audited consolidated net assets per Share of approximately HK\$0.106 as at 31 December 2024, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$212,944,000 as at 31 December 2024 (the date on which the latest audited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the Latest Practicable Date; and
- (vii) a premium of approximately 2.80% over the unaudited consolidated net assets per Share of approximately HK\$0.107 as at 30 June 2025, which was calculated based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$213,164,000 as at 30 June 2025 (the date on which the latest audited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the Latest Practicable Date.

### 3.2 Historical Share price performance

We have reviewed and analysed the closing price of Shares (i) for approximately 12 months immediately prior to the Last Trading Day commencing on 25 November 2024 and up to and including the Last Trading Day (the “**First Review Period**”); and (ii) from the day immediately following the date of the Joint Announcement up to and including the Latest Practicable Date (the “**Second Review Period**” together with the First Review Period, the “**Review Period**”) below:



Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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The Conversion Price of HK\$0.11 represents (a) a discount of approximately 34.80% to the average closing price of approximately HK\$0.169 per Share during the Review Period; (b) premium of approximately 6.80% over the closing price of HK\$0.103 per Share on the Last Trading Day; (c) a discount of approximately 83.82% to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

### *First Review Period*

During the First Review Period, the closing price of the Shares remained largely stable ranging from the lowest closing price of HK\$0.045 per Share up to the highest closing price at HK\$0.116 per Share (“**First Review Period Price Range**”), with an average of HK\$0.063 per Share. The Conversion Price of HK\$0.11 represents a premium of approximately 75.0% over the average closing price during the First Review Period. Based on our discussion with Management, the Management were not aware of any material matters potentially caused the aforesaid movement.

### *Second Review Period*

The Second Review Period recorded closing price ranging from HK\$0.48 to HK\$0.95 (the “**Second Review Period Price Range**”), with an average closing price of HK\$0.626 per Share. During the Second Review Period, the closing price of the Shares experienced a notable increase upon the resumption of trading on 4 December 2025 after the Joint Announcement has been published, with the closing price surging from HK\$0.103 on 25 November 2025 to HK\$0.950 on 7 January 2026. Based on our discussion with Management, save for the publication of the Joint Announcement, the Management were not aware of any material matters potentially caused the aforesaid movement. It is noted that the notable increase of the closing price of the Shares during the Second Review Period may be affected by the market reactions in response to the mandatory unconditional cash offer for the issued shares of the Company as set out in the Joint Announcement. On this basis, the closing price of the Shares of the Second Review Period have their limitations for assessing the fairness and reasonableness of the Conversion Price. Therefore, when considering the fairness and reasonableness of the Conversion Price, we have primarily focused our analysis on the closing Share prices during the First Review Period.

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Although the Conversion Price is below the average closing price during the Review Period, having considered that (i) the Conversion Price represents a premium of approximately 6.80% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day; (iii) a premium of approximately 15.79% over the average closing price of HK\$0.095 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day; (iv) a premium of approximately 37.5% over the average closing price of approximately HK\$0.080 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; (v) a premium of approximately 2.80% over the unaudited consolidated net assets per Share of approximately HK\$0.107 as at 30 June 2025; and (vi) the Conversion Price is within the range of the daily closing prices of the Shares during the Review Period, we are of the view that, the Conversion Price is justifiable.

**Shareholders should note that the information set out above is not an indicator of the future performance of Shares and that the price of Shares in the future may increase or decrease from its closing price as at the Latest Practicable Date.**

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### 3.3 Historical liquidity of the Shares

The table below sets out the trading volume of Shares during the Review Period:

Month/period	Number of trading days in the month/period	Average daily trading volume per trading day in the month/period	Percentage of average daily trading volume to total number of Shares in issue (Note 1) Approximate %	Percentage of average daily trading volume to total number of Shares held by public Shareholders (Note 2) Approximate %
<b><u>First Review Period</u></b>				
<b><u>2024</u></b>				
November (from 25 November 2024)	5	84,000	>0.01	0.02
December	20	230,500	0.01	0.05
<b><u>2025</u></b>				
January	19	2,933,684	0.15	0.59
February	20	831,000	0.04	0.17
March	21	358,095	0.02	0.07
April	19	397,368	0.02	0.08
May	20	695,500	0.03	0.14
June	21	135,714	0.01	0.03
July	22	332,273	0.02	0.07
August	21	2,106,190	0.11	0.42
September	22	720,000	0.04	0.14
October	20	1,291,500	0.06	0.26
November (up to and including the Last Trading Day) (Note 3)	17	4,788,824	0.24	0.96
<b><u>Second Review Period</u></b>				
<b><u>2025</u></b>				
December (from 4 December 2025)	18	38,561,322	1.93	7.71
<b><u>2026</u></b>				
January	21	13,751,500	0.69	2.75
February	17	3,480,703	0.17	0.70
March	2	5,860,000	0.29	1.17

