

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

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

If you have sold or transferred all your Shares in the Company, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered securities institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This Scheme Document appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Offeror or the Company nor is it a solicitation of any vote or approval in any jurisdiction. This Scheme Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. Scheme Shareholders residing in jurisdictions other than Hong Kong should inform themselves about and observe all legal and regulatory requirements applicable to them. Overseas Scheme Shareholders are advised to read the section headed "Overseas Scheme Shareholders" in the Explanatory Memorandum in Part VI of this Scheme Document for further information.



**FAME CASTLE ENTERPRISES LIMITED**  
**名堡企業有限公司**

*(Incorporated in British Virgin Islands with limited liability)*

**中國儲能科技發展有限公司**  
**CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED**

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

**(Stock code: 1143)**

**(1) PROPOSAL FOR THE PRIVATISATION OF  
CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED  
BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS;  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

**Financial Adviser to the Offeror**



**力高企業融資有限公司**

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



**MANGO FINANCIAL**

Unless the context otherwise requires, capitalised terms used hereunder have the same meanings as those defined in Part I of this Scheme Document.

A letter from the Board is set out in Part III of this Scheme Document. A letter from the Independent Board Committee containing its advice to the Disinterested Scheme Shareholders in respect of the Proposal and the Option Proposal and as to voting is set out in Part IV of this Scheme Document. A letter from the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee in respect of the Proposal and the Option Proposal and as to voting is set out in Part V of this Scheme Document. An Explanatory Memorandum regarding the Proposal is set out in Part VI of this Scheme Document.

Notices convening the Court Meeting and the EGM to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong on Wednesday, 15 July 2026, in the case of the Court Meeting at 10:00 a.m. and, in the case of the EGM at 10:30 a.m. (or as soon as practicable after the conclusion or adjournment of the Court Meeting) are set out in Appendix IV and Appendix V to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed on them respectively, and to lodge them at the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated in the section headed "ACTIONS TO BE TAKEN" of this Scheme Document. Alternatively, the **pink** form of proxy in respect of the Court Meeting may be handed to the chairman of the Court Meeting, who shall have absolute discretion as to whether or not to accept it, if it is not so lodged. The **white** form of proxy in respect of the EGM will not be valid if it is not so lodged. Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting at the relevant meeting or any adjournment thereof should you so wish, and in such event, the relevant form of proxy will be revoked by operation of law.

This Scheme Document is issued jointly by the Offeror and the Company. In case of inconsistency, the English language text of this Scheme Document shall prevail over the Chinese language text for the purpose of interpretation.

22 June 2026

## ACTIONS TO BE TAKEN

### **NOTICE TO OVERSEAS SCHEME SHAREHOLDERS AND SHARE OPTION HOLDERS**

The making and implementation of the Proposal to the Scheme Shareholders and the Option Proposal to the Share Option Holders who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders or Share Option Holders who are not residents in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders and overseas Share Option Holders wishing to take any actions in relation to the Proposal or the Option Proposal (as the case may be) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder or optionholder in such jurisdiction. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

Any acceptance by the Scheme Shareholders or the Share Option Holders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Lego Corporate Finance and the Independent Financial Adviser, that those laws and regulatory requirements have been complied with. For the avoidance of doubt, neither HKSCC or HKSCC Nominees Limited will give, or be subject to, the above warranty and representation. If you are in doubt as to your position, you should consult your professional advisers.

Scheme Shareholders and Share Option Holders residing in jurisdictions other than Hong Kong should consult their own professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares or the Share Options, as the case may be.

Overseas Shareholders and Share Option Holders are advised to read the section headed “Overseas Scheme Shareholders and Share Option Holders” in the Explanatory Memorandum in Part VI of this Scheme Document for further information.

## ACTIONS TO BE TAKEN

### PAST PERFORMANCE AND FORWARD-LOOKING STATEMENTS

The performance and the results of operations of the Group contained in this Scheme Document are historical in nature and past performance is not a guarantee of the future results of the Group. This Scheme Document may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions and you should not place undue reliance on such forward-looking statements and opinions. Subject to the requirements of applicable laws, rules and regulations, including the Takeovers Code, none of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal or the Option Proposal assumes any obligation to correct or update the forward-looking statements or opinions contained in this Scheme Document.

### ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, the Register will be closed from Wednesday, 8 July 2026 to Wednesday, 15 July 2026 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to attend and vote at the Court Meeting and/or the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Tuesday, 7 July 2026.

A **pink** form of proxy for use in connection with the Court Meeting and a **white** form of proxy for use in connection with the EGM are enclosed with this Scheme Document.

**Whether or not you are able to attend the Court Meeting and/or the EGM, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting and the enclosed white form of proxy in respect of the EGM in accordance with the instructions printed on them respectively, and to deposit them at the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.**

In order to be valid, the **pink** form of proxy for use in connection with the Court Meeting should be lodged not later than 10:00 a.m. on Monday, 13 July 2026 (or not later than 48 hours before the time appointed for holding an adjourned Court Meeting). Alternatively, the **pink** form of proxy may be handed to the chairman of the Court Meeting, who shall have absolute discretion as to whether or not to accept it, if it is not so lodged. The **white** form of proxy for use in connection with the EGM must be lodged not later than 10:30 a.m. on Monday, 13 July 2026 (or not later than 48 hours before the time appointed for holding an adjourned EGM), failing which it will not be valid. The completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the relevant meeting or any adjournment thereof should you so wish and in such event, the relevant forms of proxy will be revoked by operation of law.

## ACTIONS TO BE TAKEN

**If you do not appoint a proxy and if you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and/or the EGM. You are therefore strongly encouraged to attend and vote at the Court Meeting and/or the EGM in person or by proxy.**

Voting at the Court Meeting and the EGM will be taken by poll.

### **Announcement of results of the Court Meeting and the EGM**

Joint announcement(s) will be made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM. If all of the requisite resolutions are passed at those meetings, further announcement(s) will be made in relation to, amongst other things, the results of the Court Hearing, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

**Shareholders who have sold/transferred Shares should hand this Scheme Document and forms of proxy to the purchaser/transferee.**

If you have sold or transferred all of your Shares, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

**Shareholders, Share Option Holders and potential investors of the Company are advised to read this Scheme Document carefully, in particular, (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from the Independent Financial Adviser in Part V of this Scheme Document, before voting at the Court Meeting and/or the EGM.**

### **Actions to be taken by Beneficial Owners whose Shares are deposited in CCASS**

The Company will not recognise any person as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you should, unless you are admitted to participate in CCASS as an Investor Participant:

- (a) contact your broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, a CCASS Participant regarding voting instructions to be given to such persons if you wish to vote in respect of the Scheme; or

## ACTIONS TO BE TAKEN

- (b) arrange for some or all of your Shares to be withdrawn from CCASS and transferred them into your own name by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Tuesday, 7 July 2026 with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, and become a Registered Owner as of the Meeting Record Date and thereby have the right to attend and vote (in person or by proxy) at the Court Meeting and/or the EGM. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

The procedures for voting by the Investor Participants and other CCASS Participants with respect to Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “Operating Guide for Investor Participants”, the “General Rules of HKSCC” and the “HKSCC Operational Procedures” in effect from time to time.

### **Actions to be taken by Beneficial Owners whose Shares are held by a Registered Owner other than HKSCC Nominees Limited**

The Company will not recognise any person as holding any Shares on trust.

If you are a Beneficial Owner whose Shares are registered in the name of a nominee, trustee, depositary or any other authorised custodian or third party (other than HKSCC Nominees Limited), you should contact such Registered Owner to give instructions to and/or to make arrangements with such Registered Owner as to the manner in which the Shares beneficially owned by you should be voted at the Court Meeting and/or the EGM.

If you are a Beneficial Owner who wishes to attend and vote at the Court Meeting and/or the EGM personally, you should:

- (a) contact the Registered Owner directly to make the appropriate arrangements with the Registered Owner to enable you to attend and vote at the Court Meeting and/or the EGM and, for such purpose, the Registered Owner may appoint you as its proxy; or
- (b) arrange for some or all Shares registered in the name of the Registered Owner to be transferred into your own name by lodging all the transfer documents with relevant share certificates on or before 4:30 p.m. on Tuesday, 7 July 2026 with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, and become a Registered Owner as of the Meeting Record Date and thereby have the right to attend and vote (in person or by proxy) at the Court Meeting and/or the EGM.

## **ACTIONS TO BE TAKEN**

Instructions to and/or arrangements with the Registered Owner should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfer of Shares, in order to provide the Registered Owner with sufficient time to complete his/her/its forms of proxy or, as applicable, transfer documents accurately and to submit them by the relevant deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner by a particular date or time in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM or, as applicable, the latest time for lodging transfer of Shares, any such Beneficial Owner should comply with the requirements of such Registered Owner.

### **ACTIONS TO BE TAKEN BY SHARE OPTION HOLDERS**

The letter to Share Option Holders, in the form set out in Appendix VI to this Scheme Document, is being sent to each Share Option Holder, together with this Scheme Document and a Form of Acceptance. If you are a Share Option Holder and you wish to accept the Option Proposal, you must complete and return the duly completed and executed Form of Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Share Options and/or any other document(s) (if applicable) evidencing the grant of the Share Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Share Options, so as to reach the Company at Flat 5, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, for the attention of the Company Secretariat and marked “China Energy Storage — Option Proposal” by no later than 4:30 p.m. (Hong Kong time) on Thursday, 30 July 2026 (or such later date and time as may be notified by the Offeror and the Company). No acknowledgement of receipt of any Form of Acceptance or any other document will be given.

The Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code, subject to and conditional upon the Scheme becoming effective. Under the Option Proposal, the Offeror is offering the Share Option Holders a nominal price of HK\$0.0001 per Share Option for the cancellation of each Share Option (i.e. the Option Cancellation Price), as the exercise price of each Share Option exceeds the Cancellation Price and the “see-through” price is negative.

Further details are set out in the section headed “The Option Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document.

You are urged to read the instructions and other terms and conditions of the Option Proposal in the letter to Share Option Holders, in the form set out in Appendix VI to this Scheme Document, and the enclosed Form of Acceptance.

## ACTIONS TO BE TAKEN

### EXERCISE YOUR RIGHT TO VOTE

If you are a Shareholder or a Beneficial Owner whose Shares are held by a Registered Owner, you are strongly encouraged to exercise your right to vote or to give instructions to the relevant Registered Owner to vote in person or by proxy at the Court Meeting and/or the EGM. If you keep any Shares in a share lending programme, you are encouraged to recall any outstanding Shares on loan to avoid market participants using borrowed stock to vote.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you are strongly encouraged to provide your broker, custodian, nominee or other relevant person without delay with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which those Shares should be voted at the Court Meeting and/or at the EGM, and/or withdraw some or all of your Shares from CCASS and become a Registered Owner of such Shares as of the Meeting Record Date and exercise your right to vote (in person or by proxy) at the Court Meeting and/or the EGM.

If you are a Registered Owner holding Shares on behalf of Beneficial Owners, you should inform the relevant Beneficial Owner(s) about the importance of exercising their right to vote and that Beneficial Owners should consider transferring some or all of their Shares into their own names if they wish to vote individually.

If you are in any doubt as to the action to be taken, you are encouraged to consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

### PETITION HEARING AT THE GRAND COURT

Any Scheme Shareholders who voted at the Court Meeting (including any Beneficial Owners who gave any voting instructions to a custodian or clearing house who subsequently voted at the Court Meeting) should note that they are entitled to attend or appear by counsel, and be heard at the Court Hearing in the Cayman Islands which is expected to be held at 10:00 a.m. on 31 July 2026 (Cayman Islands time), at which the Company will seek, amongst other things, the sanction of the Scheme.

### NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands exempted company by means of a scheme of arrangement provided for under the laws of Cayman Islands. The Option Proposal represents an appropriate offer to be made by the Offeror to the Share Option Holders. The Proposal and the Option Proposal are subject to Hong Kong disclosure requirements which are different from those of the US. The financial information included in the relevant documentation, including this Scheme Document, has been prepared in accordance with the accounting standards applicable in Hong Kong and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

## ACTIONS TO BE TAKEN

A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal and the Option Proposal are subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws. In addition, US holders of Scheme Shares should be aware that this Scheme Document has been prepared in accordance with Hong Kong format and style, which differs from US format and style.

The receipt of cash pursuant to the Proposal or the Option Proposal by a US holder of Scheme Shares or a US Share Option Holder as consideration for the cancellation of his/her/its Scheme Shares or his/her/its Share Options (as the case may be) may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal or the Option Proposal applicable to him/her/it.

It may be difficult for US holders of Scheme Shares or US Share Option Holders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the US, and some or all of their officers and directors may be residents of a country other than the US. US holders of Scheme Shares or US Share Option Holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

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*In this Scheme Document, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the announcement dated 30 March 2026 jointly issued by the Offeror and the Company in relation to the Proposal and the Option Proposal
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Authority that is applicable to such person
“Approvals”	licenses, approvals, permits, consents, permissions, clearances and registrations
“associate”	has the meaning ascribed to it in the Takeovers Code
“Authority”	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“Beneficial Owner(s)”	any beneficial owner(s) of the Shares whose Shares are registered in the name of a Registered Owner(s) other than himself or herself
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for transaction for business
“Cancellation Price”	the cancellation price of HK\$0.45 per Scheme Share payable in cash by the Offeror pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant(s)”	person(s) admitted to participate in CCASS as a direct clearing participant, general clearing participant, a custodian participant or an Investor Participant who may be an individual or joint individuals or a corporation

“Companies Act”	the Companies Act (2026 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Company”	China Energy Storage Technology Development Limited (中國儲能科技發展有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1143)
“Condition(s)”	the condition(s) to the Proposal and the Scheme as set out in the section headed “Conditions of the Proposal and the Scheme” of this Scheme Document
“Court Hearing”	the hearing of the petition by the Grand Court for the sanction of the Scheme
“Court Meeting”	a meeting of the Scheme Shareholders convened at the directions of the Grand Court to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Wednesday, 15 July 2026 at 10:00 a.m. (Hong Kong time), notice of which is set out in Appendix IV to this Scheme Document, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Director(s)”	the director(s) of the Company
“Disinterested Scheme Shareholders”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Wednesday, 15 July 2026 at 10:30 a.m. (Hong Kong time) (or as soon as practicable after the conclusion or adjournment of the Court Meeting), notice of which is set out in Appendix V to this Scheme Document, for the purposes of approving all resolutions necessary for the implementation of the Proposal, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Explanatory Memorandum”	the explanatory memorandum set out in Part VI of this Scheme Document

“Form of Acceptance”	the form of acceptance despatched to the Share Option Holders in connection with the Option Proposal
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office
“Independent Board Committee”	the independent board committee of the Company comprising the following independent non-executive Directors: Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin established by the Board to make a recommendation to the Disinterested Scheme Shareholders in respect of the Proposal and the Option Proposal
“Independent Financial Adviser” or “Mango Financial”	Mango Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in relation to the Proposal and the Option Proposal
“Independent Third Party”	party independent of and not connected with the Company and its connected persons
“Investor Participant”	person(s) admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

“Irrevocable Undertaking”	Mr. Lin’s irrevocable undertaking dated 27 March 2026, under which he has irrevocably and unconditionally undertaken to the Company and the Offeror that he will not exercise the 1,725,291 outstanding Share Options held by him (i.e. the Undertaken Share Options) at any time before they are lapsed upon expiry of one month after the Effective Date pursuant to the rules of the Share Option Scheme and will not accept the Option Proposal in respect thereof
“Last Trading Day”	21 January 2026, being the last day on which Shares were traded on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	18 June 2026, being the latest practicable date prior to the printing of this Scheme Document for the purpose of ascertaining certain information contained in this Scheme Document
“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Company in relation to the Proposal and the Option Proposal
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 September 2026 (or such later date as the Offeror and the Company may determine and, to the extent applicable, as the Grand Court on the application of the Company may direct, and in all cases, as the Executive may consent)
“Meeting Record Date”	15 July 2026, or such other date as may be announced to the Shareholders, being the record date for the purposes of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM
“Mr. Lin”	Mr. Lin Dailian, a co-chairman of the Company and an executive Director

“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing on the date of the Announcement (30 March 2026) until the latest of (i) the Effective Date; (ii) the date when the Scheme lapses; (iii) the time when the Offeror announces that the Scheme will not proceed; and (iv) the date when an announcement is made of the withdrawal of the Scheme
“Offeror”	FAME CASTLE ENTERPRISES LIMITED (名堡企業有限公司), a company incorporated in the British Virgin Islands with limited liability, which is owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong, and is a substantial shareholder of the Company
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code
“Option Cancellation Price”	the cancellation price of HK\$0.0001 for the cancellation of each Share Option payable in cash by the Offeror to the Share Option Holders pursuant to the Option Proposal
“Option Proposal”	the proposal offered by the Offeror to each Share Option Holder, details of which are set out in the section headed “The Option Proposal” in the Explanatory Memorandum in this Scheme Document
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions as described in this Scheme Document
“Register”	the principal or branch register of members of the Company (as the case may be) in respect of the Shares
“Registered Owner”	any person(s) (including without limitation a nominee, trustee, depository or any other authorised custodian or third party) whose name is entered in the Register as the holder of the Share(s)
“Relevant Period”	the period commencing on 30 September 2025, being the date falling six months preceding the commencement date of the Offer Period and ending on and including the Latest Practicable Date
“Scheme”	the scheme of arrangement under section 86 of the Companies Act for the implementation of the Proposal

