



**红日资本有限公司**  
**RED SUN CAPITAL LIMITED**

29 December 2025

*To: The Independent Board Committee of  
SEM Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF  
YAO CAPITAL LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
SEM HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED AND/OR  
AGREED TO BE ACQUIRED BY THE OFFEROR AND  
PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 29 December 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

As at the Latest Practicable Date, the Company has 2,000,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares or which confer rights to require the issue of Shares and save for the Subscription Agreement, the Company has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. As at the Latest Practicable Date, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue other than the Shares. The Company has no intention to grant any new share options under the existing share option scheme during the offer period (as defined under the Takeovers Code).

The Board was notified by the Vendor that before trading hours on 26 November 2025, the Vendor, the Vendor Guarantor and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Vendor agreed to sell, the Vendor Guarantor agreed to procure the sale of, and the Offeror agreed to purchase, 1,500,000,000 Shares, representing an aggregate of 75% of the issued Shares as at the date of the Latest Practicable Date, for a total cash consideration of HK\$165.0 million (being HK\$0.11 per Sale Share).

Immediately following Completion and as at the Latest Practicable Date, the Offeror and the parties acting in concert with it hold a total of 1,500,000,000 Shares, representing 75% of the issued Shares.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

#### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lau Ping Cheung Kaizer, Ir Dr. Wong Wai Man Raymond and Ms. Chen Tak Yee Dickdy, has been established to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Mrs. Kan Wan Wai Yee Mavis, the non-executive Director, is a cousin of Mr. Wan Man Keung and Mr. Wun Chi Wai who are the ultimate beneficial owners of the Vendor. Accordingly, Mrs. Kan Wan Wai Yee Mavis is not considered independent to be a member of the Independent Board Committee and has declared her interest to the Board accordingly. Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

#### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror and its concert parties and their respective shareholders, directors or chief executives, or any of their respective associates. Accordingly, we are qualified to give independent advice to the Independent Board Committee regarding the Offer.

In the last two years, save for this appointment, we have not acted as an independent financial adviser to the independent board committee of the Company and/or the Independent Shareholders. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser and the engagement as stated above as the independent financial adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. In addition, having considered that (i) remuneration for our independent financial adviser engagement in relation to the Offer is fixed and at market level, and is not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company and the Offeror, their respective controlling shareholders and any parties acting in concert with any of them, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code.

#### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Group, the Directors and/or management of the Company (the “Management”). We have assumed that all information, representations and opinions contained or referred to in the Composite Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Composite Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Composite Document. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Company will notify the Shareholders of any material changes to information contained or referred to in the Composite Document as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as possible when there is any material changes to the information contained or referred to herein as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued to the Independent Board Committee solely for their consideration in respect of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

#### **PRINCIPAL TERMS OF THE OFFER**

Lego Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

**For each Offer Share . . . . . HK\$0.11 in cash**

The Offer Price of HK\$0.11 for each Offer Share is same as the price for each Sale Share being acquired by the Offeror pursuant to the Sale and Purchase Agreement.

The Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document.

## 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 cables.

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 annual report of the Group for the year ended 31 December 2024 (the "2024 Annual Report") and the six months ended 30 June 2024 and 2025 as extracted from the interim report of the Group for the six months ended 30 June 2025 (the "2025 Interim Report"), respectively:

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

	For the six months ended 30 June		For the year ended 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)

*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.



*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 decrease 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 of 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.

*Summary of the consolidated statement of financial position of the Group*

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)	2023 HK\$'000 (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.



*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 was broadly in line with the total assets of 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 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**

As stated in 2025 Interim Report, considering the latest situation of Macau and Hong Kong economies from the continued weak property market sentiment in Macau and Hong Kong, the Directors expect a challenging business environment in the coming years. 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 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 disclosed in the 2025 Interim Report, the Group has recorded approximately HK\$2.4 million of revenue from the trading of electrical cables segment. 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 ending 31 December 2026.

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 the end of September 2025, the total number of EV chargers for public usage 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.

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 approximately 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, representing 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, representing a decrease of 10.0%.

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. Information on the Offeror and the intention of the Offeror in relation to the Group**

### ***2.1 Information on the Offeror***

The Offeror is a company incorporated in the British Virgin Islands with limited liability on 27 May 2024. As at the Latest Practicable Date, the Offeror is legally, beneficially and wholly owned by Mr. Yao who is also the sole director of the Offeror.