Source: [www.hkex.com.hk](http://www.hkex.com.hk)

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.
2. Calculated based on the total number of the Shares held by public shareholders as at the end of each month/period.
3. During the Review Period, the trading in the Shares had been halted on 26 November 2025 and trading was resumed on 4 December 2025.

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As set out in the table above, during the First Review Period, the percentage of average daily number of Shares traded relative to the total number of Shares in issue ranged from approximately 0.01% to 0.24%, with an average of approximately 0.06%. It is noted that in 9 out of the 12 months, the trading percentage falls below the average of 0.06%. In addition, the percentage of average daily trading volume to the total number of Shares held by public shareholders ranged from approximately 0.02% to 0.96%, with an average of approximately 0.23%, and it is noted that 8 out of the 12 months recorded a percentage below of the aforesaid average of 0.23%. It is further noted, during the First Review Period, there were a total of 247 trading days, of which 53 days recorded no trading of Shares.

It is noted that, during the Review Period, November 2025 to January 2026 recorded a comparatively high trading volume than other months from 25 November 2024 to October 2025, accounting for the average of approximately 0.95% to the total number of Shares in issue and 3.81% to the number of Shares held by public Shareholders (versus the average of approximately 0.04% to the total number of Shares in issue and 0.17% to the number of Shares held by public Shareholders from 25 November 2024 to October 2025). Based on our further review, the high trading volume was primarily attributable to the trading activity on 4 and 5 December 2025, which recorded volumes of approximately 317,960,000 and 130,680,000 respectively. As advised by the Management, they are not aware of any material events that could have contributed to the aforesaid elevated trading activity, except the publication of the Joint Announcement.

During the Review Period, the percentage of average daily trading volume of the Shares relative to the total number of Shares in issue were approximately 0.23%, and approximately 0.90% relative to the total number of Shares held by public Shareholders.

It is noted that the trading liquidity of the Shares is considerably thin during the Review Period where 10 out of 17 months or periods have a trading liquidity of below 0.1% of the then total number of issued Shares, we consider that the trading liquidity of the Shares have been thin in the open market.

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### *3.4 Market comparable analysis*

To further assess the fairness and reasonableness of the terms of the Convertible Bonds, we conducted a search of recent issues of convertible bonds under specific mandate by companies listed on the Stock Exchange for a period of three months prior to the date of the Subscription Agreement through published information on the Stock Exchange's website, excluding (i) the issuance of convertible bonds or notes for acquisition, which we considered to be not comparable to the Convertible Bonds as the purposes of acquisition is for generating future income; (ii) the relevant convertible bonds or notes that are under mandatory conversion into equity at maturity which are not directly comparable to the Convertible Bonds due to the difference in the settlement mechanism as the Convertible Bonds will be subject to redemption by the Company upon maturity which could pose a difference in the determination of the conversion price, attributable to redemption terms, market conditions or other negotiated factors and result in a materially different outcome against mandatory conversion terms; (iii) perpetual convertible bonds with no maturity date, which we considered to be not comparable to the Convertible Bonds in terms of the nature as the perpetual convertible bonds offer a steady stream of interest indefinitely; and (iv) the proposed issue of the convertible bonds or notes that have been terminated and lapsed as at the Latest Practicable Date (the "**Selection Criteria**"). The Selection Criteria is not confined to issues to connected persons but also including issues to Independent Third Party as it provides recent and relevant information in relation of convertible bonds issues conducted during recent period to demonstrate a more accurate representation of prevailing market practices under the prevailing market conditions. We consider that the three-month period is appropriate in providing a general reference for the recent market practice in relation to the key terms of the comparable issues under similar market conditions and sentiment to provide a reasonable and meaningful comparison.