“Scheme Document”	this composite scheme document, which shall contain, among other things, details of the Proposal and the Option Proposal, the accompanying proxy forms and notices of the Court Meeting and the EGM as may be amended or supplemented from time to time, despatched by the Offeror and the Company to all Scheme Shareholders as required by the Takeovers Code
“Scheme Record Date”	4 August 2026 (or such other date as may be announced to the Shareholders), being the record date for the purposes of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Share(s)
“Scheme Share(s)”	the Share(s) in issue and such further Share(s) as may be issued prior to the Scheme Record Date, other than those held by the Offeror
“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)”	share(s) of a nominal or par value of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Share Option(s)”	share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Holder(s)”	holder(s) of Share Option(s)
“Share Option Scheme”	the rules of the share option scheme approved by the Shareholders, which became effective on 8 June 2023
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC as amended from time to time

“Undertaken Share Options”	the 1,725,291 Shares Options held by Mr. Lin as at the Latest Practicable Date which are the subject of the Irrevocable Undertaking
“US” or “United States”	United States of America
“%”	per cent

*All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Court Hearing and the Effective Date, which are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the date of this Scheme Document.*

*The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.*

**Hong Kong date and time  
(unless otherwise specified)**

Date of despatch of this Scheme Document and the letter to the Share Option Holders .....	Monday, 22 June 2026
Latest time for Share Option Holders to lodge notice of exercise of their Share Options to qualify for entitlement to attend and vote at the Court Meeting and the EGM .....	4:30 p.m. on Friday, 26 June 2026
Latest time for lodging transfers of Shares documents to qualify for entitlement to attend and vote at the Court Meeting and the EGM .....	4:30 p.m. on Tuesday, 7 July 2026
Closure of the Register for determining entitlement to attend and vote at the Court Meeting and the EGM ( <i>Note 1</i> ) .....	from Wednesday, 8 July 2026 to Wednesday, 15 July 2026 (both days inclusive)
Latest time for lodging <b>pink</b> form of proxy in respect of the Court Meeting ( <i>Note 2</i> ) .....	10:00 a.m. on Monday, 13 July 2026 (or it may alternatively be handed to the chairman of the Court Meeting)
Latest time for lodging <b>white</b> form of proxy in respect of the EGM ( <i>Note 2</i> ) .....	10:30 a.m. on Monday, 13 July 2026
Meeting Record Date .....	Wednesday, 15 July 2026
Court Meeting ( <i>Notes 2 and 3</i> ) .....	10:00 a.m. on Wednesday, 15 July 2026
EGM ( <i>Notes 2 and 3</i> ) .....	10:30 a.m. on Wednesday, 15 July 2026 (or as soon as practicable after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Court Meeting and the EGM .....	not later than 7:00 p.m. on Wednesday, 15 July 2026

*If the Scheme is approved at the Court Meeting and the requisite resolutions are approved at the EGM:*

Expected last day for trading in the Shares on the Stock Exchange .....	Thursday, 16 July 2026
Latest time for Share Option Holders to lodge notice of exercise of their Share Options to qualify for entitlement under the Scheme .....	4:30 p.m. on Tuesday, 21 July 2026
Latest time and date for lodging the Form of Acceptance in relation to the Option Proposal ( <i>Note 4</i> ).....	4:30 p.m. on Thursday, 30 July 2026
Latest time for lodging transfers of Shares to qualify for entitlement under the Scheme.....	4:30 p.m. on Thursday, 30 July 2026
Closure of the Register for determining entitlement under the Scheme ( <i>Note 5</i> ).....	from Friday, 31 July 2026 onwards
Court Hearing.....	Friday, 31 July 2026 (Cayman Islands time)
Announcement of (1) the results of the Court Hearing; (2) the expected Effective Date; and (3) the expected date of the withdrawal of the listing of the Shares on the Stock Exchange .....	at or before 8:30 a.m. on Monday, 3 August 2026
Scheme Record Date .....	Tuesday, 4 August 2026
Effective Date and the effective date of the Option Proposal ( <i>Note 6</i> ).....	Tuesday, 4 August 2026 (Cayman Islands time)
Announcement of (1) the Effective Date; and (2) the results of acceptance of the Option Proposal; and (3) the withdrawal of the listing of the Shares on the Stock Exchange .....	at or before 8:30 a.m. on Wednesday, 5 August 2026
Withdrawal of listing of the Shares on the Stock Exchange becomes effective ( <i>Note 6</i> ).....	4:00 p.m. on Wednesday, 5 August 2026

Latest date to despatch cheques for payment of

- (1) the Cancellation Price to the Scheme Shareholders; and
- (2) the Option Cancellation Price to the Share Option Holders

(Notes 7 and 8) ..... on or before  
Thursday, 13 August 2026

Latest date for Share Option Holders to lodge notice

of exercise of their Share Options (Note 9) ..... Friday, 4 September 2026

Notes:

1. The Register will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme.
2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM must be completed and signed in accordance with the instructions respectively printed thereon. The **pink** form of proxy in respect of the Court Meeting should be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong by the times and dates stated above (or not later than 48 hours before the time appointed for holding an adjourned Court Meeting). Alternatively, the **pink** form of proxy in respect of the Court Meeting may be handed to the chairman of the Court Meeting, who shall have absolute discretion as to whether or not to accept it, if it is not so lodged. The **white** form of proxy in respect of the EGM must be lodged with the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by the times and dates stated above (or not later than 48 hours before the time appointed for holding an adjourned EGM), failing which, it will not be valid. Completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a Scheme Shareholder or a Shareholder (as the case may be) from attending and voting in person at the relevant meeting if he/she/it so wishes. In such event, the relevant form of proxy will be revoked by operation of law.
3. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or “extreme conditions” announced by the Government of Hong Kong or a black rainstorm warning signal is or is expected to be in force at any time after 6:30 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the members of the date, time and venue of the adjourned meetings.
4. The Form of Acceptance, duly completed and executed in accordance with the instructions on it, and the relevant documents must be lodged with the Company at Flat 5, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, for the attention of the Company Secretariat and marked “China Energy Storage — Option Proposal” by no later than 4:30 p.m. (Hong Kong time) on Thursday, 30 July 2026 (or such later date and time as may be notified by the Offeror and the Company).
5. The Register will be closed during such period for the purpose of determining the entitlements of the Scheme Shareholders under the Scheme.
6. The Scheme will become effective upon all the Conditions set out in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document having been fulfilled or waived (as applicable). The withdrawal of listing of Shares will take place as soon as practicable after the Effective Date. Shareholders will be advised by an announcement of the exact date upon which the Scheme becomes effective and the exact date of withdrawal of the listing of the Shares on the Stock Exchange. All of the Conditions will have to be fulfilled or waived (as applicable) on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

7. Cheques for payment of the Cancellation Price will be despatched by ordinary post in postage pre-paid envelopes addressed to the Scheme Shareholders at their respective addresses as appearing in the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the Register as at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. Cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser, the Hong Kong Branch Share Registrar or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal shall be responsible for any loss or delay in despatch.

Cheques for payment of the Option Cancellation Price for acceptances under the Option Proposal will be despatched or made no later than seven (7) Business Days after the Effective Date and (if made by way of cheques) shall be despatched by ordinary post in pre-paid envelopes addressed to the Share Option Holders at their respective last known addresses as notified by the Share Option Holders to the Group.

8. If there is a “black” rainstorm warning or a tropical cyclone warning signal No. 8 or above or extreme conditions announced by the Government of Hong Kong:
  - (a) in force in Hong Kong at 12:00 noon but no longer in force after 12:00 noon on the latest date for despatching cheques by ordinary post in the amounts due under the Proposal and the Option Proposal, such date will remain on the same Business Day; or
  - (b) in force in Hong Kong at 12:00 noon and/or thereafter on the latest date for despatching cheques by ordinary post in the amounts due under the Proposal and the Option Proposal, such date will be rescheduled to the following Business Day which will not have any of such warnings or conditions in force in Hong Kong at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.
9. Pursuant to the rules of the Share Option Scheme, the Share Option Holders are entitled to exercise the outstanding Share Options up to one month after the Effective Date.



# 中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1143)

*Executive Directors:*

Mr. Lin Dailian (Co-Chairman)

Mr. Wang Wei (Co-Chairman)

Mr. Liu Zhiwei

Ms. Wu Jingjing

Ms. Bian Sulan

*Independent non-executive Directors:*

Mr. Li Huiwu

Mr. Wu Chi King

Ms. Zhang Xiulin

*Registered office:*

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman, KY1-1108

Cayman Islands

*Principal place of business in*

*Hong Kong:*

Flat 5, 19/F

Tower 3, China Hong Kong City

33 Canton Road

Tsim Sha Tsui,

Kowloon

Hong Kong

22 June 2026

*To the Shareholders and Share Option Holders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED  
BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS;  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

**INTRODUCTION**

Reference is made to the Announcement.

In late January 2026, the Board resolved to put forward a proposal for the privatisation of the Company to the Shareholders. The Offeror was subsequently invited by the Board to make an offer for the Proposal. Upon the Offeror's acceptance to the invitation, the Board put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act. The Scheme will involve the cancellation of the Scheme Shares in consideration for the payment by the Offeror to the Scheme Shareholders of the Cancellation Price in cash, and the listing of the Shares will be withdrawn on the Stock Exchange.

## TERMS OF THE PROPOSAL

### The Scheme

Subject to the satisfaction or waiver (where applicable) of the Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from the Offeror:

For every Scheme Share cancelled..... HK\$0.45 in cash

If the Proposal is implemented, all Scheme Shares will be cancelled on the Effective Date. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained at the amount immediately prior to the cancellation of the Scheme Shares by the issuance at par to the Offeror, credited as fully paid, of an aggregate number of new Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the books of account of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, immediately after the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Scheme Record Date as soon as practicable, but in any event no later than seven (7) Business Days after the Effective Date.

### Comparison of value

The Cancellation Price of HK\$0.45 represents:

- (a) a premium of approximately 32.35% over the closing price of HK\$0.34 per share as quoted on the Stock Exchange on 18 June 2026, being the Latest Practicable Date;
- (b) a premium of approximately 15.38% over the closing price of HK\$0.39 per share as quoted on the Stock Exchange on 21 January 2026, being the Last Trading Day;

- (c) a premium of approximately 25.0% over the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 20 January 2026, being the trading day immediately prior to the Last Trading Day;
- (d) a premium of approximately 23.29% over the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (e) a premium of approximately 19.05% over the average closing price of HK\$0.378 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 12.73% over the average closing price of approximately HK\$0.399 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 11.69% over the average closing price of approximately HK\$0.403 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 15.30% over the average closing price of approximately HK\$0.390 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (i) a discount of approximately 80.08% to the audited consolidated equity attributable to Shareholders per Share of approximately HK\$2.259 as at 31 December 2025.

### **Highest and lowest prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.445 on 6 November 2025, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.315 on 21 May 2026 and 17 June 2026.

### **Basis for determining the Cancellation Price**

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the prices and liquidity of the Shares traded on the Stock Exchange, and the financial performance and business prospects of the Group. In particular, deteriorating financial performance of the Group was observed as evidenced by its decline in revenue and volatility in earnings in recent years. Its heavy reliance in electronic manufacturing services (EMS) as well as the uncertain development initiatives of its energy storage business collectively contributed to weak earnings visibility and uncertain outlook.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders, Share Option Holders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

As at the Latest Practicable Date, the Company had no declared but unpaid dividends and had not declared any distribution or return of capital, and had no intention to declare and/or pay any dividend, distribution or return of capital before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be).

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

### **Conditions of the Proposal and the Scheme**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy, at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Disinterested Scheme Shareholders;
- (c) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares and to contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled for issuance to the Offeror;

- (d) the sanction of the Scheme (with or without modification) by the Grand Court and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (f) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
- (g) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and
- (h) since the date of the Announcement, there having been no adverse change to the business, financial or trading position of the Group taken as a whole, to an extent that is material in the context of the Proposal or the Scheme.

The Conditions set out in paragraphs (a) to (d) and (e)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (h) (other than (e)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than the Approvals listed in the Conditions in paragraphs (a) to (d) (inclusive), and the approval by the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange, the Offeror and the Company are not aware of any other Approvals which are required as set out in the Condition in paragraph (e) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (e) to (h) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (f).

If approved and implemented, the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

**Warning: Shareholders, Share Option Holders and potential investors should be aware that the implementation of the Proposal and the Option Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal and the Option Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders, Share Option Holders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

### THE OPTION PROPOSAL

As at the Latest Practicable Date, there were 15,550,182 outstanding Share Options each giving holders the right to subscribe for one new Share per Share Option at the exercise price of HK\$2.5 per Share Option with exercise period from 3 November 2024 to 2 November 2026.

The Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code as set out below.

Under the Option Proposal, the Offeror will offer the Share Option Holders a nominal price of HK\$0.0001 per Share Option for the cancellation of each Share Option (i.e. the Option Cancellation Price), as the exercise price of each Share Option exceeds the Cancellation Price and the “see-through” price is negative.

If any outstanding Share Option is exercised at the relevant exercise price in accordance with the terms of the Share Option Scheme and corresponding Shares are issued to the relevant Share Option Holder(s) prior to the Scheme Record Date, such Shares shall form part of the Scheme Shares. Pursuant to the rules of the Share Option Scheme, if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to the Shareholders and such general offer becomes or is declared unconditional, the grantee shall be entitled to exercise the Share Option in full or in part (to the extent which has become exercisable and not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

Hence, Share Option Holders may either (i) exercise the outstanding Share Options prior to the Scheme Record Date, such that any Shares issued pursuant to the exercise of Share Options on or before the Scheme Record Date will be subject to the Scheme; (ii) accept the Option Offer and receive the Option Cancellation Price; (iii) exercise the Share Options after the Scheme Record Date but prior to the expiry of one month after the Effective Date, whereby the Shares issued pursuant to the exercise of the Share Options following the Scheme Record Date would not be subject to the Scheme; or (iv) take no action, and in such event the Share Options will lapse upon the expiry of one month after the Effective Date in accordance with the Share Option Scheme. Share Option Holders are reminded that if they exercise the outstanding Share Options after the Scheme Record Date, they will hold Shares in the Company as an unlisted company.

During the Offer Period, the Company does not intend to grant any new Share Options under the Share Option Scheme.

**The Option Proposal will be conditional on the Scheme becoming effective. If any of the Conditions is not fulfilled or (where applicable) waived on or before the Long Stop Date and the Proposal and the Scheme lapse, the Option Proposal will also lapse.**

Further information on the Option Proposal is set out in a letter to the Share Option Holders, in the form set out in Appendix VI to this Scheme Document.

#### **IRREVOCABLE UNDERTAKING**

As at the Latest Practicable Date, Mr. Lin was the holder of 1,725,291 Share Options bearing the right to subscribe for 1,725,291 Shares at an exercise price of HK\$2.5 per Share Option. Mr. Lin has made an irrevocable and unconditional undertaking to the Company and the Offeror that he will not exercise the 1,725,291 outstanding Share Options held by him at any time prior to the expiry of one month after the Effective Date and will not accept the Option Proposal in respect thereof. As a result, the Share Options held by Mr. Lin would lapse and he would not become a Shareholder after the Effective Date. Such irrevocable undertaking will remain valid until the lapse of the Share Options upon the expiry of one month after the Effective Date pursuant to the rules of the Share Option Scheme or the lapse of the Proposal.

#### **TOTAL CONSIDERATION AND FINANCIAL RESOURCES**

As at the Latest Practicable Date, there were (a) 224,289,185 Shares in issue, and there were 171,289,185 Scheme Shares (representing approximately 76.37% of the issued share capital of the Company) in issue; and (b) 15,550,182 outstanding Share Options. Save for the above, there were no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the basis of the Cancellation Price of HK\$0.45 per Scheme Share and 171,289,185 Scheme Shares being in issue as at the Latest Practicable Date, and assuming that all Share Options other than the Undertaken Share Options are exercised and there is no other change in the shareholding of the Company before the Scheme Record Date, the Scheme Shares are in aggregate valued at HK\$83,301,334.20, which represents the maximum amount of cash required for the Scheme.

The Offeror's payment obligations to the Scheme Shareholders and the Share Option Holders in respect of the Cancellation Price or the Option Cancellation Price (as the case may be) in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the cash required for the cancellation of the Scheme Shares and the Share Option Holders' acceptance of the Option Proposal with the Offeror's internal cash resources.

Lego Corporate Finance has been appointed as financial adviser to the Offeror in respect of the Proposal and the Option Proposal, and is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the cash consideration payable under the Proposal and the Option Proposal.

### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 224,289,185 Shares;
- (b) the Offeror beneficially owned, controlled or had direction over 53,000,000 Shares, representing approximately 23.63% of the issued Shares; for the avoidance of doubt, the Shares held by the Offeror shall not form part of the Scheme Shares;
- (c) the Disinterested Scheme Shareholders legally or beneficially owned, controlled or had direction over 171,289,185 Shares in aggregate, representing approximately 76.37% of the issued Shares;
- (d) the Scheme Shares, comprising 171,289,185 Shares, represented approximately 76.37% of the issued Shares;
- (e) the Share Option Holders in aggregate held 15,550,182 outstanding Share Options, of which 3,450,582 outstanding Share Options were held by the following Directors:

<b>Directors</b>	<b>Number of outstanding Share Options</b>	<b>Approximate % of total issued Shares<sup>(1)</sup></b>
Mr. Lin ( <i>Executive Director and co-Chairman</i> ) <sup>(2)</sup>	1,725,291	0.77
Ms. Bian Sulan ( <i>Executive Director</i> )	<u>1,725,291</u>	<u>0.77</u>
<b>Total</b>	<u><u>3,450,582</u></u>	<u><u>1.54</u></u>

*Note (1):* Based on the total number of issued Shares as at the Latest Practicable Date.

*Note (2):* The outstanding Share Options held by Mr. Lin (i.e. the Undertaken Share Options) are subject to the Irrevocable Undertaking.

*Note (3):* The other outstanding Share Options were held by employees of the Group.

- (f) Lego Corporate Finance was the financial adviser to the Offeror in connection with the Proposal and the Option Proposal. Accordingly, Lego Corporate Finance was presumed to be acting in concert with the Offeror in relation to the Company in accordance with Class (5) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Lego Corporate Finance did not hold any Shares;
- (g) save for the 224,289,185 Shares in issue and the outstanding Share Options set out above, there were no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carried a right to subscribe for or which were convertible into Shares;
- (h) there were no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties;
- (i) neither the Offeror nor any of the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company; and
- (j) neither the Offeror nor any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled in consideration for the Cancellation Price (with the equivalent number of new Shares being contemporaneously issued to the Offeror credited as fully paid). Assuming there is no other change in shareholding of the Company before completion of the Proposal and all Share Option Holders accept the Option Proposal (except Mr. Lin, who is subject to the Irrevocable Undertaking, and none of the Undertaken Share Options are exercised after the Scheme has become effective), the Company will be wholly owned by the Offeror upon the Scheme becoming effective and the withdrawal of listing of the Shares from the Stock Exchange.

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately following completion of the Proposal (assuming no outstanding Share Options are exercised); and (iii) immediately following completion of the Proposal (assuming all outstanding Share Options will be exercised after the Scheme Record Date but prior to the expiry of one month after the Effective Date), assuming that (a) no further Shares will be issued and no further Share Options will be granted on or before the Scheme Record Date; and (b) there will be no other change in the shareholding of the Company before the Effective Date.

Shareholders	As at the Latest Practicable Date		Immediately following completion of the Proposal (assuming no outstanding Share Options are exercised)		Immediately following completion of the Proposal (assuming all outstanding Share Options are exercised after the Scheme Record Date but prior to expiry of one month after the Effective Date)	
	Approximate percentage of issued		Approximate percentage of issued		Approximate percentage of issued	
	Number of Shares	Shares (%) <sup>(2)</sup>	Number of Shares	Shares (%) <sup>(2)</sup>	Number of Shares	Shares (%) <sup>(2)</sup>
The Offeror <sup>(1)</sup>	53,000,000	23.63	224,289,185	100.00	224,289,185	93.52
Disinterested Shareholders	171,289,185	76.37	—	—	—	—
Share Option Holders	—	—	—	—	15,550,182	6.48
<b>Total</b>	<u>224,289,185</u>	<u>100.00</u>	<u>224,289,185</u>	<u>100.00</u>	<u>239,839,367</u>	<u>100.00</u>

*Notes:*

1. The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong. Each of Mr. Lee, Mr. Ng, Mr. Wong and Mr. Tam is a director of various subsidiaries of the Company. Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled.
2. All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding of the percentages to 2 decimal places.
3. No Directors were interested in the Shares as at the Latest Practicable Date save for the Share Options as disclosed in paragraph (e) above in this section.

**INFORMATION ON THE GROUP**

Your attention is drawn to the section headed “Information on the Group” in the Explanatory Memorandum in Part VI of this Scheme Document.

**INFORMATION ON THE OFFEROR**

Your attention is drawn to the section headed “Information on the Offeror” in the Explanatory Memorandum in Part VI of this Scheme Document.

**INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP**

Your attention is drawn to the section headed “Intention of the Offeror with regard to the Group” in the Explanatory Memorandum in Part VI of this Scheme Document.

The Board welcomes the intention of the Offeror in respect of the Company and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

**FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Your attention is drawn to the section headed “Financial Adviser to the Offeror, Independent Board Committee and Independent Financial Adviser” in the Explanatory Memorandum in Part VI of this Scheme Document.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Proposal and the Option Proposal are fair and reasonable so far as the Disinterested Scheme Shareholders and the Share Option Holders are respectively concerned, and accordingly, it advises the Independent Board Committee to recommend (a) the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme; and (b) the Share Option Holders to accept the Option Proposal.

The full text of the letter from the Independent Financial Adviser is set out in Part V of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the terms of the Proposal are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned. Accordingly, the Independent Board Committee recommends (a) the Disinterested Scheme Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme; and (b) the Share Option Holders to accept the Option Proposal.

The full text of the letter from the Independent Board Committee is set out in Part IV of this Scheme Document.

**REASONS FOR AND BENEFITS OF THE PROPOSAL**

Your attention is drawn to the section headed “Reasons for and benefits of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document.

**WITHDRAWAL OF LISTING OF THE SHARES**

Your attention is drawn to the section headed “Withdrawal of listing of the Shares” in the Explanatory Memorandum in Part VI of this Scheme Document.

**IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

Your attention is drawn to the section headed “If the Scheme is not approved or the Proposal Lapses” in the Explanatory Memorandum in Part VI of this Scheme Document.

**OVERSEAS SCHEME SHAREHOLDERS AND SHARE OPTION HOLDERS**

Your attention is drawn to the section headed “Overseas Scheme Shareholders and Share Option Holders” in the Explanatory Memorandum in Part VI of this Scheme Document.

**TAXATION ADVICE**

Your attention is drawn to the section headed “Taxation advice” in the Explanatory Memorandum in Part VI of this Scheme Document.

**ACTIONS TO BE TAKEN**

Your attention is drawn to the section headed “Actions to be taken” on pages i to vii of this Scheme Document.

**COURT MEETING AND EGM**

Notices convening the Court Meeting and the EGM to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Wednesday, 15 July 2026, in the case of the Court Meeting at 10:00 a.m. and, in the case of the EGM at 10:30 a.m. (or as soon as practicable after the conclusion or adjournment of the Court Meeting), are set out in Appendix IV and Appendix V to this Scheme Document respectively.

The Grand Court has directed the Court Meeting to be convened and held for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in Conditions (a) and (b) in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document.

As soon as practicable after the conclusion or adjournment of the Court Meeting, the EGM will be held for the purpose of considering and, if thought fit, approving all resolutions necessary for the implementation of the Proposal in the manner referred to in Condition (c) in the paragraph headed “Conditions of the Proposal and the Scheme” under the section headed “Terms of the Proposal” in the Explanatory Memorandum in Part VI of this Scheme Document. An announcement will be jointly made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code.

### **VOTING AT THE COURT MEETING AND THE EGM**

As at the Latest Practicable Date, the Offeror held 53,000,000 Shares in the Company, representing approximately 23.63% of the total number of Shares in issue. Shares held by the Offeror will not form part of the Scheme Shares and will not be cancelled under the Proposal. As the Offeror is not a Scheme Shareholder, the Shares held by the Offeror will not be voted at the Court Meeting. The Offeror will undertake to the Grand Court to be bound by the Scheme so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.

All Scheme Shareholders as at the Meeting Record Date will be entitled to attend and vote at the Court Meeting to approve the Scheme, provided that only the votes of the Disinterested Scheme Shareholders will be taken into account in determining whether Condition (b) under the section headed “Conditions of the Proposal and the Scheme” above and Rule 2.10 of the Takeovers Code are satisfied.

All Shareholders as at the Meeting Record Date will be entitled to attend and vote on the special resolution to be proposed at the EGM to approve and give effect to any reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares and to contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled for issuance to the Offeror.

### **GENERAL**

Each of Mr. Lin and Ms. Bian Sulan is regarded as being interested in the Proposal and the Option Proposal. Accordingly, Mr. Lin and Ms. Bian Sulan have not participated in, and will abstain from voting in, any vote of the Board in relation to the Proposal (including the Option Proposal).

The Directors (including members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part IV of this Scheme Document) believe that the Proposal and the Option Proposal are fair and reasonable so far as the Disinterested Scheme Shareholders and the Share Option Holders are respectively concerned.

**RECOMMENDATIONS**

With reference to Rule 2.1 of the Takeovers Code, the Board defers to the Independent Board Committee with respect to the making of recommendation to the Disinterested Scheme Shareholders and the Share Option Holders (i) as to whether the Proposal and the Option Proposal are, or are not, fair and reasonable; (ii) as to voting at the Court Meeting and the EGM; and (iii) as to acceptance of the Option Proposal by the Share Option Holders.

Your attention is drawn to (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from the Independent Financial Adviser in Part V of this Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice to the Independent Board Committee.

**FURTHER INFORMATION**

You are urged to read the whole of this Scheme Document, in particular:

- (a) the letter from the Independent Board Committee in Part IV of this Scheme Document;
- (b) the letter from the Independent Financial Adviser in Part V of this Scheme Document;
- (c) the Explanatory Memorandum in Part VI of this Scheme Document;
- (d) the appendices to this Scheme Document, including the Scheme set out in Appendix III to this Scheme Document; and
- (e) the notice of Court Meeting and the notice of EGM set out in Appendix IV and Appendix V to this Scheme Document, respectively.

In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM are enclosed with this Scheme Document.

If you are a Share Option Holder, you are also urged to read carefully the letter to the Share Option Holders, in the form set out in Appendix VI to this Scheme Document, and the enclosed Form of Acceptance.

Shareholders, Share Option Holders and potential investors should be aware that the implementation of the Proposal and the Option Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal and the Option Proposal may or may not be implemented. Shareholders, Share Option Holders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Yours faithfully

By order of the Board

**China Energy Storage Technology Development Limited**

**Lin Dailian**

*Co-Chairman and executive Director*



# 中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

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

**(Stock code: 1143)**

22 June 2026

*To the Disinterested Scheme Shareholders and Share Option Holders*

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED  
BY THE OFFEROR  
BY WAY OF A SCHEME OF ARRANGEMENT UNDER  
SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

We refer to the scheme document (the “**Scheme Document**”) dated 22 June 2026 jointly issued by the Company and the Offeror in relation to the Proposal and the Option Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Scheme Document.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Disinterested Scheme Shareholders and the Share Option Holders (as applicable): (i) as to whether the Proposal and the Option Proposal are, or are not, fair and reasonable; (ii) as to voting at the Court Meeting and the EGM; and (iii) as to acceptance of the Option Proposal by the Share Option Holders.

Mango Financial Limited has been appointed, with our approval, as the Independent Financial Adviser to advise us in respect of the Proposal and the Option Proposal.

We wish to draw your attention to (a) the “Letter from the Board” as set out in Part III of the Scheme Document; (b) the “Letter from the Independent Financial Adviser” as set out in Part V of the Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Memorandum as set out in Part VI of the Scheme Document.

Having considered the terms of the Proposal and the Option Proposal, and having taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter, we consider the terms of the Proposal and the Option Proposal are fair and reasonable so far as the Disinterested Scheme Shareholders and the Share Option Holders are respectively concerned.

Accordingly, we recommend:

- (1) the Disinterested Scheme Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting;
- (2) the Shareholders to vote in favour of the special resolution to approve and give effect to any reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares and to contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled for issuance to the Offeror at the EGM; and
- (3) the Share Option Holders to accept the Option Proposal.

Yours faithfully,

**Independent Board Committee**

**Mr. Li Huiwu**

*Independent non-executive  
Director*

**Mr. Wu Chi King**

*Independent non-executive  
Director*

**Ms. Zhang Xiulin**

*Independent non-executive  
Director*

*The following is the full text of the letter of advice from Mango Financial Limited, the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal and the Option Proposal, which has been prepared for the purpose of inclusion in this Scheme Document.*



22 June 2026

*To the Independent Board Committee of  
China Energy Storage Technology Development Limited*

Dear Sirs or Madams,

**(1) PROPOSAL FOR THE PRIVATISATION OF  
CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED  
BY THE OFFEROR BY WAY OF  
A SCHEME OF ARRANGEMENT UNDER SECTION 86  
OF THE COMPANIES ACT OF THE CAYMAN ISLANDS;  
AND  
(2) PROPOSED WITHDRAWAL OF LISTING**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal and the Option Proposal, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) and the Explanatory Memorandum contained in the Scheme Document dated 22 June 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Scheme Document unless the context otherwise requires.

Reference is made to the Announcement. In late January 2026, the Board resolved to put forward a proposal for the privatisation of the Company to the Shareholders. The Offeror was subsequently invited by the Board to make an offer for the Proposal. Upon the Offeror’s acceptance to the invitation, the Board put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act. The Scheme will involve the cancellation of the Scheme Shares in consideration for the payment by the Offeror to the Scheme Shareholders of the Cancellation Price of HK\$0.45 for every Scheme Share in cash, and the listing of the Shares will be withdrawn from the Stock Exchange.

As at the Latest Practicable Date, there were 15,550,182 outstanding Share Options each giving holders the right to subscribe for one new Share per Share Option at the exercise price of HK\$2.5 per Share Option with exercise period from 3 November 2024 to 2 November 2026. The Offeror is making the Option Offer under the Option Proposal at a nominal price of HK\$0.0001 per Share Option for the cancellation of each Share Option. The Option Proposal will be conditional on the Scheme becoming effective.

The Independent Board Committee, which comprises Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin, all being independent non-executive Directors, has been established by the Board in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Disinterested Scheme Shareholders as to whether the Proposal and the Option Proposal are, or are not, fair and reasonable and as to voting at the Court Meeting and the EGM. As the Independent Financial Adviser, with our appointment having been approved by the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee in such regard.

## **INDEPENDENCE**

As at the Latest Practicable Date, Mango Financial Limited did not have any relationships or interests with the Company and the Offeror or its ultimate beneficial shareholders that could reasonably be regarded as relevant to the independence of Mango Financial Limited. We are not associated or connected with the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. In the last two years, we have not acted as an independent financial adviser or a financial adviser to the Company or the Offeror. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, which is not conditional upon passing of the resolutions to be proposed at the Court Meeting and the EGM or our view on the Option Offer, no arrangement exists whereby we have received or will receive any fees or benefits from the Company, the Offeror or their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are qualified to give independent advice in respect of the Proposal and the Option Proposal.

## **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have reviewed, among other things, (i) the Announcement; (ii) the annual reports of the Company for the years ended 31 December 2023, 2024 and 2025 (the “**2023 Annual Report**”, “**2024 Annual Report**” and “**2025 Annual Report**”, respectively); (iii) the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”); (iv) consolidated management accounts of the Company for the three months ended 31 March 2026; and (v) other information contained in the Scheme Document.

We have relied on (i) the information and facts contained or referred to in the Scheme Document; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management, for which they are solely and wholly responsible for, or contained or referred to in the Scheme Document were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Scheme Document are true at the time they were made and continue to be true as at the Latest Practicable Date and all

such statements of belief, opinions and intentions of the Directors and the Management and those as set out or referred to in the Scheme Document were reasonably made after due and careful enquiry.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the Management and/or the advisers of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Scheme Document and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date. Shareholders will be informed of any material changes to such representations and/or our opinion as soon as possible until the Scheme becomes effective or the Proposal lapses in compliance with Rule 9.1 of the Takeovers Code.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Scheme Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company and its subsidiaries, its substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

We have not considered the taxation implications on the Scheme Shareholders and the Share Option Holders arising from acceptance or non-acceptance of the Proposal and/or the Option Proposal, if any, and therefore we will not accept responsibility for any tax effect or liability that may potentially be incurred by the Scheme Shareholders and the Share Option Holders as a result of the Proposal and/or the Option Proposal. In particular, the Scheme Shareholders and the Share Option Holders who are subject to Hong Kong or overseas taxation on dealings in securities are urged to seek their own professional advice on tax matters.

## **PRINCIPAL TERMS OF THE PROPOSAL AND THE OPTION PROPOSAL**

Set out below are the principal terms of the Proposal and the Option Proposal, details of which are set out in the Letter from the Board and the Explanatory Statement. The Disinterested Scheme Shareholders are encouraged to read the Scheme Document and its appendices in full.

### **1. Terms of the Proposal**

Subject to the satisfaction or waiver (where applicable) of the Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from the Offeror:

For every Scheme Share cancelled..... HK\$0.45 in cash

If the Proposal is implemented, all Scheme Shares will be cancelled on the Effective Date. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained at the amount immediately prior to the cancellation of the Scheme Shares by the issuance at par to the Offeror, credited as fully paid, of an aggregate number of new Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the books of account of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, immediately after the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Scheme Record Date as soon as practicable, but in any event no later than seven (7) Business Days after the Effective Date.