Mr. Yao, aged 42, is the sole legal and ultimate beneficial owner and the sole director of the Offeror. Mr. Yao is an experienced entrepreneur. He obtained a degree of bachelor of information and computing science in University of Shanghai for Science and a degree of master of engineering business management in Technology and University of Warwick in the United Kingdom. Currently, Mr. Yao is the chairman, chief executive officer and executive director of Shanghai Yaoji Technology Co., Ltd.\* (上海姚記科技股份有限公司), a listed company on the Shenzhen Stock Exchange (stock code: 002605.SZ), principally engaged in production and sales of playing cards, and development and operation of mobile games.

Mr. Yao, leveraging his extensive expertise in business operations, corporate governance and client relations, aims to explore and diversify into new industry sectors, including but not limited to, cultural and creative industries, e-commerce, entertainment production, media networks, artificial intelligence, big data analytics, EV charging solutions and E&M business through strategic investments. Mr. Yao's client management experience and business network accumulated from his years of experience in business operation and corporate affairs will assist the Company in establishing and maintaining business relationships to further enhance the customer base of the Group for sustainable development, and his business network may assist the Group in enhancing its market competitiveness of the principal business of the Group. Moreover, Mr. Yao considers that the Acquisition presents a compelling investment opportunity yield for long term growth of the Company. After the Acquisition, the Company may be able to benefit from Mr. Yao's profound experience in business operations and management and client relations to further explore future development plans in order to achieve long term growth, which is expected to bring in positive influence to the Company.

As of the Latest Practicable Date, Mr. Yao has not held any directorship in public companies, the securities of which are listed on any securities market in Hong Kong.

The Offeror and its ultimate beneficial owner were Independent Third Parties prior to Completion.

Immediately before Completion, none of the Offeror, Mr. Yao and/or parties acting in concert with any of them held any Shares. Immediately after Completion and as at the Latest Practicable Date, none of the Offeror, Mr. Yao and/or parties acting in concert with any of them holds any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for the total of 1,500,000,000 Shares acquired by the Offeror through the Acquisition.

## ***2.2 Intention of the Offeror in relation to the Group***

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes by leveraging on the Offeror's existing resources and connections to explore E&M and EV charging works. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business.

Nevertheless, following the close of the Offer, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the Listing Rules.

As at the Latest Practicable Date, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a possible change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate).

The Offeror intends to nominate new Director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

As at the Latest Practicable Date, (i) no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group; (ii) the Offeror has no intention or plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Considering the Offeror (i) will continue with the existing business of the Group; (ii) has no intention to discontinue the employment of any of the Group's employees; (iii) will conduct assessment on the existing principal business and determine whether any development or opportunities are necessary to support the long-term growth; and (iv) has profound experience in business operations and management and client relations to further explore future development plans in order to achieve long term growth, we consider the intention of the Offeror, upon the Acquisition, may bring positive influence to the Group.

### **3. The Offer Price**

#### ***3.1 The Offer Price comparison***

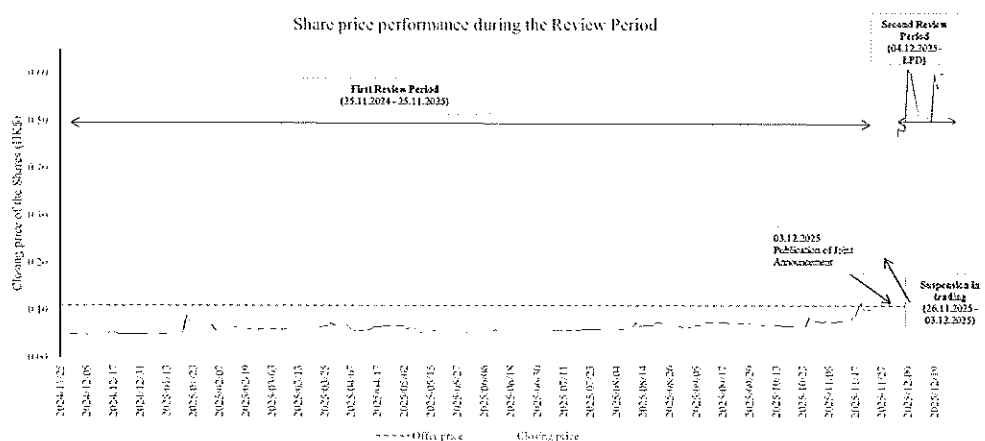
The Offer Price of HK\$0.11 per Offer Share represents:

- (i) a discount of approximately 81.67% to the closing price as quoted on the Stock Exchange on 24 December 2025, being the Latest Practicable Date, i.e. HK\$0.6 per Share;
- (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 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;
- (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 1.85% over the audited consolidated net assets per Share of approximately HK\$0.108 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; and.