Based on such Selection Criteria and to the best of our knowledge, effort and endeavour, we have identified six comparable companies (the "**Comparable Issues**") on an exhaustive basis. Shareholders should note that the size, principal business, operations, financial positions and prospects of the respective companies may not be identical to the Company. We have not conducted any in-depth investigation into the size, principal business, operations, financial positions and prospects of the Comparable Issues. This analysis is aiming in providing a general reference for the recent market practice in relation to the key terms of the Comparable Issues under similar type of transactions, we consider that our comparable analysis and the Selection Criteria are fair and reasonable and useful for Independent Shareholders' reference.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of announcement	Company name (Stock code)	Principal amount	Interest rate per annum (%)	Maturity (years)	Premium/(discount) of conversion price over to the closing price on the respective date of the announcements of respective companies (%)	Premium/(discount) of conversion price over to the average closing price of respective shares for the last five consecutive trading days prior to up to and including the date of respective agreement (%)	Percentage of the number of conversion shares to the existing shares (%)	Theoretical dilution effect (where applicable) (%)	Connected transaction
3 October 2025	Moiselle International Holdings Limited (150)	HK\$25 million	2.5	3.00	20.00	97.10	28.94	(6.39)	Yes
13 October 2025	Karrie International Holdings Limited (1050)	HK\$150 million	2.0	3.00	(7.26)	(15.57)	3.23	(0.41)	Yes
17 October 2025	DTXS Silk Road Investment Holdings Company Limited (620)	HK\$323 million	3.85	3.00	5.56	6.03	42.45	Not applicable	No
30 October 2025	Zoomlion Heavy Industry Science and Technology Co., Ltd. (1157) ("Zoomlion Heavy")	Not exceeding RMB6 billion	1.80	5.00	35.23	31.33	(i) 45.45% of the total number of overseas listed foreign shares of nominal value of RMB1.00 each in the share capital of Zoomlion Heavy in issue and 7.80% of the total issued share capital of Zoomlion Heavy, respectively	Not applicable	No
16 November 2025	Sunshine Oilsands Limited (2012)	HK\$238 million	8.00	2.00	12.54	0.00	110.49	Not applicable	Yes
17 November 2025	BeijingWest Industries International Limited (2339)	HK\$409.4 million	0.00	0.99	(34.21)	(20.00)	67.50	(11.21)	Yes
					5.00	35.23			
					0.99	(34.21)			
					8.00	0.00			
					0.00	(20.00)			
					2.83	5.31			
					3.00	9.05			
					0.00	6.80			
3 December 2025	The Company (9929)	HK\$44 million	0.00	2.00		5.77	20.0		Yes

Source: The website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and adopted from the relevant announcements.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Conversion Price*

The Conversion Price of HK\$0.11 per Conversion Share represents (i) a premium of approximately 6.80% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day.

As shown in the above table, we noted that the conversion prices of the Comparable Issues ranged from (i) a discount of approximately 34.21% to a premium of approximately 35.23% over the respective closing prices of the shares on the last trading day/on the date of the relevant announcement/agreement (the “**Market Range**”), with a median premium of approximately 9.05% (the “**Market Median**”) and an average premium of approximately 5.31% (the “**Market Average**”); and (ii) a discount of approximately 20.00% to a premium of approximately 97.10% over the respective average closing prices of the shares on the last five trading days up to and including the date of the respective announcement/agreement (the “**5-Day Market Range**”), with a median premium of approximately 3.02% (the “**5-Day Market Median**”) and an average premium of approximately 16.48% (the “**5-Day Market Average**”).

We noted that the Conversion Price represents a premium of approximately 6.80% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day and a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day, which falls within the Market Range and the 5-Day Market Range and close to the Market Median, Market Average and 5-Day Market Median and lower than the 5-Day Market Average. Among the Comparable Issues, there were four out of six Comparable Issues issued with premium of (i) its conversion price over the respective closing prices of the shares on the last trading day/on the date of the relevant announcement/agreement; and (ii) over the respective average closing prices of the shares on the last five trading days up to and including the date of the respective announcement/agreement, which concluded that it is normal in market issues of convertible bonds based on the then prevailing market share price as determination basis for the conversion price. Therefore, we are of the view that the case of the initial Conversion Price set premium over (a) the closing prices of the Shares as quoted on the Stock Exchange on the Last Trading Day; and (b) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day is reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Analysis on the interest rate*

As illustrated by the above table, the interest rates of the Comparable Issues ranged from nil to 8.00%, with an average of approximately 3.03% and a median of approximately 2.25% per annum. We noted that the nil interest rate of Convertible Bonds falls within the range of the interest rates of the Comparable Issues. In addition, we noted that four Comparable Issues out of six Comparable Issues are issued under subject agreements which the subject company entered into with connected person(s) (the “**Connected Comparable Issues**”). The interest rates of the Connected Comparable Issues ranged from nil to 8.00%, with an average of approximately 3.13% and a median of approximately 2.25%. We further noted that the nil interest rate of the Convertible Bonds falls within the range of the interest rates of the Connected Comparable Issues. Accordingly, we consider the term to interest rate of the Convertible Bonds to be fair and reasonable.