## 2. Cancellation Price

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders, Share Option Holders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

As at the Latest Practicable Date, the Company had no declared but unpaid dividends and had not declared any distribution or return of capital, and had no intention to declare and/or pay any dividend, distribution or return of capital before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be).

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

### 3. Conditions of the Proposal and the Scheme

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy, at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Disinterested Scheme Shareholders;
- (c) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares and to contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled for issuance to the Offeror;
- (d) the sanction of the Scheme (with or without modification) by the Grand Court and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (f) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);

- (g) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and
- (h) since the date of the Announcement, there having been no adverse change to the business, financial or trading position of the Group taken as a whole, to an extent that is material in the context of the Proposal or the Scheme.

The Conditions set out in paragraphs (a) to (d) and (e)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (h) (other than (e)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than the Approvals listed in the Conditions in paragraphs (a) to (d) (inclusive), and the approval by the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange, the Offeror and the Company are not aware of any other Approvals which are required as set out in the Condition in paragraph (e) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (e) to (h) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (f).

If approved and implemented, the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

**Shareholders, Share Option Holders and potential investors should be aware that the implementation of the Proposal and the Option Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal and the Option Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders, Share Option Holders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

#### 4. The Option Proposal

As at the Latest Practicable Date, there were 15,550,182 outstanding Share Options each giving holders the right to subscribe for one new Share per Share Option at the exercise price of HK\$2.5 per Share Option with exercise period from 3 November 2024 to 2 November 2026. The Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code as set out below.

Under the Option Proposal, the Offeror will offer the Share Option Holders a nominal price of HK\$0.0001 per Share Option for the cancellation of each Share Option (i.e. the Option Cancellation Price), as the exercise price of each Share Option exceeds the Cancellation Price and the “see-through” price is negative.

If any outstanding Share Option is exercised at the relevant exercise price in accordance with the terms of the Share Option Scheme and corresponding Shares are issued to the relevant Share Option Holder(s) prior to the Scheme Record Date, such Shares shall form part of the Scheme Shares. Pursuant to the rules of the Share Option Scheme, if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to the Shareholders and such general offer becomes or is declared unconditional, the grantee shall be entitled to exercise the Share Option in full or in part (to the extent which has become exercisable and not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

Hence, Share Option Holders may either (i) exercise the outstanding Share Options prior to the Scheme Record Date, such that any Shares issued pursuant to the exercise of Share Options on or before the Scheme Record Date will be subject to the Scheme; (ii) accept the Option Offer and receive the Option Cancellation Price; (iii) exercise the Share Options after the Scheme Record Date but prior to the expiry of one month after the Effective Date, whereby the Shares issued pursuant to the exercise of the Share Options following the Scheme Record Date would not be subject to the Scheme; or (iv) take no action, and in such event the Share Options will lapse upon the expiry of one month after the Effective Date in accordance with the Share Option Scheme. Share Option Holders are reminded that if they exercise the outstanding Share Options after the Scheme Record Date, they will hold Shares in the Company as an unlisted company.

During the Offer Period, the Company does not intend to grant any new Share Options under the Share Option Scheme.

**The Option Proposal will be conditional on the Scheme becoming effective. If any of the Conditions is not fulfilled or (where applicable) waived on or before the Long Stop Date and the Proposal and the Scheme lapse, the Option Proposal will also lapse.**

As at the Latest Practicable Date, Mr. Lin was the holder of 1,725,291 Share Options bearing the right to subscribe for 1,725,291 Shares at an exercise price of HK\$2.5 per Share Option. Mr. Lin has made an irrevocable and unconditional undertaking to the Company and the Offeror that he will not exercise the 1,725,291 outstanding Share Options held by him at any time prior to the expiry of one month after the Effective Date and will not accept the Option Proposal in respect thereof. As a result, the Share Options held by Mr. Lin would lapse and he would not become a Shareholder after the Effective Date. Such irrevocable undertaking will remain valid until the lapse of the Share Options upon the expiry of one month after the Effective Date pursuant to the rules of the Share Option Scheme or the lapse of the Proposal.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Proposal and the Option Proposal, we have taken into consideration, among other things, the following:

### 1. Information on the Group

#### *1.1. Principal businesses and information of the Group*

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares have been listed on the Main Board of the Stock Exchange since 27 January 2011. The Group's principal activities are (i) electronic manufacturing services (“EMS”); (ii) equity investment, property agency service and other operations; (iii) real estate advisory service and real estate purchase service and energy storage products; and (iv) provision of loan services by a licensed money lender under the Group.

EMS generally encompasses a range of services including design, sourcing, manufacturing, testing and distribution of electronic products, components, assemblies, parts and related products. For the recent financial years from FY2022 to FY2025, EMS has been the Group's core business which accounted for over 90% of the Group's revenue from continuing operations. The Group operates its EMS business through the offering of one-stop solutions, including research and development, sourcing and procurement, production, sales and logistics and after-sales services in respect of two main groups of products, namely communication and non-communications products whereas non-communication products mainly included appliances and appliances control products and multimedia products.

Majority of the Group's products are sold to customers located or operated in Europe, the United States and the People's Republic of China (“PRC” or “China”). As disclosed in the 2025 Annual Report, revenue from (i) major European countries (Switzerland, Belgium and France); (ii) the United States; (iii) the PRC (including Hong Kong); and (iv) other countries (such as Thailand, Mexico, Brazil and others) accounted for approximately 38.0% (2024: 39.4%), 16.8% (2024: 20.7%), 11.2% (2024: 11.8%) and 34.0% (2024: 28.1%) of the Group's revenue from continuing operations for FY2025, respectively. For FY2025, total sales to the Group's five largest customers and its largest customer accounted for approximately 77.5% (2024: 83.8%) and 46.4% (2024: 53.8%) of the Group's sales for the year, respectively.

In 2023, the Group commenced its business of energy storage products and changed its company name. As disclosed in the 2023 Annual Report, the Company planned to vigorously expand the production and sales of new energy storage equipment and supply chain services, energy storage system integration, new energy storage technology and supporting services businesses in the future in order to improve the profitability of the Company's energy storage business under the dual benefits of supportive government policies and growing market demand of this industry. As further noted in the 2023 Annual Report and 2024 Annual Report, the Group recognised the energy storage industry as one of the key strategic focuses of the PRC government in achieving its national dual-carbon goals (i.e. carbon peak before 2030 and carbon neutrality before 2060). According to

“Implementation Plan for the Development of New Energy Storage during the 14th Five-Year Period” (《「十四五」新型儲能發展實施方案》) jointly issued by National Development and Reform Commission (國家發展與改革委員會) and National Energy Administration (國家能源局) of the PRC in March 2022, energy storage has been reinforced as a core national strategic sector, targeting to reach large-scale commercialisation by 2025 and full market-oriented integrations by 2030. The “New Power System Development Blue Paper” (《新型電力系統發展藍皮書》) published by National Energy Administration (國家能源局) in June 2023 further outlines a three-step pathway to promote local deployment of new energy in various applications such as residential communities, new energy vehicle charging stations and other transportation sectors. As a result of favourable government policies, the energy storage industry in the PRC has demonstrated a significant expansion. According to the data published by National Energy Administration (國家能源局), the newly installed capacity for energy storage projects increased by over 2.6 times in 2023 and the corresponding economic investment exceeded RMB100 billion between 2021 and 2023. In particular, the PRC government data reported that charging units of new energy vehicles increased by approximately 30.6% in 2023 as compared to the prior year. Accordingly, in light of these policy stimuli and market developments, the Group has expanded into the energy storage sector in order to capture the market capacity arising from the growing demand, thus diversifying the Group’s businesses and revenue streams for continuous development.

In 2024, the Group’s business segment of distribution of communications products was discontinued due to continuing decreasing demand of the business line telephone system product in North America. The common practice of work-from-home or choosing hybrid work model or online meeting via internet become more popular which lessened the use of communication product in office. Thus, the Group closed down the relevant subsidiary in the segment during 2024. The financial results of the Group’s operations in distribution of communications products were presented as discontinued operation in the consolidated financial statements of the Company for FY2024 and FY2023 (restated) in the 2024 Annual Report.

The Group also operates its money lending business through its wholly-owned subsidiary which is a holder of money lenders licenses issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). Money lending business generated less than 0.1% and nil of the Group’s total revenue from continuing operations for each of FY2022 to FY2024 and FY2025, respectively. According to the 2025 Annual Report, the Group had no active loan account as at 31 December 2024 and 2025. As advised by the Management, the Group remained alert and prudently managed loan approval procedures in order to manage the risk of bad debts in view of uncertain economic conditions. Therefore, no loan was granted during FY2025.

*1.2. Historical financial information of the Group*

Set out below are the consolidated financial results of the Company for the years ended 31 December 2022, 2023, 2024 and 2025 (“**FY2022**”, “**FY2023**”, “**FY2024**” and “**FY2025**”, respectively) as extracted from the 2023 Annual Report, the 2024 Annual Report and the 2025 Annual Report.

	<b>FY2022</b> <b>(audited)</b> <i>HK\$'000</i>	<b>FY2023</b> <b>(restated)</b> <i>HK\$'000</i>	<b>FY2024</b> <b>(audited)</b> <i>HK\$'000</i>	<b>FY2025</b> <b>(audited)</b> <i>HK\$'000</i>
<i><b>Continuing operations</b></i>				
Revenue	529,251	491,597	479,317	359,657
— <i>EMS</i>	502,606	444,171	455,081	359,036
— <i>Distribution of communications products</i>	18,489	—	—	—
— <i>Securities and other assets investment and others</i>	679	27,333	12,200	—
— <i>Real estate supply chain services and energy storage products</i>	7,388	19,846	11,880	621
— <i>Money lending</i>	89	247	156	—
Cost of sales	<u>(427,855)</u>	<u>(359,842)</u>	<u>(355,716)</u>	<u>(275,042)</u>
Gross profit	101,396	131,755	123,601	84,615
<i>Gross profit margin (Note 1)</i>	19.2%	26.8%	25.8%	23.5%
Other income	9,631	13,143	17,926	14,370
Other gains and losses, net	6,690	8,841	2,723	194
Selling and distribution expenses	(29,988)	(36,459)	(38,406)	(27,761)
Administrative expenses	(105,039)	(85,599)	(99,076)	(90,070)
(Provision)/Reversal of impairment loss on loans to other parties, net	(4,118)	4,466	22,579	756
(Provision)/Reversal of impairment loss on trade receivables, net	(606)	(179)	(2,080)	702
(Provision)/Reversal of impairment loss on other receivables, net	(4,206)	(9,153)	7,924	606
Provision on impairment losses on intangible assets	(3,615)	(2,620)	(7,172)	(727)
Research and development expenditure	<u>(14,511)</u>	<u>(13,092)</u>	<u>(12,835)</u>	<u>(14,040)</u>
(Loss)/Profit from operations	(44,366)	11,103	15,184	(31,355)
Finance costs	<u>(4,051)</u>	<u>(3,065)</u>	<u>(4,829)</u>	<u>(12,033)</u>

	<b>FY2022</b> <b>(audited)</b> <i>HK\$'000</i>	<b>FY2023</b> <b>(restated)</b> <i>HK\$'000</i>	<b>FY2024</b> <b>(audited)</b> <i>HK\$'000</i>	<b>FY2025</b> <b>(audited)</b> <i>HK\$'000</i>
(Loss)/Profit before tax	(48,417)	8,038	10,355	(43,388)
Income tax expense	<u>(3,592)</u>	<u>(3,157)</u>	<u>(3,898)</u>	<u>(1,880)</u>
(Loss)/Profit for the year from continuing operations	(52,009)	4,881	6,457	(45,268)
<i>Net profit margin (Note 2)</i>	<i>(9.8)%</i>	<i>1.0%</i>	<i>1.3%</i>	<i>(12.6)%</i>
<b><i>Discontinued operation</i></b>				
Profit/(Loss) for the year from discontinued operation	<u>—</u>	<u>284</u>	<u>(129)</u>	<u>—</u>
(Loss)/Profit for the year	<u><u>(52,009)</u></u>	<u><u>5,165</u></u>	<u><u>6,328</u></u>	<u><u>(45,268)</u></u>
<i>Attributable to:</i>				
— the Shareholders	(54,042)	5,257	8,036	(44,412)
— non-controlling interests	<u>2,033</u>	<u>(92)</u>	<u>(1,708)</u>	<u>(856)</u>
	<u><u>(52,009)</u></u>	<u><u>5,165</u></u>	<u><u>6,328</u></u>	<u><u>(45,268)</u></u>

*Notes:*

1. Gross profit margin is calculated by dividing gross profit by revenue from continuing operations.
2. Net profit margin is calculated by dividing profit/(loss) for the year from continuing operations by revenue from continuing operations.

Set out below is the consolidated financial position of the Company as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025 as extracted from the 2023 Annual Report, the 2024 Annual Report and the 2025 Annual Report.

	As at 31 December			
	2022	2023	2024	2025
	(audited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Inventories	56,799	54,660	45,050	92,747
Trade receivables	115,354	145,309	117,294	80,679
Prepayment, deposits, other receivables	92,619	223,568	322,185	288,165
Bank and cash balances	252,209	271,567	312,051	246,901
Other current assets	<u>18,417</u>	<u>10,827</u>	<u>4,911</u>	<u>4,194</u>
<b>Current assets</b>	<b>535,398</b>	<b>705,931</b>	<b>801,491</b>	<b>712,686</b>
<b>Non-current assets</b>	<u>123,835</u>	<u>70,487</u>	<u>78,646</u>	<u>91,079</u>
<b>Total assets</b>	<u><b>659,233</b></u>	<u><b>776,418</b></u>	<u><b>880,137</b></u>	<u><b>803,765</b></u>
Trade payables	40,186	76,471	58,434	33,562
Accruals and other payables	201,832	179,770	194,204	195,053
Lease liabilities	16,596	6,894	10,177	11,451
Borrowings	13,565	4,849	14,300	10,380
Bonds payable	—	—	20,000	12,788
Current tax liabilities	2,768	4,011	4,015	1,664
Other current liabilities	<u>1,356</u>	<u>696</u>	<u>—</u>	<u>—</u>
<b>Current liabilities</b>	<u>276,303</u>	<u>272,691</u>	<u>301,130</u>	<u>264,898</u>
Bonds payable	—	—	5,041	5,241
Lease liabilities	<u>20,914</u>	<u>15,002</u>	<u>37,081</u>	<u>27,439</u>
<b>Non-current liabilities</b>	<u>20,914</u>	<u>15,002</u>	<u>42,122</u>	<u>32,680</u>
<b>Total liabilities</b>	<u><b>297,217</b></u>	<u><b>287,693</b></u>	<u><b>343,252</b></u>	<u><b>297,578</b></u>
Equity attributable to the Shareholders	359,862	486,663	536,531	506,689
Non-controlling interests	<u>2,154</u>	<u>2,062</u>	<u>354</u>	<u>(502)</u>
<b>Total equity/Net assets</b>	<u><b>362,016</b></u>	<u><b>488,725</b></u>	<u><b>536,885</b></u>	<u><b>506,187</b></u>

*Review of historical financial information*

Total revenue of the Group from continuing operations amounted to approximately HK\$529.3 million, HK\$491.6 million, HK\$479.3 million and HK\$359.7 million for FY2022, FY2023, FY2024 and FY2025, respectively, which demonstrated a downward trend from FY2022 to FY2025. During FY2022 to FY2025, over 90% of the Group's total revenue from continuing operations was contributed by its EMS business.

The decline in total revenue from continuing operations for FY2023 as compared to that for FY2022 was primarily due to decrease in revenue from EMS business. According to the 2023 Annual Report, the decrease in revenue from EMS business was mainly as a result of the change in working environment during the COVID-19 epidemic with more full-time employees working from home or choosing hybrid work model and online meeting becoming more popular, thereby lessened the use of communication product in office. At the same time, the Russo-Ukrainian war reached stalemate in 2023 and affect the business of European market. Despite the decline in revenue, gross profit from continuing operations for FY2023 increased to approximately HK\$131.8 million from that of approximately HK\$101.4 million for FY2022, which was mainly contributed by the cost saving arising from production automation and the drop in material cost upon the resumption of supply chain from the lapse of the Covid-19 pandemic. As a result, gross profit margin of continuing operations improved from approximately 19.2% for FY2022 to approximately 26.8% for FY2023. On the other hand, administrative expenses also reduced from approximately HK\$105.0 million for FY2022 to approximately HK\$85.6 million for FY2023. Mainly as a combined result of the foregoing, the Group recorded a marginal profit from continuing operations of approximately HK\$4.9 million and a corresponding thin net profit margin of approximately 1.0% for FY2023, as compared to a loss from continuing operations of approximately HK\$52.0 million and a corresponding negative net profit margin of approximately 9.8% for FY2022.