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

The Offer Price of HK\$0.11 represents (a) a premium of approximately 21.67% to the average closing price of approximately HK\$0.09 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 81.67% over the closing price of HK\$0.6 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 Offer Price of HK\$0.11 represents a premium of approximately 74.6% over the average closing price during the First Review Period.

#### *Second Review Period*

The Second Review Period recorded closing price ranging from HK\$0.48 to HK\$0.61 (the “**Second Review Period Price Range**”), with an average closing price of HK\$0.539 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\$0.485 on 4 December 2025. 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. We consider that the notable increase in closing price per Share were primarily attributable to the market reaction and anticipation to the Offer following release of the Joint Announcement, which could be a temporary reaction to the Offer as they may not be supported by the Group’s underlying fundamentals, and it may or may not persist after the Offer Period. Shareholders should closely monitor the market prices of the Shares before deciding whether to sell their Shares in the open market or accept the Offer. Apart from the brief spike, the overall performance of the closing prices were generally stable.

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.

### 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>First Review Period</b>				
<b>2024</b>				
November (from 25 November 2024)	5	84,000	>0.01%	0.02%
December	20	230,500	0.01%	0.05%
<b>2025</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 (Note 3) (up to and including the Last Trading Day)	17	4,788,824	0.24%	0.96%
<b>Second Review Period</b>				
<b>2025</b>				
December (from 4 December 2025)	15	45,216,920	2.26	9.04

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.

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 9 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 trading days, of which 53 days recorded no trading of Shares.

It is noted that, during the First Review Period, November 2025 recorded a comparatively high trading volume than other months from 25 November 2024 to October 2025, accounting for approximately 0.24% to the total number of Shares in issue and 0.96% to the number of Shares held by public Shareholders (versus the average of approximately 0.06% to the total number of Shares in issue and 0.23% 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 18 and 19 November 2025, which recorded volumes of approximately 24,980,000 and 20,480,000 respectively. As advised by the Management, they are not aware of any material events that could have contributed to the aforesaid elevated trading activity.

During the Second Review Period, the percentage of average daily trading volume of the Shares relative to the total number of Shares in issue were approximately 2.26%, and approximately 9.04% relative to the total number of Shares held by public Shareholders.

Given the percentage of average daily trading volume to total number of Shares in issue and to total number of Shares held by public Shareholders generally remained below 0.1% during the First Review Period, we consider that the trading liquidity of the Shares have been thin in the open market, which may impose limitation on potential investor participation. In this context, Shareholders shall be aware that, depending on their shareholding size, when attempting to realise their investment or dispose their Shares in the open market could potentially exert downward pressure on the price of the Shares causing the sale proceeds from the disposal in the open market to be lower than Offer Price.

### **3.4 Market comparable analysis**

With a view to assess the fairness and reasonableness of the Offer Price, we have also conducted market comparable analysis by comparing the price-to-earnings ratio (the “**P/E Ratio**”) and the price-to-book ratio (the “**P/B Ratio**”) of the Company as implied by the Offer Price and based on the closing price of the Share on the Last Trading Day against that of other listed companies on the Main Board of the Stock Exchange that engages in similar business to those of the Group.

Based on the unaudited net asset value attributable to owners of the Company of approximately HK\$213,164,000 as at 30 June 2025, the P/B ratio of the Company based on the closing price on the Last Trading Day and the Offer Price, would be approximately 0.97 and 1.03 times, respectively.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (a) the shares of which are listed on the Main Board of the Stock Exchange; (b) the listed company(ies) that principally engaged, with over 50% of their revenue generated from the provision of electrical and mechanical engineering works in Hong Kong and/or Macau, which are of a similar nature as the Company; (c) the market capitalization of which ranged between HK\$100 million to HK\$2,000 million as at the Last Trading Day, determined with reference to the market capitalization of the Company during the Review Period, which ranged between approximately HK\$90 million to HK\$1,220 million based on the lowest and highest closing price recorded; and (d) the trading of shares of the subject companies were not suspended on the Last Trading Day and Latest Practicable Date (the “**Criteria**”). Companies that fall into the aforesaid Criteria but recorded net liabilities as at the latest financial year/period have been excluded for the purpose of this analysis.