### *Analysis on the maturity period*

As illustrated by the above table, the terms to maturity of the Comparable Issues ranged from almost one year to five years with an average of 2.83 years and median of three years. We noted that the maturity of the Convertible Bonds falls within the range of the maturity of the Comparable Issues. The maturity of the Connected Comparable Issues ranged from almost one year to three years, with an average of 2.25 years and a median of two and a half years. We further noted that the two years maturity of the Convertible Bonds falls within the range of the maturity of the Connected Comparable Issues. Accordingly, we consider the term to maturity of the Convertible Bonds to be fair and reasonable.

### **3.5 Our view**

Having considered (i) the reasons for and benefits of the Subscription as set out in the section headed “2. Reasons for and benefits of the Subscription” above; (ii) the premium of the Conversion Price over the closing price per Share as quoted on the Stock Exchange on the Last Trading Day is close to the Market Average and the Market Median; (iii) a premium of Conversion Price over the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day is close to the 5-Day Market Median and lower than the 5-Day Market Average; (iv) the interest rate of the Convertible Bonds falls within the range of the interest rate of the Comparable Issues; and (v) the term to maturity of Convertible Bonds is within the range of Comparable Issues, we are of the view that the terms of the Convertible Bonds under the Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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#### 4. Dilution effect on the shareholding interests of the existing public Shareholders

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon the Subscription Completion and full conversion of the Convertible Bonds by the Subscriber:

Shareholders	As at the Latest Practicable Date		Immediately upon the Subscription Completion and full conversion of the Convertible Bonds by the Subscriber (Note 2)	
	Number of Shares	% of issued Shares (approximate)	Number of Shares	% of issued Shares (approximate)
The Subscriber (Note 1)	1,500,000,000	75.00	1,900,000,000	79.17
Public Shareholders	<u>500,000,000</u>	<u>25.00</u>	<u>500,000,000</u>	<u>20.83 (Note 2)</u>
<b>Total</b>	<b><u>2,000,000,000</u></b>	<b><u>100.00</u></b>	<b><u>2,400,000,000</u></b>	<b><u>100.00</u></b>

Notes:

- The Subscriber is legally, beneficially and wholly owned by Mr. Yao.
- This scenario is for illustrative purpose only on the assumption that there will be no other changes in the issued share capital of the Company since the Latest Practicable Date save for the full conversion of the Conversion Bonds. Pursuant to the conversion restrictions under the terms and conditions of the Convertible Bonds, the Subscriber shall only exercise the Conversion Rights if and to the extent that, among other things, immediately following the conversion, (i) the Company will be able to meet the public float requirement under the Listing Rules; and (ii) the Bondholders will not be required to make a general offer under Rule 26 of the Takeovers Code.

As set out in the above table, the shareholding interest of the existing Public Shareholders would be diluted from approximately 25.00% as at the Latest Practicable Date to approximately 20.83% immediately after Subscription Completion and full conversion of the Convertible Bonds by the Subscriber.

Having considered that (i) the issuance of the Convertible Bonds will relieve the financial needs of the Group to develop and build up its position in EV charging solution market; (ii) the terms of the Convertible Bonds being fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the reasons and benefits as mentioned under the section “2. Reasons for and benefits of Subscription”, we are of the view that the potential dilution effect on the shareholding interests of the public Shareholders to be acceptable, and the entering into of the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Potential financial effects of the Subscription

#### *Working capital*

According to the 2025 Interim Report, the cash and cash equivalents of the Group was approximately HK\$75,743,000 as at 30 June 2025. Based on the existing working capital position, the allocation of approximately HK\$3.3 million of the net proceeds for replenishment of general working capital will provide an increment to the Group's operational funding capacity. Based on the proposed use of proceeds for general working capital from the Subscription, and considering the Group's existing cash reserves as at 30 June 2025, the Subscription would bolster the Group's financial liquidity and operational flexibility.