As at 31 December 2023, the Group recorded equity attributable to the Shareholders of approximately HK\$486.7 million, representing an increase of approximately HK\$126.8 million from those of approximately HK\$359.9 million as at 31 December 2022, mainly because the Company completed equity fundraisings by subscription of new Shares under specific mandate in February 2023 and placing of new Shares under general mandate in October 2023 with net proceeds of approximately HK\$95.5 million and HK\$30.9 million, respectively. As at 31 December 2023, the Group's total assets amounted to approximately HK\$776.4 million, which mainly included, among others, (i) trade receivables of approximately HK\$145.3 million; (ii) prepayment, deposits and other receivables of approximately HK\$223.6 million; (iii) bank and cash balances of approximately HK\$271.6 million; and (iv) inventories of approximately HK\$54.7 million. As at 31 December 2023, the Group's total liabilities amounted to approximately HK\$287.7 million, which mainly included, among others, (a) trade payables of approximately HK\$76.5 million; (b) accruals and other payables of approximately HK\$179.8 million; and (c) borrowings and lease liabilities of approximately HK\$26.7 million.

For FY2024, the Group's total revenue from continuing operations and revenue from EMS business remained relatively stable as compared to those for FY2023. Based on the 2024 Annual Report, revenue from EMS business for FY2024 was driven by the increase in revenue from the European market, Thailand and Brazil. However, such effect was largely offset by the decrease in revenue from the PRC (including Hong Kong), the United States and Malaysia, mainly because China's economic transformation is facing phased challenges and demand from the United States weakened. Although the Group managed to sustain its revenue for FY2024, gross profit from continuing operations decreased from approximately HK\$131.8 million for FY2023 to approximately HK\$123.6 million for FY2024, with slightly decreased gross profit margin from approximately 26.8% for FY2023 to approximately 25.8% for FY2024, mainly due to the change in product mix during FY2024 as disclosed in the 2024 Annual Report. Such change in product mix was primarily attributable to the increase in sales contribution of electronic personal care products and household products with eroded gross profit margins during FY2024 as compared to FY2023. Further, for FY2024, administrative expenses increased to approximately HK\$99.1 million from those of approximately HK\$85.6 million for FY2023, which was mainly caused by the increased equity-settled share-based payments of approximately HK\$7.9 million. On the other hand, during FY2024, the Group recorded reversal of impairment losses on loan to other parties, net, of approximately HK\$22.6 million due to subsequent repayment of the overdue and impaired loans by the relevant borrowers. As a result, the Group recorded a marginal profit from continuing operations of approximately HK\$6.5 million and a corresponding thin net profit margin of approximately 1.3% for FY2024.

As at 31 December 2024, the Group recorded equity attributable to the Shareholders of approximately HK\$536.5 million, representing an increase of approximately HK\$49.8 million from those of approximately HK\$486.7 million as at 31 December 2023, mainly because the Company completed equity fundraisings by placings of new Shares under general mandate in April 2024 and October 2024 with net proceeds of approximately HK\$17.5 million and HK\$25.3 million, respectively. As at 31 December 2024, the Group's total assets amounted to approximately HK\$880.1 million, which mainly included, among others, (i) trade receivables of approximately HK\$117.3 million; (ii) prepayment, deposits and other receivables of approximately HK\$322.2 million; (iii) bank and cash balances of approximately HK\$312.1 million; and (iv) inventories of approximately HK\$45.1 million. As at 31 December 2024, the Group's total liabilities amounted to approximately HK\$343.3 million, which mainly included, among others, (a) trade payables of approximately HK\$58.4 million; (b) accruals and other payables of approximately HK\$194.2 million; and (c) borrowings, bonds payable and lease liabilities of approximately HK\$86.5 million, which increased from those of approximately HK\$26.7 million as at 31 December 2023 primarily due to the additions of right-of-use assets of approximately HK\$38.5 million during FY2024 and the issuance of bonds of HK\$5.0 million and HK\$20.0 million by the Company in October 2024 and December 2024, respectively, for fulfilling working capital and other general corporate purposes, primarily including payments of salaries, rental expenses and deposits for purchases of electronic products.

For FY2025, the Group recorded a significant decline in revenue from continuing operations to approximately HK\$359.7 million from that of approximately HK\$479.3 million for FY2024. As disclosed in the 2025 Annual Report, the decline in revenue was primarily due to the reduced demand for EMS services worldwide as the global economy remained under pressure from high interest rates, geopolitical instability and weak consumer demand. Also, the impact of ongoing trade tensions and tariff measures imposed on certain product categories resulted in higher costs for imported raw materials and dampened customer demand. Moreover, by 2025, the Russo-Ukrainian war had evolved into a prolonged war of attrition, with Russia maintaining control over parts of eastern Ukraine and the conflict showing no signs of resolution. This ongoing instability disrupted energy supplies, heightened inflationary pressures in Europe, and weakened consumer confidence, thereby exerting further downward pressure on the Group's business in the European markets. Gross profit decreased significantly from approximately HK\$123.6 million for FY2024 to approximately HK\$84.6 million for FY2025, and the gross profit margin decreased from approximately 25.8% for FY2024 to approximately 23.5% for FY2025. According to the 2025 Annual Report, such decreases were considered to be primarily attributable to (i) the decrease in sales with the impact of ongoing trade tensions and tariff measures; and (ii) the establishment of the Group's new manufacturing facility in Cambodia leading to higher production costs during the start-up phase, including initial operating and increased overhead expenses in the second half of 2025. Other net gains and losses of the Group also decreased from approximately HK\$2.7 million for FY2024 to approximately HK\$0.2 million mainly due to (a) decrease in net foreign exchange gains from approximately HK\$2.8 million for FY2024 to approximately HK\$0.9 million for FY2025 primarily as a result of less favourable foreign exchange movements during FY2025 as compared to FY2024; and (b) recognition of a loss of HK\$0.7 million for FY2025 regarding termination of an impaired intangible asset in respect of exclusive agency rights. For FY2025, the Group recorded a significantly deteriorated results, with a loss of approximately HK\$45.3 million and negative net profit margin of approximately 12.6%.

As at 31 December 2025, the Group recorded equity attributable to the Shareholders of approximately HK\$506.7 million, representing a decrease of approximately HK\$29.8 million from those of approximately HK\$536.5 million as at 31 December 2024, mainly attributable to the loss incurred by the Group for FY2025. As at 31 December 2025, the Group's total assets amounted to approximately HK\$803.8 million, which mainly included, among others, (i) trade receivables of approximately HK\$80.7 million, which decreased from approximately HK\$117.3 million as at 31 December 2024 mainly attributable to the decline in revenue for FY2025 as compared to FY2024; (ii) prepayment, deposits and other receivables of approximately HK\$288.2 million, which decreased from approximately HK\$322.2 million as at 31 December 2024 primarily as a result of fulfillment of prepayments upon delivery of inventories of energy storage related products to the Group during FY2025; (iii) bank and cash balances of approximately HK\$246.9 million; and (iv) inventories of approximately HK\$92.7 million, which increased from approximately HK\$45.1 million as at 31 December 2024 mainly

attributable to the corresponding increase in inventories of energy storage related products as a result of fulfillment of prepayments. As at 31 December 2025, the Group's total liabilities amounted to approximately HK\$297.6 million, which mainly included, among others, (a) trade payables of approximately HK\$33.6 million; (b) accruals and other payables of approximately HK\$195.1 million; and (c) borrowings, bonds payable and lease liabilities of approximately HK\$67.3 million.

*Provision/reversal of impairment losses on financial assets*

Based on the accounting policies of the Group, the Group recognises expected credit loss (“ECL”) for its financial assets, including loans to other parties, trade receivables and other receivables, which is estimated based on factors such as historical credit loss experience, factors specific to the debtors and general economic conditions, etc.

In respect of loans to other parties:

- as at 31 December 2022, the Group had certain loans to other parties which were overdue and over 80% impaired. The net provision of approximately HK\$4.1 million for FY2022 represented the ECL further recognised on these loans. For FY2023, as the relevant borrowers partly repaid their overdue amounts during the year, net reversals of approximately HK\$4.5 million was recognised;
- net reversal of impairment losses on loans to other parties increased to approximately HK\$22.6 million for FY2024 from approximately HK\$4.5 million for FY2023, which mainly represented the further repayments of overdue amounts by the relevant borrowers during FY2024; and
- further net reversal of impairment losses on loans to other parties of approximately HK\$0.8 million for FY2025 was recognised based on ECL assessment with improved probability of recovery of the overdue amounts from the relevant borrowers.

In respect of trade receivables:

- net provision of impairment losses on trade receivables of approximately HK\$0.6 million was recognised for FY2022, followed by a further net provision of approximately HK\$0.2 million for FY2023. Such provisions were determined based on ECL assessment and were generally consistent with the increase in trade receivables as at 31 December 2023 as compared to 31 December 2022, which resulted in a larger balance being subject to ECL assessment;
- net provision of impairment losses on trade receivables increased to approximately HK\$2.1 million for FY2024 from approximately HK\$0.2 million for FY2023. The increase as compared to FY2023 was primarily

attributable to the application of higher probability of default rates in ECL assessment on certain trade receivables due from new customers that lacked sufficient historical repayment records; and

- net reversal of impairment losses on trade receivables of approximately HK\$0.7 million was recognised for FY2025, as compared to net provision of approximately HK\$2.1 million for FY2024. The reversal was mainly attributable to a reduction in the ECL allowance arising from the decrease in trade receivables balance as at 31 December 2025 as compared to 31 December 2024.

In respect of other receivables:

- net provision of impairment losses on other receivables of approximately HK\$4.2 million and HK\$9.2 million for FY2022 and FY2023, respectively, mainly represented the impairments recognised for the proceeds from disposal of interests in two associated companies in 2021, which were overdue from the relevant purchasers;
- for FY2024, net reversal of impairment losses on other receivables of approximately HK\$7.9 million due to the partial recovery of the overdue amounts from the relevant purchasers; and
- for FY2025, net reversal of impairment losses on other receivables of approximately HK\$0.6 million due to the further recovery of the overdue amounts from the relevant purchasers.

*Deteriorating financial performance as a result of global macroeconomic and geopolitical environment*

As observed above, the Group's financial performance from FY2022 to FY2025 reflects a generally deteriorating trend, with a pronounced weakening for FY2025. This trend appears to be closely associated with the Group's exposure to a concentrated set of end markets, coupled with an increasingly adverse global macroeconomic and geopolitical environment, which has materially affected the Group's core business operations. Revenue from continuing operations declined consistently from approximately HK\$529.3 million for FY2022 to approximately HK\$359.7 million for FY2025, representing a cumulative decrease of approximately 32.0%. While the Group's performance appeared to stabilise for FY2023 and FY2024, such stabilisation was temporary. The significant weakening for FY2025 indicates a deterioration in underlying demand conditions of EMS for traditional electronics rather than short-term volatility.

The Group exhibits a high degree of business and geographical concentration of exposures to geopolitical, macroeconomic and international trade uncertainties. Over 90% of its revenue from continuing operations is derived from its EMS business which is export-oriented, while geographically, a substantial portion of revenue is generated from Europe, the United States and the PRC, being major markets which

have been affected by geopolitical risks and trade conflicts in recent years, such as the Russo-Ukrainian conflicts, and the trade tensions between the PRC and the United States. For FY2025, revenue from major European countries (including Switzerland, Belgium and France), the United States and the PRC (including Hong Kong) accounted for approximately 38.0%, 16.8% and 11.2% of total revenue from continuing operations, respectively. Such concentration exposes the Group to region-specific economic cycles and geopolitical developments affecting these key markets. In particular, persistent geopolitical uncertainties, including the protracted Russo-Ukrainian conflict, ongoing trade tensions among major economies and the increasing prevalence of tariffs and protectionist measures, have adversely affected global supply chains, increased input and logistics costs, and weakened consumer and business demand across these core regions, especially in Europe and the United States. At the same time, the PRC market has been affected by slower economic recovery and weak domestic demand. Given the Group's reliance on these markets, such external headwinds have had a direct and material impact on its revenue performance and profitability. Other major geographical markets of the Group include Thailand, Mexico and Brazil, which accounted for approximately 7.7%, 7.1% and 4.2% of the Group's total revenue from continuing operations for FY2025, respectively. While these markets provide geographical diversification, it is noted that Thailand and Mexico are important manufacturing and export-oriented economies which are closely linked to global supply chains and international trade conditions, while Brazil remains subject to relatively higher macroeconomic and currency volatility. Accordingly, the outlooks of these markets are subject to broader global macroeconomic conditions, international trade developments and geopolitical uncertainties affecting export-oriented EMS businesses.

Profitability of the Group over the recent financial years remained weak and volatile. The Group recorded only marginal profits for FY2023 and FY2024, with thin net profit margins of approximately 1.0% and 1.3%, respectively, which were partly supported by non-recurring items, including impairment reversals. Such thin margins indicate limited buffer against adverse operating conditions. In contrast, the Group recorded substantial losses for FY2022 and FY2025 of approximately HK\$52.0 million and HK\$45.3 million, respectively, with negative net profit margins of approximately 9.8% and 12.6%. The reversion to a loss-making position for FY2025 underscores the Group's limited resilience to external shocks.

In further assessing the loss-making position of the Group for FY2025, in particular whether such loss was a one-off occurrence, we have considered the Group's historical financial performance. In particular, we note that the Group had recorded net loss since the financial year ended 31 December 2014 and up to FY2022. Although the Group returned to profitability for FY2023 and FY2024, we note that the Group's net profit from continuing operations of approximately HK\$6.5 million recorded for FY2024 was materially supported by a net reversal of impairment losses on loans to other parties of approximately HK\$22.6 million, which was not related to the Group's principal EMS business. Excluding such non-recurring reversal, the Group would have recorded a loss from continuing operations for FY2024 on an adjusted basis. Accordingly, having regard to the Group's

historical loss-making track record and the non-recurring nature of the loan impairment reversal recognised for FY2024, it appears that the Group's loss position recorded for FY2025 was not a one-off occurrence.

Overall, the Group's recent financial performance highlights increasing earnings fragility, driven by structural reliance on a single core segment and a geographically concentrated revenue base that is highly exposed to global macroeconomic and geopolitical headwinds. The material deterioration for FY2025, which is characterised by declining revenue, margin compression and a return to significant losses, raises concerns as to the sustainability and visibility of the Group's earnings going forward.

*Uncertainties of the Group's energy storage business*

The Group's business of energy storage products has commenced since 2023 with an aim to strive for business growth through diversification of revenue streams. According to the 2023 Annual Report, it was the Company's plan to vigorously expand the production and sales of new energy storage equipment and supply chain services, energy storage system integration, new energy storage technology and supporting services businesses in the future in order to improve the profitability of the Company's energy storage business. Such strategic expansion was intended to capture the dual benefits of supportive government policies that actively promoted large-scale commercialisations of energy storage products, as well as the growing market demand driven by the accelerating adoption of energy storage applications throughout the PRC. As such, the Group intended to capture the market capacity in the energy storage industry to achieve diversification of the Group's businesses and revenue streams for continuous development. In October 2023, April 2024 and October 2024, the Company completed placings of new Shares under general mandate with designated net proceeds for the development of renewable energy charging solutions and energy storage system equipment specialised for electric vehicles. According to the 2024 Annual Report, as at 31 December 2024, net proceeds of approximately HK\$30.9 million from the placing of new Shares completed in October 2023 were fully utilised as intended for the development of renewable energy charging solutions specialised for electric vehicles. According to the 2025 Interim Report, as at 30 June 2025, (i) net proceeds of approximately HK\$17.5 million from the placing of new Shares completed in April 2024 were fully utilised as intended, with approximately HK\$6.9 million for the development of renewable energy charging solutions specialised for electric vehicles and approximately HK\$10.6 million as working capital of the Group; and (ii) net proceeds of approximately HK\$25.3 million from the placing of new Shares completed in October 2024 were fully utilised as intended, with approximately HK\$22.1 million for the development of energy storage system equipment specialised for renewable energy charging for electric vehicles and approximately HK\$3.2 million as working capital of the Group.

For FY2023, FY2024 and FY2025, we have noted that the Group's revenue from real estate supply chain services and energy storage products segment amounted to approximately HK\$19.8 million, HK\$11.9 million and HK\$0.6 million, respectively, which accounted for only approximately 4.0%, 2.5% and 0.2% of the Group's total revenue from continuing operations for the corresponding years. As disclosed in the announcement of the Company dated 23 June 2025, the Company currently operates its energy storage business through the procurement and sales of energy storage system components, battery modules and charging stations. Since the commencement of the energy storage business in 2023, the Company has achieved the sale of energy storage battery modules amounting to approximately HK\$22.5 million up to FY2024. According to the 2025 Annual Report, the development of the Group's energy storage business was slower than expected due to market competition and project delays. Moreover, as advised by the Management, the declining revenue of the Group's energy storage business from FY2023 to FY2025 was attributable to the excess supply and fierce price competition of China's energy storage industry.

As further disclosed in the 2025 Annual Report, the Company is of the view that although the energy storage business continued to benefit from government support, its growth was slower than expected due to market competition and project delays. The Company also considers that, in 2026, China's energy storage industry is facing a period of slowdown after several years of rapid expansion. The marginal effect of supportive policies has weakened, and the narrowing of peak-to-valley electricity price gaps has reduced the profitability of storage projects. Rising raw material costs and recycling challenges, such as the relatively early-stage development of green and efficient recycling technologies specifically for lithium iron phosphate batteries and lithium nickel cobalt manganese oxide (NCM) batteries, and the high recycling costs for the complex dismantling and purification processes, have limited further cost reductions, while intensified competition has led to overcapacity and margin pressure. In addition, financing conditions remain tight under high interest rates, making large-scale investment more difficult. These factors together are expected to constrain the growth momentum of the industry.