Based on the Criteria, we have identified an exhaustive list of 11 comparable companies (the “**Comparable Companies**”). The table below sets out the P/E Ratio and the P/B Ratio of the Company for comparison purposes.

Company (Stock Code)	Market capitalization as at the Last Trading Day (Note 1) (HK\$'million)	P/E Ratio (Note 2) (times)	P/B Ratio (Note 3) (times)
Chinney Alliance Group Limited (385)	238.0	4.69	0.11
Yau Lee Holdings Limited (406)	306.6	N/A	0.22
		(Note 4)	
Macau E&M Holding Limited (1408)	110.0	N/A	0.56
		(Note 4)	
SFK Construction Holdings Limited (1447)	180.0	6.48	0.50
Lap Kei Engineering (Holdings) Limited (1690)	107.3	51.80	0.80
Analogue Holdings Limited (1977)	1,274.0	9.42	0.56
Accel Group Holdings Limited (1283)	1,296.5	28.03	2.87
Man Shun Group (Holdings) Limited (1746)	315.0	N/A	2.64
		(Note 4)	
Golden Faith Group Holdings Limited (2863)	230.0	N/A	0.81
		(Note 4)	
Wing Lee Development Construction Holdings Limited (9639)	1,240.0	22.36	3.53
Prosperity Group International Limited (1421)	120.1	N/A	1.11
		(Note 4)	
	Maximum	51.80	3.53
	Minimum	4.69	0.11
	Average	20.46	1.25
<i>The Company</i>			
<i>Based on the closing price</i>			
<i>on the Last Trading Day</i>	206	54.18	0.97
<i>Based on the Offer Price</i>	220	57.86	1.03

*Notes:*

1. For illustration purpose, the market capitalisation are calculated based on, where applicable, the closing price of the share of the respective Comparable Companies on the Last Trading Day and the total number of issued shares based on the then latest monthly return of the subject listed company published on the website of the Stock Exchange.
2. The P/E Ratio is calculated by dividing the market capitalisation as at the Last Trading Day by the profit attributable to owners of the respective company according to their latest financial information.
3. The P/B Ratio is calculated by dividing their market capitalisation as at the Last Trading Day by the net asset value attributable to owners of the respective company according to their latest financial information.
4. The subject company recorded a loss attributable to owners of the company as at the latest financial year.

It is noted from the above table that the Comparable Companies recorded P/E Ratio between approximately 4.69 times to 51.80 times with an average of approximately 20.46 times. The Company's P/E Ratio based on the Offer Price would be approximately 57.86 times which is higher than all of the Comparable Companies.

The P/B Ratio of the Comparable Companies were between approximately 0.11 times to 3.53 times with an average of approximately 1.25 times. The Company's P/B Ratio based on the Offer Price would be approximately 1.03 times which is lower than the average of the Comparable Companies.

### ***3.5 Summary of our analysis***

Notwithstanding (a) the Offer Price represents a premium of approximately 6.36% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day; (b) the Company's P/E Ratio based on the Offer Price would be approximately 57.86 times which is higher than all of the Comparable Companies, we consider the Offer Price to be not attractive after taking into account of (a) the closing price of the Shares increased significantly in the Second Review Period which the Offer Price is at a notable discount of approximately 79.5% to the average closing price of Shares during the Second Review Period and substantially below the closing Share price of HK\$0.60 as at the Latest Practicable Date; (b) the historical trading liquidity of the Shares has been generally low in the open market during the First Review Period, but both price and liquidity has increased since the publication of the Joint Announcement during the Second Review Period which may be attributable to market reactions to the Offer and/or prospects of the Group being controlled by the Offeror after the Offer, such level of liquidity and/or price may or may not be sustainable; (c) the Company's P/B Ratio based on the Offer Price would be approximately 1.03 times which is lower than the average of the Comparable Companies.