#### *Gearing*

According to the 2025 Interim Report, the Group's gearing ratio is calculated as total debt divided by total equity, which was approximately 14.9% as at 30 June 2025. Upon subsequent conversion of the Convertible Bonds into Shares, the financial liability will be extinguished and replaced with issued share capital. This will result in a reduction of net debt and a commensurate increase in equity, thereby improving the Group's gearing ratio. The capital base of the Group is thus expected to be permanently enlarged upon conversion. Should the Subscriber not exercise the conversion right, the bonds will remain a financial liability until maturity. In this scenario, the principal amount of HK\$44.0 million will become due for repayment. Consequently, the Company's net debt and total indebtedness would not be reduced through an equity conversion, and the liability would remain on the balance sheet. This non-conversion would result in the Company maintaining an elevated gearing level for the duration of the bond's term. Ultimately, the requirement to repay the principal in cash at maturity would exert pressure on liquidity without the accompanying benefit of a strengthened equity base, thereby preserving the higher leverage associated with the initial debt issuance.

Independent Shareholders should note that the aforementioned analysis is for illustrative purpose only and does not purport to represent the financial performance and financial position of the Group in the future.

### RECOMMENDATION

In view of the above factors and reasons stated above, we are of the opinion that although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreement are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

Yours faithfully  
For and on behalf of  
**Red Sun Capital Limited**  
**Robert Siu**  
*Managing Director*

*Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 26 years of experience in the corporate finance industry.*

\* *For identification purpose only*

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (A) Interests and short positions in the securities of the Company and its associated corporations of the Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code, are as follows:

#### (i) Long position in the Shares and the underlying Shares

Name of Director	Capacity/Nature of interest	No. of Shares or underlying Shares held/interested in	Approximate percentage of shareholding in the Company
Mr. Yao ( <i>Notes 1 and 2</i> )	Interest of a controlled corporation	1,500,000,000	75%
		400,000,000 ( <i>Note 3</i> )	20%

*(ii) Long position in the ordinary shares of associated corporation*

Name of Director	Name of associated corporation	Capacity	Number of shares in the associated corporation	Approximate percentage of interest
Mr. Yao	Yao Capital Limited	Beneficial owner	50,000	100%

*Note:*

- As at the Latest Practicable Date, the Subscriber, a company incorporated in the British Virgin Islands, was the beneficial owner of 1,500,000,000 Shares, representing 75% shareholding interests in the Company. Under the SFO, Mr. Yao, being the sole shareholder and director of the Subscriber, is deemed to be interested in all the Shares interested by the Subscriber.
- Pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$44.0 million which may be converted into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share upon exercise of the conversion rights under the Convertible Bonds. Under the SFO, Mr. Yao, being the sole shareholder and director of the Subscriber, is deemed to be interested in the underlying Shares interested by the Subscriber by virtue of the Subscription Agreement.
- This refers to the number of underlying Shares under the Convertible Bonds.

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

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Company's shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

**(B) Interests and short positions of substantial Shareholders**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or the 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, or which were recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange:

Name of Shareholders	Capacity/Nature of interest	No. of Shares held/interested in	Approximate percentage of the total issued share capital of the Company as at the Latest Practicable Date
Yao Capital Limited	Beneficial owner ( <i>Note 1</i> )	1,500,000,000 Shares	75%
	Convertible Bonds ( <i>Note 2</i> )	400,000,000 Shares ( <i>Note 3</i> )	20%
Mr. Yao	Interest of a controlled corporation ( <i>Notes 1 and 2</i> )	1,500,000,000 Shares	75%
		400,000,000 Shares ( <i>Note 3</i> )	20%

*Note:*

- As at the Latest Practicable Date, the Subscriber, a company incorporated in the British Virgin Islands, was the beneficial owner of 1,500,000,000 Shares, representing 75% shareholding interests in the Company. Under the SFO, Mr. Yao, being the sole shareholder and director of the Subscriber, is deemed to be interested in all the Shares interested by the Subscriber.
- Pursuant to the Subscription Agreement, the Subscriber conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$44.0 million which may be converted into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share upon exercise of the conversion rights under the Convertible Bonds. Under the SFO, Mr. Yao, being the sole shareholder and director of the Subscriber, is deemed to be interested in the underlying Shares interested by the Subscriber by virtue of the Subscription Agreement.
- This refers to the number of underlying Shares under the Convertible Bonds.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than the Directors and the chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or the underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

### **3. SERVICE CONTRACTS**

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

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

### **5. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors nor their respective associates had any interests in other business, which competes or may compete, either directly or indirectly, with the business of the Group.