In light of the above, it appears that the Group's energy storage business has not developed or progressed in line with its original strategic plan as set out in the 2023 Annual Report. Despite the Group's intention to vigorously expand across multiple tiers of the energy storage value chain, the insignificant and continuously declining segment revenue contribution from FY2023 to FY2025 suggests that such development has been limited in scale and the Group has yet to establish a stable business scale or achieve meaningful market penetration in this sector that could be translated into tangible commercial success. Moreover, the energy storage industry experienced a phase of rapid growth in the past few years, supported by strong policy tailwinds and favourable market conditions. According to data published by China Energy Storage Alliance (中關村儲能產業技術聯盟) and data quoted from National Energy Administration (國家能源局) in April 2026, the cumulative installed capacity of energy storage projects in the PRC reached a historical milestone as at the end of 2025, ranking first globally for the first time and accounting for approximately 51.9% of the global cumulative installed capacity. The PRC also

secured the top position worldwide in terms of newly installed capacity for the fourth consecutive year from 2022 to 2025. Benefiting from the widespread adoption of new energy vehicles, the charging units for new energy vehicles in the PRC also reached over 20 million as at the end of 2025, which represented a compound annual growth rate of approximately 64.2% from 2021 to 2025. Against the backdrop of positive market trend in recent years, the Group's relatively slow progress may indicate that it has not been able to effectively capitalise on this window of opportunity. As the industry is expected to enter into a period of normalisation, with weakening policy support, tightening project economics and increasing competitive pressures, it may become increasingly challenging for late entrants or under-scaled participants to secure meaningful market share or achieve sustainable profitability.

Accordingly, there is a risk that the Group may have missed, or only partially captured, the most favourable phase of industry growth and policy support in respect of its energy storage business. Coupled with its limited track record, declining revenue contribution and the broader headwinds facing the sector, the outlook for the Group's energy storage business remains uncertain. There can be no assurance that this business segment will be able to scale up effectively or make a meaningful and positive contribution to the Group's overall financial performance in the foreseeable future.

Taken together, the Group's financial and operating performances indicate a weakening financial and operational profile, characterised by declining revenue scale, margin compression and earnings volatility. While the Group has sought to diversify into the energy storage segment as a new growth driver, such business remains immaterial in scale, has exhibited a declining contribution, and is subject to increasing industry headwinds and execution uncertainties. As such, the Group continues to rely heavily on its core EMS business, which itself is facing structural demand challenges and heightened exposure to adverse global macroeconomic and geopolitical conditions. In the absence of a demonstrable turnaround in its core operations or successful scaling of its new business initiatives, there are concerns as to the sustainability of the Group's earnings, the visibility of its growth trajectory and its ability to withstand ongoing external and industry-specific pressures.

### ***1.3. Dividend policy and historical dividend payouts***

As noted from the 2025 Annual Report, the Company has adopted a dividend policy, pursuant to which the Company may declare and distribute dividends to the Shareholders to allow the Shareholders to share the Company's profits and for the Company to retain adequate reserves for future growth.

We have noted that since the Company's listing on the Main Board of the Stock Exchange on 27 January 2011, the Company had been declaring interim and final dividends for the years ended 31 December 2010 to 2014. Since the payment of the final dividend of HK\$0.015 per Share for the year ended 31 December 2014 during the year of 2015, the Company has not declared or paid any dividends to the Shareholders. In such regard, we have noted that the Group recorded continued overall loss-making financial

results from 2014 to 2022, during which the Group also experienced the challenges of the COVID-19 pandemic. Notwithstanding that the Group recorded profits for FY2023 and FY2024, the net profit margin for such years was thin and the Group experienced a recent reversion to a substantial loss-making position for FY2025. As such, and given the absence of any dividend declaration for over 10 years since 2015, there appears no assurance that the Company will declare or pay dividend in the near future.

#### ***1.4. Outlook of the global EMS market and the Group's core business***

EMS has been the core business of the Group, contributing approximately 90.4% to 99.8% of the Group's total revenue from continuing operations for FY2022 to FY2025. As disclosed in the 2025 Annual Report, the Group's EMS business provides one-stop solutions to a number of international brand owners. According to the 2024 Annual Report and the 2025 Annual Report, revenue of the Group was primarily generated from customers located in the PRC (including Hong Kong), the United States, Switzerland, France, Belgium, Thailand, Brazil, Malaysia and rest of the world. Among these, the United States has consistently been the largest market, contributing approximately 16.8% to 22.9% of the Group's total revenue from continuing operations for FY2022 to FY2025.

As part of our due diligence, we conducted independent desktop research on the global EMS market. According to a market study (last updated in March 2026) published by Fortune Business Insights, a global provider of market studies and consulting services, the global EMS market is expected to grow from approximately US\$648.1 billion in 2025 to approximately US\$689.9 billion in 2026, representing a year-on-year increase of approximately 6.4%, and further expand at a compound annual growth rate of approximately 7.1% to approximately US\$1,192.7 billion by 2034. Such growth is primarily supported by increasing demand for advanced electronics across sectors including artificial intelligence, robotics, electric vehicles and industrial automation.

However, it appears that the above industry growth prospects are not expected to translate meaningfully into the Group's business performance. In particular, as noted from our discussions with the Management and the 2025 Annual Report, the Group's major products, namely communication products, electronic appliances, and appliance-control and multimedia products, are generally positioned in traditional electronics segments and may not significantly benefit from the faster-growing, higher value-added segments such as artificial intelligence, robotics and advanced automotive electronics. As such, the Group may not be well positioned to capture the primary growth drivers underpinning the expansion of the global EMS market.

Moreover, despite the generally positive industry outlook, the Group recorded a notable decline in revenue and substantial loss-making position for FY2025, indicating that it has not been able to benefit from the prevailing industry growth trend. Based on our discussions with the Management and as noted from the 2025 Annual Report, the Group's performance has been adversely affected by an increasingly challenging global macroeconomic and geopolitical environment. The decrease in the revenue of EMS business was mainly due to the increase in the impact of ongoing trade tensions and tariff measures imposed on certain product categories of the Group. These tariffs resulted in

higher costs for imported raw materials and dampened customer demand. The Company is of the view that the global economy continues to encounter multiple challenges, including persistently high interest rates, geopolitical conflicts, debt crises and repeated inflation. The recent conflicts in the Middle East have further pushed up global oil prices, which in turn has increased energy and transportation costs for the electronics manufacturing industry. This has exacerbated cost pressures, weakened competitiveness and reduced profitability across the sector. Consumer demand in mature markets is softening, supply chains remain vulnerable to disruption, and raw material and logistics costs are volatile. The weakened global demand structure for traditional electronics, combined with constrained investment in innovation due to higher financing costs, has further dampened the growth prospects of the sector. Taking these factors into account, the Company considers the outlook for 2026 to be unfavourable. While long-term opportunities remain in energy storage and electronics, the near-term environment is expected to be difficult.

Against this backdrop, the Group's reliance on overseas markets, particularly the United States, further exposes it to geopolitical risks and trade policy uncertainties. In particular, the ongoing trade disputes between China and the United States has adversely affected the Group's business performance. In addition, rising oil prices and broader geopolitical instability have increased production costs and weakened end-market demand, which may continue to adversely affect the Group's business in the near to medium term.

Industry data also indicates weakening demand for the Group's core product segment in traditional electronics. According to an industry report published by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products (中國機電產品進出口商會, a nationwide social organisation of the PRC established in 1988 with over 10,000 member companies, serving China's machinery and electronic product manufacturing and import/export trade, China's overseas investment and cooperation, and related activities) in January 2026, exports of traditional electronic products from the PRC declined in 2025, with export values of smartphones and tablets decreasing by approximately 9.1% and 10.9%, respectively. Furthermore, exports of electronic products from the PRC to the United States declined significantly by approximately 34.8% due to tariff measures. This suggests that the Group's core product segment remain under pressure and highly competitive.

In addition, while the Group has established a new manufacturing facility in Cambodia in the second half of the year 2025 to take advantage of the tax benefits for the import of raw materials, semi-products and machinery from the PRC to Cambodia as well as for the export of the EMS products to the United States. The facility focuses on manufacturing electronic products for the United States market of the Group's largest customer. However, it is currently in its start-up phase and has incurred higher operating expenses, which have adversely affected the Group's gross profit margin for FY2025 as disclosed in the 2025 Annual Report. A ramp-up period will be required before meaningful efficiency benefits can be realised, and the timing and extent of such improvements remain uncertain.

Taking into account (i) the Group's limited exposure to higher-growth advanced product segments within the EMS industry; (ii) persistent cost pressures and macroeconomic uncertainties; (iii) its reliance on geographically and politically sensitive markets; (iv) weakening demand in its core product segment in traditional electronics; and (v) its recent deteriorating financial performance, we consider that the Group's business prospects are subject to significant challenges. Accordingly, notwithstanding the projected growth of the global EMS market, it appears that the Group is unlikely to materially benefit from such growth in the near to medium term, and its overall outlook remains challenging.

## **2. Information on the Offeror and intention of the Offeror with regard to the Group**

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

The Offeror is a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company that has no business operation and did not hold any assets other than 53,000,000 Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the issued shares of the Offeror were owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong, who are also directors of the Offeror. Shareholders of the Offeror are the directors of certain wholly-owned subsidiaries of the Company, which are the main operating subsidiaries of the Company. Details of the background and experience of each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong are set out in the section headed "Information on the Offeror" in the Explanatory Memorandum.

As at the Latest Practicable Date, the Offeror held 53,000,000 Shares, representing approximately 23.63% of the issued share capital of the Company. Immediately upon the Scheme becoming effective, the Company and its subsidiaries will be subsidiaries of the Offeror.

### ***2.2. Intention of the Offeror with regard to the Group***

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its current business. The Offeror has no intention of making any major changes to the business of the Group, including any major redeployment of fixed assets or making any material change to the continued employment of employees of the Group, other than those in the ordinary course of business of the Group. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business. The Offeror also intends for the Company to withdraw the listing of the Shares on the Stock Exchange upon the Scheme becoming effective.

### ***2.3 Relationship between the Offeror and the Group's core business operations***

As noted from the announcement of the Company dated 12 December 2025 and the relevant disclosure of interests filing, the Offeror acquired 51,760,000 Shares from a former substantial Shareholder at an average consideration of approximately HK\$0.2887 per Share (representing a total consideration of approximately HK\$14.9 million) and became interested in a total of 53,000,000 Shares. We have reviewed the background

information of the shareholders of the Offeror set out in the Explanatory Memorandum and obtained the list of directors of the principal subsidiaries of the Company, based on which we have noted that the shareholders of the Offeror have assumed management roles in respect of the Group's EMS operations and are directors of the Company's principal subsidiaries engaging in the Group's EMS business.

Having considered (i) the declining and limited revenue contribution from the Group's energy storage business, together with the uncertainties surrounding its future development; (ii) that the Group's revenue has been and remains predominantly derived from its EMS business; (iii) the intention of the Offeror with regard to the Group as disclosed above; and (iv) the roles of the shareholders of the Offeror in respect of the Group's core EMS business, it appears that the Group's business focus and strategic direction are likely to remain heavily reliant on its EMS business in the near future.

### 3. Reasons for and benefits of the Proposal

With reference to the section headed "Reasons for and benefits of the Proposal" in the Explanatory Memorandum, the Board considers that the Proposal and the withdrawal of listing are in the interests of the Company and the Shareholders as a whole on the following bases:

- *Benefits to the Scheme Shareholders:* the Proposal represents an opportunity for the Scheme Shareholders to (i) exit their investment of limited liquidity; (ii) to monetise their investment in the Company at a premium over the market price of the Shares; and (iii) unlock shareholder value and realise gains in uncertain market conditions;
- *Benefits to the Company:* the Proposal is beneficial to the Company on the grounds that (a) the Proposal, which entails the delisting of the Company, is expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements for the reason that the Company has limited equity financing capabilities and has lost its advantages as a listed platform; and (b) the Proposal will help streamline the Company's corporate structure and enhance management efficiency.

In respect of the above benefits of the Proposals to the Scheme Shareholders as suggested by the Board, we have independently considered and observed the followings:

- trading liquidity of the Shares have been generally thin, with average daily trading volumes of the Shares accounting for less than 1% of the total number of Shares in issue as at the end of the relevant month/period during the Pre-Announcement Period (as defined below). Given such thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Disinterested Scheme Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. As such, we concur with the Board that the Proposal, if implemented, provides the Disinterested Scheme Shareholders an assured exit alternative to realise their investment in the Company for cash at the fixed Cancellation Price regardless of the

number of Shares they hold at a premium to the prevailing Share price. For details, please refer to our analyses on the trading liquidity of the Shares in the section below headed “4.2. Trading liquidity of the Shares”.

- the Cancellation Price represents (i) premium of approximately 15.38% over the closing price of the Shares on the Last Trading Day; (ii) premium of approximately 25.0% over the closing of the Shares on the trading date immediately prior to the Last Trading Day; and (iii) premiums in the range of approximately 11.69% to 23.29% over the average closing prices of the Shares for different periods from five to 180 days up to and including the Last Trading Day. We have further noted that the Cancellation Price represents a premium of approximately 22.49% and 24.77% over the average closing price of approximately HK\$0.367 per Share and HK\$0.361 per Share during the Pre-Announcement Period (as defined below) and the Post-Announcement Period (as defined below), respectively. Please also refer to our analyses on the historical price performance of the Shares in the section below headed “4.1. Historical price performance of the Shares” for further details. Moreover, we have noted that no dividends have been declared and distributed by the Company to the Shareholders for over 10 years since 2015. The lack of income returns to the Shareholders and the continuous sluggish Share price further reinforces the attractiveness of a certain cash exit under the Proposal at premium over the market price of the Shares.
  
- as observed from the Group’s financial results for the recent financial years, the Group’s revenue, which was principally generated from its EMS business, experienced a generally deteriorating trend from FY2022 to FY2025. Profitability of the Group over the recent financial years remained weak and volatile, with a recent substantial loss-making position for FY2025. The above appears to be closely associated with the adverse impact of global macroeconomic and geopolitical environment, reflecting the challenging and uncertain market conditions of the Group’s core operation. There is also uncertainty as to the Group’s ability to capture the potential growth prospects of global EMS market which is primarily driven by higher-growth advanced product segments given the Group’s focus on the traditional electronics product segment. Moreover, there are also uncertainties associated with the outlook of the Group’s energy storage business in view of its delayed development status, limited revenue contribution and uncertain future market conditions. For further details, please refer to the sections above headed “1.2. Historical financial information of the Group” and “1.4. Outlook of the global EMS market and the Group’s core business”.

- in lieu of the Proposal, it appears that the most practical realisation alternative for the Disinterested Scheme Shareholders is on market disposal of their Shares. Considering the historical Share price performance as further detailed in the section below headed “4.1. Historical price performance of the Shares”, the deteriorating financial performance of the Group over the past four years, and the challenging and uncertain market conditions of the Group’s core operations, it is doubted that the Share price will be able to rise to the level of the Cancellation Price in the near to medium term. Further, it should be noted that pursuant to the Takeovers Code, neither the Offeror nor any Offeror Concert Parties may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

In respect of the above benefits of the Proposals to the Company as suggested by the Board, we have independently considered and observed the followings:

- the Board has pointed out that the Company attempted to conduct a rights issue in December 2024 and a placing of new Shares under general mandate in June 2025, both of which were unsuccessful and lapsed in June 2025 and August 2025, respectively. It is noted that such unsuccessful equity fundraising exercises occurred during a period when the Hong Kong stock market had shown signs of recovery and improved sentiment with the Hang Seng Index increased from an average of approximately 19,936 points in December 2024 to an average of approximately 25,134 points in August 2025. This could suggest that the Company’s unsuccessful attempts to complete equity fundraisings may not be solely attributable to market conditions, but may also reflect company-specific factors, including its financial performance, earnings visibility and overall investor confidence. Further, in light of the Group’s substantially deteriorated financial performance for FY2025, it is uncertain whether the Company would be able to successfully conduct future equity fundraisings, particularly if such attempts were unsuccessful even under relatively more favourable market conditions. As such, the effectiveness of the Company’s listed platform as a viable equity fundraising channel appears to be increasingly limited and the benefits associated with maintaining the listing status appear to have diminished.