In summary, (i) the Shares of the Company demonstrated thin liquidity during the First Review Period; (ii) the Offer Price represents a premium to historical closing price, thereby providing an incentive for Shareholders to realise their investment; and (iii) P/E Ratio of the Company, implied by the Offer Price, are above the average of peers. Notwithstanding the aforesaid, after taken into account the recent performance of the Shares and trading liquidity which increased significantly during the Second Review Period, though potentially a temporary reaction, the Offer Price now represents a substantial discount of approximately 79.5% to the average closing price during the Second Review Period (as compared to the premium of approximately 75.0% over the average closing price during the First Review Period) and P/B Ratio of the Company, implied by the Offer Price, are below the average of peers, we consider the Offer Price to be not fair and reasonable so far as the Independent Shareholders are concerned.

Nevertheless, the Independent Shareholders should also note that (i) there is no guarantee that the Share price will sustain at a level above the Offer Price and/or after the Offer Period; and (ii) the Independent Shareholders (regardless to their amount of shareholdings) may not be able to realise their investments in the Shares at a price higher than the Offer Price when they are going to dispose of their partial or entire holdings. In such circumstances, the Offer might provide an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price.

## RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Offer, including:

- (a) our analysis on the historical financial performance and position of the Group, which highlights ongoing challenges faced by the Group in sustaining business scale as the historical revenue has continued to decline, as discussed under paragraph headed “1. Financial information of the Group and outlook”;
- (b) the Company’s target to leverage its E&M expertise to cater for the fast-growing EV charging industry, a segment with strong potential demand yet requires extensive market penetration to differentiate from existing market participants and effectively contribute to the Group’s long-term growth;
- (c) the Offer Price represents a premium of approximately 6.36% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) after the Acquisition, the Company may be able to benefit from Mr. Yao’s profound experience in business operations, though his background may not be in the exact same line of business as the Group, he has built substantial experience and cultivated professional network in PRC and his management capabilities and client relations skills would be able to support the Group’s existing principal business, contribute meaningfully to the Company’s strategic direction and achieve sustainable long term growth, which is expected to exert positive influence to the Company’s overall performance and prospects;
- (e) the Company’s P/E Ratio based on the Offer Price would be approximately 57.86 times which is higher than all of the Comparable Companies;



- (f) the Company's P/B Ratio based on the Offer Price would be approximately 1.03 times which is lower than the average of the Comparable Companies;
- (g) the closing price of the Shares increased significantly in the Second Review Period which the Offer Price is at a notable discount to the average closing price of Shares during the Second Review Period and substantially below the closing Share price of HK\$0.60 as at the Latest Practicable Date; and
- (h) the historical trading liquidity of the Shares has been generally low in the open market during the First Review Period, but both price and liquidity has increased since the publication of the Joint Announcement during the Second Review Period which may be attributable to market reactions to the Offer and/or prospects of the Group being controlled by the Offeror after the Offer, such level of liquidity and/or price may or may not be sustainable,

we are of the opinion that in particular taken into account of the Company may be able to benefit from Mr. Yao's profound experience in business operations after the Acquisition in supporting the existing principal business of the Group; the closing price of the Shares increased significantly in the Second Review Period and the recent closing price of the Shares indicating that acceptance of the Offer would result in Shareholders receiving substantially less in return than they would by disposing their Shares in the market, as well as the performance of the Group remained mediocre shown by the diminishing revenue, the Offer to be not fair and reasonable so far as the Independent Shareholders are concerned. The Independent Shareholders are recommended to sell their Shares in the open market instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer. Taking into account the factors above, we recommend the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer. In view of the recent volatility of the closing share price during the Second Review Period, Independent Shareholders who wish to take the opportunity of the market price of the Shares to realise their investment in the Shares in the open market are reminded to closely monitor the market price and the trading liquidity of Shares during the Offer Period.

As each individual Independent Shareholder would have different investment objectives and/or circumstances, we recommend the Independent Board Committee, to recommend the Independent Shareholders who may require advice in relation to any aspect of the Offer and/or the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully  
For and on behalf of  
**Red Sun Capital Limited**

A handwritten signature in black ink, appearing to be 'RS' with a long horizontal stroke extending to the right.

**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 25 years of experience in the corporate finance industry.*

\* *For identification purpose only*