### **6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement, which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**7. QUALIFICATIONS AND CONSENT OF EXPERT**

- (a) The following sets out the qualifications of the expert who has given its opinions or advice as contained in this circular:

<b>Name</b>	<b>Qualification</b>
Red Sun Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any other member of the Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.
- (c) As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased.
- (d) The Independent Financial Adviser had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, letters, reports and/or summary of its opinions (as the case may be) and references to its name and logo in the form and context in which they respectively appear.
- (e) The letter from the Independent Financial Adviser is given as of the date of this circular for incorporation herein.

**8. DOCUMENTS ON DISPLAY**

Copies of the following documents are published on (i) the website of the Stock Exchange (<http://www.hkexnews.hk>) and (ii) the website of the Company (<http://www.semhld.com>), for a period of 14 days from the date of this circular:

- (a) the Subscription Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 36 to 37 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 38 to 71 of this circular;

(d) the written consent referred to in the paragraph headed “7. Qualifications and Consent of Expert” in this Appendix; and

(e) this circular.

**9. MISCELLANEOUS**

The English text of this circular shall prevail over its Chinese text.

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## NOTICE OF EGM

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### SEM Holdings Limited 澳達控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9929)**

**NOTICE IS HEREBY GIVEN THAT** an Extraordinary General Meeting (the “**EGM**”) of SEM Holdings Limited (the “**Company**”) will be held at Suites 01-08, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wan Chai, Hong Kong on Monday, 30 March 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolution(s) of the Company.

Words and expressions that are not expressly defined in this notice of EGM shall have the same meaning given to them in the circular of the Company dated 9 March 2026 (the “**Circular**”).

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the subscription agreement dated 26 November 2025 (the “**Subscription Agreement**”) entered into between the Company and Yao Capital Limited (the “**Subscriber**”) in respect of the issue of convertible bonds in an aggregate principal amount of HK\$44.0 million (the “**Convertible Bonds**”) upon and subject to the terms and conditions as set out in the Subscription Agreement (a copy of the Subscription Agreement marked “A” and signed by the chairman of the EGM for identification purpose have been tabled at the meeting) be and are hereby approved, ratified and confirmed and any one Director be and is hereby authorised to approve any changes and amendments thereto as he may consider necessary, desirable or appropriate;
- (b) the Directors be and are hereby granted a specific mandate to exercise all the powers of the Company to issue the Convertible Bonds, subject to and in accordance with the terms and conditions set out in the Subscription Agreement; and
- (c) all other transactions contemplated under the Subscription Agreement be and are hereby approved and any one Director be and is hereby authorised to do all such acts and things, to sign and execute all such further documents (including under seal, where applicable) and to take such steps as the Director in his discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Subscription Agreement, or any of the transactions contemplated under the Subscription Agreement.”

By Order of the Board  
**SEM Holdings Limited**  
**Yao Shuobin**

*Chairman and non-executive Director*

Hong Kong, 9 March 2026

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## NOTICE OF EGM

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*Notes:*

1. All resolution(s) at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company in accordance with the Listing Rules.
2. Any shareholder who is the holder of two or more shares of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the meeting (i.e. not later than 11:00 a.m. on Saturday, 28 March 2026) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The record date for attending and voting at the EGM is Monday, 30 March 2026. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Wednesday, 25 March 2026 to Monday, 30 March 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 24 March 2026.
5. If a tropical cyclone warning signal number 8 or above is hoisted, or “extreme conditions” announced by the Hong Kong Government or a black rainstorm warning is/are in force anytime after 7:00 a.m. on the date of the EGM, the meeting will not be held but will be adjourned to a later date in accordance with the articles of association of the Company. The Company will as soon as practicable post an announcement on the websites of the Stock Exchange and the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. As at the date hereof, the Board comprises one executive Director, namely, Mr. Wan Man Keung; one non-executive Director, namely Mr. Yao Shuobin; and three independent non-executive Directors, namely, Dr. Huang Mingxin, Dr. Zang Yunzhi and Ms. Chen Tak Yee Dickdy.