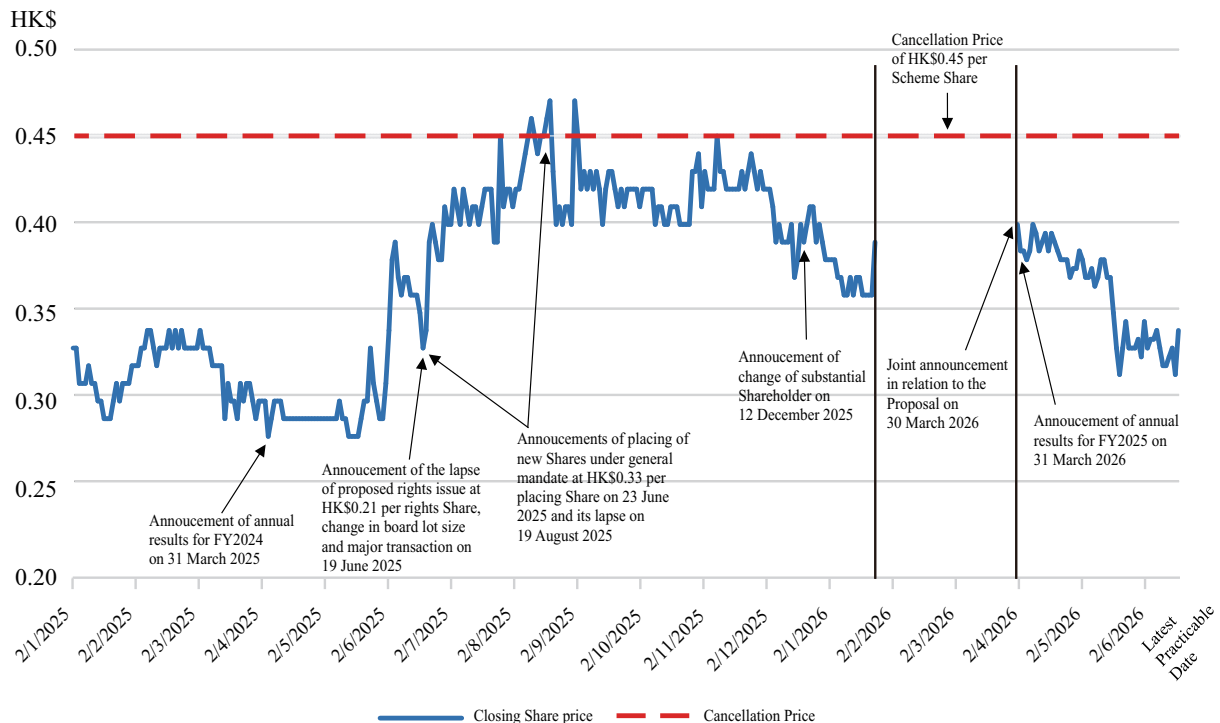
- in the midst of the constraints in equity financing, we have further noted that the Company has turned to debt financing by the issuance of (i) a bond of HK\$5,000,000 on 18 October 2024 at the rate of 4% per annum with a term of 7 years, which will be due by 17 October 2031; (ii) a bond of HK\$20,000,000 on 31 December 2024 at the rate of 3% per month, which was due by 30 April 2025 and subsequently settled in January 2026; (iii) a bond of RMB5,000,000 on 17 April 2025 at the rate of 3% per month, which was due by 16 July 2025 and subsequently settled in March 2026; and (iv) a bond of RMB5,000,000 on 16 January 2026 at the rate of 3% per annum, which will be due by 15 January 2027, with all of the net proceeds from which fully utilised for fulfilling working capital and other general corporate purposes, primarily including payments of salaries, rental expenses and deposits for purchases of electronic products. Mainly as a result of the issuance of bonds, the Group's finance costs increased significantly from approximately HK\$4.8 million for FY2024 to approximately HK\$12.0 million for FY2025. We are also given to understand that the Group is required to maintain prudent liquidity management measures in light of the general nature of EMS business with relatively long cash conversion cycle and cashflow mismatch, and the challenging business and geopolitical environments. In particular, the Group operates an export-oriented EMS business which generally requires advance procurement of raw materials, relatively lengthy production, quality control, customer's inspection and delivery cycles, and credit terms granted to major customers which are generally longer than those granted by major suppliers. Accordingly, the Group is required to maintain substantial cash balances to support its operating cycle and liquidity needs of its EMS business, particularly during periods of revenue volatility, declining financial performance or challenging global macroeconomic and geopolitical conditions. This could indicate that, in the event that future attempts in equity fundraising continue to be unsuccessful, the Company may be compelled to rely more heavily on debt financing, which could result in rising finance costs and further strain on the Group's financial results.

Having considered the above, including (i) the premium offered under the Cancellation Price and the opportunity for Scheme Shareholders to realise their investment in the Shares amid prolonged low trading liquidity and sluggish Share price; (ii) the absence of dividend payouts by the Company for over 10 years, which limits the ability of the Shareholders to realise returns through income distribution; (iii) the Group's deteriorating financial performance, earnings volatility and uncertain business outlook, particularly in its core EMS business and developing energy storage business; and (iv) the Company's constrained ability to successfully complete equity fundraisings, diminishing effectiveness of its listing platform and potentially increasing reliance on debt financing with rising finance costs, we are of the view that reasons for and benefits of the Proposal are supported by valid bases.

#### 4. Analysis of price performance of the Shares

##### 4.1. Historical price performance of the Shares

The chart below illustrates the daily closing price per Share as quoted on the Stock Exchange during the period from 2 January 2025 (being approximately one year prior to the Last Trading Day) up to and including the Latest Practicable Date (the “**Review Period**”), against the Cancellation Price of HK\$0.45 per Scheme Share. We consider that the Review Period of approximately one year prior to the Last Trading Day up to and including the Latest Practicable Date to be reasonable, sufficient and representative to illustrate a holistic view of the general performance of the recent Share prices, where the prevailing market sentiment can be reflected by such Share price movements and provide a meaningful comparison with the Cancellation Price. In determining the Review Period, we have primarily considered the need to reflect the most recent market assessment of the Company and its Shares having regard to its latest business profile, financial performance and operating environment. While EMS has remained the Group’s principal business segment throughout the years and the energy storage business commenced in 2023, we consider that the market valuation of the Shares is also influenced by the Group’s latest financial performance, business outlook and operating environment, as well as prevailing industry, macroeconomic and geopolitical conditions, all of which continue to evolve over time. As such, we consider that a review period of approximately one year prior to the Last Trading Day up to and including the Latest Practicable Date provides a relevant basis for assessing the prevailing trading performance of the Shares.



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

Since the beginning of the Review Period up to the Last Trading Day (the “**Pre-Announcement Period**”), closing price per Share ranged from HK\$0.28 per Share to HK\$0.47 per Share, with an average closing price of approximately HK\$0.367 per Share. Specifically, the highest closing price of HK\$0.47 per Share was observed on 19 August and 29 August 2025, while the lowest closing price of HK\$0.28 per Share was observed on 7 April, 19 May, 20 May, 21 May and 22 May 2025.

Save for a total of four trading days (out of a total of 260 trading days during the Pre-Announcement Period) in August 2025 on which the closing price of the Shares was above the Cancellation Price, the Shares have been trading consistently at or below the Cancellation Price of HK\$0.45 per Scheme Share during the Pre-Announcement Period. The Cancellation Price represents (i) a premium of approximately 22.49% over the average closing price; (ii) a discount of approximately 4.26% to the highest closing price; and (iii) a premium of approximately 60.71% over the lowest closing price, during the Pre-Announcement Period.

As illustrated in the chart above, from the beginning of the Pre-Announcement Period to around mid-June 2025, closing price per Share generally fluctuated within a relatively narrow range between HK\$0.28 per Share and below HK\$0.40 per Share. After the publications of the announcement in relation to, among other matters, the lapse of proposed rights issue and major transaction on 19 June 2025 and the announcement in relation to placing of new Shares under general mandate on 23 June 2025, the closing price of the Shares then picked up a generally upward trend and reached the highest closing price of HK\$0.47 per Share on 19 August 2025 on which an announcement relating to the lapse of placing of new Shares under general mandate was published. Subsequently, the closing price of the Shares demonstrated a generally downward trend and reached HK\$0.36 per Share in January 2026. Price of the Shares then closed at HK\$0.39 per Share on the Last Trading Day. Trading in the Shares has been suspended from 22 January 2026 to 30 March 2026 pending the release of the Announcement.

Since the resumption of trading in the Shares on 31 March 2026 and up to the Latest Practicable Date (the “**Post-Announcement Period**”), closing price of the Shares were traded between HK\$0.315 per Share and HK\$0.40 per Share, with an average closing price of approximately HK\$0.361 per Share, the highest closing price of HK\$0.40 observed on 31 March 2026 and 10 April 2026, and the lowest closing price of HK\$0.315 observed on 21 May 2026 and 17 June 2026. The Shares have been trading consistently below the Cancellation Price of HK\$0.45 during the Post-Announcement Period, whereby the Cancellation Price represents (i) a premium of approximately 24.77% over the average closing price; (ii) a premium of approximately 12.50% over the highest closing price; and (iii) a premium of approximately 42.86% over the lowest closing price, during the Post-Announcement Period.

The closing price of the Shares was HK\$0.34 as at the Latest Practicable Date. The Cancellation Price of HK\$0.45 per Scheme Share represents a premium of approximately 32.35% over the closing price of the Shares on the Latest Practicable Date.

We have also noted and considered the substantial decline in the Share price in around October 2024 and the relatively higher Share price levels prior thereto, and we draw the attention of the Disinterested Scheme Shareholders to such historical Share price movements in assessing the Cancellation Price and the Proposal. In particular, closing price of the Shares decreased substantially from HK\$2.16 on 23 October 2024 to HK\$0.53 on 24 October 2024 and subsequently remained at substantially lower trading levels thereafter up to the Last Trading Day. We note that no announcement was published in relation to such Share price movement.

In considering the relevance of the higher Share price levels prior to October 2024 in the assessment of the Proposal, we have observed that such price levels represented historical market trading levels at the relevant time and therefore provide historical reference for the Disinterested Scheme Shareholders. However, we also note that, following the substantial Share price decline in October 2024 and up to the Last Trading Day, the Shares did not subsequently recover to or trade at levels comparable to the higher trading range prior to October 2024, and instead continued to trade at substantially lower levels up to the Latest Practicable Date. In this regard, we consider that the higher Share price levels prior to October 2024 are of less relevance in assessing the Proposal as compared to the prevailing market trading levels and market conditions prior to the Last Trading Day. Further, in assessing the Proposal, we consider it more appropriate to take into account the relevant prevailing trading environment and the practical ability of the Disinterested Scheme Shareholders to realise value through on-market disposals of the Shares under the current circumstances. In this connection, notwithstanding the relatively higher Share price levels prior to October 2024, the Shares had traded at substantially lower levels for a prolonged period of nearly 15 months preceding the Last Trading Day and there is no indication that the Share price will be able to recover to the pre-October 2024 level in light of the Group's financial performance and business prospects, hence, the Disinterested Scheme Shareholders were generally unable to realise value at price levels comparable to the pre-October 2024 trading range during such period. Accordingly, while we consider that the higher Share price levels prior to October 2024 constitute historical reference which should be brought to the attention of the Disinterested Scheme Shareholders, we are of the view that the prevailing trading range of the Shares during the Review Period is representative of the prevailing market trading levels and market conditions prior to the Last Trading Day and provides a more relevant and meaningful reference for assessing the Proposal.

#### 4.2. Trading liquidity of the Shares

The table below sets out the average daily trading statistics of the Shares during the Review Period.

Month/period	Number of trading days	Average daily trading volume (Note 1)	Approximate % of average daily trading volume to total number of issued Shares as at the relevant month/period end (Note 2)	Approximate % of average daily trading volume to total number of issued Shares held by the Disinterested Scheme Shareholders as at the Latest Practicable Date (Note 3)
<b>2025</b>				
January (since 2 January 2025)	19	470,053	0.21%	0.27%
February	20	614,330	0.27%	0.36%
March	21	542,339	0.24%	0.32%
April	19	196,126	0.09%	0.11%
May	20	347,710	0.16%	0.20%
June	21	1,520,404	0.68%	0.89%
July	22	1,833,840	0.82%	1.07%
August	21	2,186,470	0.97%	1.28%
September	22	1,225,012	0.55%	0.72%
October	20	935,932	0.42%	0.55%
November	20	1,033,770	0.46%	0.60%
December	21	326,731	0.15%	0.19%
<b>2026</b>				
January (Note 4)	14	1,353,315	0.60%	0.79%
February (Note 4)	0	N/A	N/A	N/A
March (Note 4)	1	11,066,000	4.93%	6.46%
April	19	1,070,779	0.48%	0.63%
May	19	554,263	0.25%	0.32%
June (up to and including the Latest Practicable Date)	14	212,151	0.09%	0.12%

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

*Notes:*

1. Calculated by dividing the total trading volume of the Shares for the respective corresponding months/periods by the total numbers of trading days of the Shares in the respective corresponding months/periods.
2. Based on total number of Shares in issue at the end of each of the respective corresponding months/periods.
3. Based on the total number of Shares in issue of 171,289,185 Shares held by the Disinterested Scheme Shareholders as at the Latest Practicable Date.
4. Trading in the Shares was suspended from 22 January 2026 to 30 March 2026.

As illustrated in the above table, the trading liquidity of the Shares was generally thin during the Pre-Announcement Period, with the average daily trading volumes of the Shares having accounted for a range from approximately 0.09% to 0.97% of the total number of Shares in issue as at the end of the relevant month/period and a range from approximately 0.11% to approximately 1.28% of the total number of Shares in issue held by the Disinterested Scheme Shareholders as at the Latest Practicable Date.

During the Post-Announcement Period, the average daily trading volumes of the Shares accounted for a range from approximately 0.09% to 4.93% of the total number of Shares in issue as at the end of the relevant month/period and a range from approximately 0.12% to approximately 6.46% of the total number of Shares in issue held by the Disinterested Scheme Shareholders as at the Latest Practicable Date. We considered that the relatively higher trading volume of the Shares during the Post-Announcement Period was primarily attributable to the increase in trading volume on 31 March 2026 due to market's reaction immediately after the announcement of the Proposal. Based on the thin liquidity of the Shares during the Pre-announcement Period, the higher level of trading volume during the Post-Announcement Period may not sustain if the Proposal lapses.

In general, given the thin historical average daily trading volume of the Shares, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Disinterested Scheme Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. Accordingly, we are of the view that the Proposal provides the Disinterested Scheme Shareholders with an assured exit alternative if they wish to realise their investments in the Shares at the fixed Cancellation Price regardless of the number of Shares they hold at a premium to the prevailing Share price.

#### ***4.3. Cancellation Price comparisons***

As disclosed in the Letter from the Board, the Cancellation Price of HK\$0.45 per Scheme Share represents:

- (a) a premium of approximately 32.35% over the closing price of HK\$0.34 per Share as quoted on the Stock Exchange on 18 June 2026, being the Latest Practicable Date;

- (b) a premium of approximately 15.38% over the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 21 January 2026, being the Last Trading Day;
- (c) a premium of approximately 25.0% over the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 20 January 2026, being the trading day immediately prior to the Last Trading Day;
- (d) a premium of approximately 23.29% over the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (e) a premium of approximately 19.05% over the average closing price of HK\$0.378 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 12.73% over the average closing price of approximately HK\$0.399 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 11.69% over the average closing price of approximately HK\$0.403 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 15.30% over the average closing price of approximately HK\$0.390 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (i) a discount of approximately 80.08% to the audited consolidated equity attributable to Shareholders (“NAV”) per Share of approximately HK\$2.259 as at 31 December 2025.

As disclosed in the Announcement, the Cancellation Price of HK\$0.45 per Scheme Share represents:

- (j) a discount of approximately 81.03% to the unaudited NAV per Share of approximately HK\$2.372 as at 30 June 2025; and
- (k) a discount of approximately 81.19% to the audited NAV per Share of approximately HK\$2.392 as at 31 December 2024.

As stated in the Letter from the Board, the Cancellation Price has been determined on an arm's length commercial basis after taking into account the prices and liquidity of the Shares traded on the Stock Exchange, and the financial performance and business prospects of the Group. In particular, deteriorating financial performance of the Group was observed as evidenced by its decline in revenue and volatility in earnings in recent years. Its heavy reliance in electronic manufacturing services (EMS) as well as the uncertain development initiatives of its energy storage business collectively contributed to weak earnings visibility and uncertain outlook.

As stated above, the Cancellation Price of HK\$0.45 per Scheme Share represents a discount of approximately 81.19%, 81.03% and 80.08% to the NAV per Share of approximately HK\$2.392 as at 31 December 2024, HK\$2.372 as at 30 June 2025 and HK\$2.259 as at 31 December 2025, respectively. We have compared the discount of average closing Share price to the relevant NAV per Share during the Review Period as follows.

Period	Latest NAV per Share (Note 1) HK\$	Closing price per Share			Discount to latest NAV per Share based on the		
		Highest HK\$	Lowest HK\$	Average HK\$	highest closing price	lowest closing price	average closing price
2 January 2025 to 31 March 2025 (Note 2)	2.397	0.340	0.290	0.317	85.82%	87.90%	<b>86.77%</b>
1 April 2025 to 29 August 2025 (Note 3)	2.392	0.470	0.280	0.360	80.35%	88.29%	<b>84.96%</b>
30 August 2025 to 31 March 2026 (Note 4)	2.372	0.450	0.360	0.407	81.03%	84.82%	<b>82.86%</b>
1 April 2026 to the Latest Practicable Date (Note 5)	2.259	0.400	0.315	0.360	82.29%	86.06%	<b>84.07%</b>
						<b>Simple average</b>	<b>84.67%</b>

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

Notes:

1. Latest NAV per Share for a stipulated period is calculated based on the audited/unaudited NAV as at the relevant year/period end date as disclosed in the then latest published annual or interim results announcement of the Company, which is divided by the total number of Shares in issue as at the corresponding year/period end date.
2. For the period from 2 January 2025 (being the first trading day of the Review Period) to 31 March 2025, the corresponding latest NAV per Share was approximately HK\$2.397 as at 30 June 2024, which was calculated with reference to the corresponding interim results announcement of the Company published after the trading hours of the Stock Exchange on 29 August 2024.

3. For the period from 1 April 2025 to 29 August 2025, the corresponding latest NAV per Share was approximately HK\$2.392 as at 31 December 2024, which was calculated with reference to the corresponding annual results announcement of the Company published after the trading hours of the Stock Exchange on 31 March 2025.
4. For the period from 30 August 2025 to 31 March 2026, the corresponding latest NAV per Share was approximately HK\$2.372 as at 30 June 2025, which was calculated with reference to the corresponding interim results announcement of the Company published after the trading hours of the Stock Exchange on 29 August 2025.
5. For the period from 1 April 2026 to the Latest Practicable Date, the corresponding latest NAV per Share was approximately HK\$2.259 as at 31 December 2025, which was calculated with reference to the corresponding annual results announcement of the Company published after the trading hours of the Stock Exchange on 31 March 2026.

Based on the analysis set out above, we have noted that, during the Review Period, the average closing price of Shares for each of the respective periods indicated above have represented a discount to the then latest NAV per Share (the “**Historical Average NAV Discount(s)**”). As shown above, the Historical Average NAV Discounts ranged from approximately 82.86% to approximately 86.77%, with an average of approximately 84.67%, signifying that the Shares have been consistently traded at deep discounts to NAV per Share during the Review Period. The discounts represented by the Cancellation Price of approximately 81.19%, 81.03% and 80.08% to the NAV per Share as at 31 December 2024, 30 June 2025 and 31 December 2025, respectively, are lower than the low end of the range of Historical Average NAV Discounts during the entire Review Period, implying that the market has persistently valued the Company significantly below its NAV, while the Shares are publicly traded and freely tradeable, such deep discount indicates that the market and investors may not value the Shares solely based on NAV per Share, but instead also taking into account other factors for example, the deteriorating financial performance of the Group, uncertain outlook of the Group’s business, prolonged absence of dividend payouts and/or the low trading liquidity of the Shares, as explained in the sections above.

In evaluating the Proposal from an asset-based perspective, we have also considered the Group’s cash position. Based on the Group’s cash balances of approximately HK\$246.9 million as at 31 December 2025 and 224,289,185 issued Shares, the cash balances per Share amounted to approximately HK\$1.1 per Share, which is above the Cancellation Price. However, given that (i) the Shares represent equity interests in the Group as a going concern business rather than direct interests in segregated cash assets; and (ii) the Group’s cash balances form part of its operating asset base in supporting its ongoing business operations as a whole, we consider that the Cancellation Price does not and should not be regarded as directly reflecting any segregated value of the Group’s assets (including cash balances) attributable to the Disinterested Scheme Shareholders. Rather, due to the above reasons, the Cancellation Price should be assessed with reference to the valuation of the Company as a whole on a going concern basis, taking into account the market’s assessment of the Group’s future business prospects, overall financial performance and conditions, revenue visibility, earnings volatility, economic and geopolitical risks, industry outlook and other relevant factors.

In the absence of the Proposal, the ability of the Disinterested Scheme Shareholders to realise value from their investment in the Company would be primarily dependent on market disposal of the Shares and/or future dividend distributions. In this regard, we consider that the Group's reported cash balances do not entirely represent cash readily available for distribution to the Shareholders. In particular, the Group's cash balances are required to support its ongoing operations, including working capital requirements and capital expenditures, and are earmarked for repayment of liabilities and financing costs. The Group has also recorded deteriorating financial results and is operating under a challenging global macroeconomic and geopolitical environment, which may result in continued net operating cash outflows. Based on the unaudited consolidated management accounts of the Group for the three months ended 31 March 2026, we have noted that the Group's cash balances decreased from approximately HK\$246.9 million as at 31 December 2025 to approximately HK\$206.1 million as at 31 March 2026 primarily as a result of the cash outflows for fulfilling working capital and capital expenditure requirements, and repayments of bond payables and borrowings. We have also noted that, as at 31 March 2026, (i) approximately HK\$21.0 million (31 December 2025: HK\$34.6 million) were designated for settlements for the current portion of bonds payable, borrowings and lease liabilities; and (ii) the Group has planned capital expenditures for the nine months ending 31 December 2026, including those related to the Group's production facilities in Cambodia, of approximately HK\$9.5 million. Moreover, based on the 2025 Annual Report and information provided by the Management, the Group incurred annual employee benefits expenses (excluding equity-settled share payments) of approximately HK\$139.7 million, selling and distribution (excluding staff costs) expenses of approximately HK\$10.5 million, legal and professional fees of approximately HK\$3.8 million, interests on borrowing and bonds of approximately HK\$9.4 million and income tax expenses of approximately HK\$1.9 million for FY2025, total of which is equivalent to a monthly expenditure of approximately HK\$13.8 million. On the basis that the Group will continue its normal business operations as a going concern, the Group is required to uphold liquidity reserve of cash which could at least cover six months of such monthly expenditures in view of the current challenging global geopolitical environment and its financial performance, which we consider to be commercially reasonable having regard to the long cash conversion cycle of the Group's EMS business based on its production lead time and the credit terms granted to major customers. For illustrative purposes, the remaining more readily available cash balances of the Group, after taking into account the designated amounts of approximately HK\$21.0 million for settlement of debts and planned capital expenditures of approximately HK\$9.5 million as mentioned above and the liquidity reserve, is estimated to be approximately HK\$92.8 million, which is equivalent to approximately HK\$0.41 per Share based on 224,289,185 issued Shares, and is below the Cancellation Price which represents the immediate and assured cash exit value under the Proposal.

Furthermore, we have noted that there is no indication that (i) the Company intends, or is in a position, to distribute any surplus cash balances to the Shareholders by way of dividends, particularly in light of the Group's recent financial performance, challenging operating environment and the absence of dividend payments for over 10 years. The absence of regular and meaningful dividend distributions suggests that the NAV or cash balances of the Group have not been readily converted into direct Shareholders' returns

on a recurring basis and therefore, Shareholders' ability to realise the value of the Company would be primarily dependent on market disposal of the Shares. In this regard, the market has valued the Shares at persistent discounts to NAV per Share in the market, which may indicate that the market does not regard the NAV or cash balances of the Group as immediately realisable Shareholder value; nor (ii) there would be any near-term liquidation event or possible material asset realisation which would allow the distribution of any residual value to the Shareholders given that the Group continues to operate its principal businesses on a going-concern basis and requires its assets and cash balances to support its ongoing operations. Accordingly, liquidation should not be regarded as a reasonably expected outcome when assessing the value realisable by the Disinterested Scheme Shareholders. Moreover, on a going concern basis, the accounting carrying values of the Group's assets and liabilities as represented by NAV may not necessarily represent the amount that could be realised by the Shareholders in a hypothetical liquidation scenario. Certain balance sheet items, such as manufacturing assets, trade receivables, inventories and deposits to suppliers, may be subject to recoverability risk or may only be realised at discounts to their book values upon disposal under a typical liquidation scenario. As such, book value of NAV should not be regarded as equivalent to immediately realisable liquidation value.

In this regard, notwithstanding the Group's NAV or cash position, the Shares have consistently traded at substantial discounts to NAV per Share during the Review Period, including during periods when the Group maintained significant cash balances. This suggests that the market has taken into account the Group's NAV and cash positions alongside its financial performance, business risks and future prospects, and has not attributed full value to such book value of NAV or cash holdings. In this context, we consider that market price of the Shares should be regarded as a more relevant valuation reference of the Company. Given that the Shares are listed on a well-established public market in which the investors have been trading the Shares at the prevailing market price, the market price represents actual transacted prices between willing buyers and willing sellers under the prevailing market conditions, and reflects an even higher discount to NAV per Share as compared to the discount represented by the Cancellation Price on an informed basis. We therefore consider that such discount to NAV per Share is not a significant and the sole factor for the Disinterested Scheme Shareholders in considering whether to invest in or dispose of the Shares. Rather, as the Group has been operating and will continue its normal business operations on a going concern basis, the price performance of the Shares, future profitability and business outlook, and/or dividend payments of the Group are more relevant factors that the Disinterested Scheme Shareholders are concerned with.

Additionally, we note that the Shares have historically recorded relatively thin trading liquidity during the Review Period. While limited liquidity may affect the frequency and volume of trading, it does not, by itself, negate the relevance of market price as a valuation reference of the Company. In particular, transactions in the Shares were recorded on 303 out of 358 trading days (excluding trading suspension days of the Shares) during the Review Period, representing approximately 84.6% of the trading days in such period. In addition, the aggregate trading volume of the Shares during the Review Period represented approximately 1.3 times of the total issued Shares. As such, the

continued trading of the Shares over the Review Period, albeit with varying daily transaction volume, still represents the informed pricing levels at which the Shares have been exchanged by in the open market.

We have also assessed the fairness and reasonableness of the value of the Company as implied by the Cancellation Price with reference to the market valuation of its comparable companies in the EMS sector in the below section headed “5. Comparable Companies”, based on which we have noted that, among others, the shares of all the four comparable companies identified are trading at discount to their respective latest audited net asset value per share, indicating that the market typically values companies in the EMS sector at a discount to net asset value.

Given the foregoing, we consider that the discount represented by the Cancellation Price to NAV per Share is justifiable and that the Cancellation Price provides the Disinterested Scheme Shareholders with an assured alternative to realise their investment in cash at a premium to prevailing market prices of the Shares.

## 5. Comparable Companies

In further assessing the fairness and reasonableness of the Cancellation Price, we have attempted to compare its implied trading multiples with those of comparable companies with similar business activities and market scale as the Group. In selecting comparable companies for this purpose, we have screened for comparable companies (i) which are listed on the Main Board of the Stock Exchange; (ii) with market capitalisation within HK\$200 million as at the Latest Practicable Date, which represents approximately double of the implied market capitalisation of the Company as at the Latest Practicable Date of approximately HK\$100.9 million, as listed companies with market capitalisation far different from the Company may affect comparability; and (iii) principally engaged in EMS related businesses which contributed at least 70% of total revenue based on their respective latest published audited financial information. Based on the aforesaid criteria, we have, to our best endeavour and knowledge, identified four comparable companies (the “**Comparable Companies**”). The list of identified Comparable Companies is exhaustive based on the above selection criteria. It should be noted that there exists no company which can be of exactly the same business model, scale of operation, trading prospect, target markets, product mix and capital structure as the Company and we have not conducted any in-depth investigation into the business and operations of the Comparable Companies save for the aforesaid selection criteria, we believe that the Comparable Companies identified are appropriate to serve as a benchmark reference for our comparable analysis purpose, which reflects the prevailing market sentiment towards companies engaging in similar business, and which are also listed on the same platform (i.e. Main Board of the Stock Exchange).

In respect of the trading multiples to be used in this comparable analysis, we have primarily considered the price-to-earnings ratio (“**P/E Ratio**”), price-to-sales ratio (“**P/S Ratio**”) and price-to-book ratio (“**P/B Ratio**”) which are the most commonly used and widely accepted trading multiples in the market to assess a company’s valuation. However, given that the Company recorded net loss attributable to the Shareholders for FY2025, and three out of

the four Comparable Companies recorded net loss attributable to shareholders based on their respective latest published audited financial information, P/E Ratio is not applicable for comparison purpose.

The following table sets out the relevant information about the Comparable Companies and a comparison with that of the Company (as implied by the Cancellation Price):

Company name (stock code)	Principal business	Market	P/S Ratio	P/B Ratio
		capitalisation (Note 1) HK\$'million	(Notes 2, 7) times	(Notes 3, 7) times
Wise Ally International Holdings Limited (9918) ("Wise Ally")	Manufacturing and sales of printed circuit board assemblies, multi- function modules and finished electronic products	96.0	0.11	0.51
K & P International Holdings Limited (675) ("K&P")	Manufacture and sale of precision parts and components	97.5	0.61	0.41
Confidence Intelligence Holdings Limited (1967) ("Confidence Intelligence")	Electronic manufacturing services on assembling and production of printed circuit board assembly	105.0	0.34	0.37
Elate Holdings Limited (76) ("Elate Holdings")	Manufacture and sale of electronic products, and sale of graphite products	57.8	0.06	0.02
		<b>Maximum</b>	<b>0.61</b>	<b>0.51</b>
		<b>Minimum</b>	<b>0.06</b>	<b>0.02</b>
		<b>Average</b>	<b>0.28</b>	<b>0.32</b>
		<b>Median</b>	<b>0.23</b>	<b>0.39</b>
<b>The Company</b> (as implied by the Cancellation Price)		<b>100.9</b> (Note 4)	<b>0.28</b> (Note 5)	<b>0.20</b> (Note 6)

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

*Notes:*

1. Market capitalisation is calculated based on the closing price and total shares in issue of the respective Comparable Companies as at the Latest Practicable Date.
2. P/S Ratio is calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date, divided by the total revenue of the respective Comparable Companies based on their respective latest published audited financial information.
3. P/B Ratio is calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date, divided by equity attributable to owners of the respective Comparable Companies based on their respective latest published audited financial information.
4. Market capitalisation of the Company is calculated based on the Cancellation Price multiplied by the total number of issued Shares as at the Latest Practicable Date.
5. P/S Ratio of the Company is calculated based on the implied market capitalisation of the Company as at the Latest Practicable Date divided by the total revenue of the Company for FY2025.
6. P/B ratio of the Company is calculated based on the implied market capitalisation of the Company as at the Latest Practicable Date divided by equity attributable to the Shareholders as at 31 December 2025.
7. In the above table, conversion of RMB into HK\$ and US\$ into HK\$ in relation to the respective financial figures of the Comparable Companies denominated in RMB and US\$ (if applicable and if any) are calculated at the approximate exchange rates of RMB1.00:HK\$1.14 and US\$1.00:HK\$7.80, respectively. These exchange rates are for illustration purpose only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As shown in the table above, P/S Ratios of the Comparable Companies range from approximately 0.06 times to 0.61 times, with an average of approximately 0.28 times and a median of approximately 0.23 times. We have noted that the implied P/S Ratio of the Company based on the Cancellation Price (“**Implied P/S Ratio**”) of approximately 0.28 times (i) falls within the range of the P/S Ratios of the Comparable Companies; (ii) is in line with the average of the P/S Ratios of the Comparable Companies; and (iii) is above the median of the P/S Ratio of the Comparable Companies.

P/B Ratios of the Comparable Companies range from approximately 0.02 times to 0.51 times, with an average of approximately 0.32 times and a median of approximately 0.39 times. We have noted that the implied P/B Ratio of the Company based on the Cancellation Price (“**Implied P/B Ratio**”) of approximately 0.20 times (i) falls within the range of the P/B Ratios of the Comparable Companies; and (ii) is below the average and median of the P/B Ratios of the Comparable Companies.

Given the nature of EMS businesses which are generally characterised by significant revenue scale, relatively thin profit margins and substantial working capital requirements, the market valuation of EMS companies is generally driven more by their ability to sustain operating scale, maintain customer relationships, and secure new and recurring orders for revenue visibility, than by net asset value. In this regard, we consider the P/S Ratio analysis to be particularly relevant in assessing the valuation of EMS companies as revenue scale and sustainability are generally indicative of their strength and continuity of customer relationships and order visibility. As such, the P/S Ratio analysis provides a meaningful reference for assessing how the market values the core operating scale and revenue-generating capacity of

EMS companies. By contrast, P/B Ratio may be relatively less determinative as book value primarily reflects accounting carrying values of assets and liabilities and may not fully capture the market's assessment of the ability to sustain revenue generation and competitiveness of EMS companies. Accordingly, we consider the above P/S Ratio analysis on the Comparable Companies to be a particularly relevant reference in assessing the fairness and reasonableness of the Cancellation Price.

We have also noted that all the Comparable Companies identified are trading below their respective latest audited net asset value per share, indicating that the market typically values companies in the EMS sector at a discount to net asset value. In this regard, the discount represented by the Cancellation Price to NAV per Share is broadly consistent with the prevailing market valuation of the Comparable Companies.

Given that the Company and each of the Comparable Companies have their respective characteristics in terms of business profile, product offerings, geographical focus, customer base and balance sheet structure, we have further assessed the fairness and reasonableness of the valuation positioning of the Company as implied by the Cancellation Price against those of the Comparable Companies with reference to their respective company-specific factors based on public information. We consider that such company-specific analysis provides additional context for understanding the differences in valuation multiples among the Comparable Companies and the Company, and helps explain why certain Comparable Companies may trade at relatively higher or lower P/S Ratios or P/B Ratios than others.

Wise Ally's P/S Ratio is approximately 0.11 times which is below the Implied P/S Ratio and the average of the Comparable Companies. We have noted that Wise Ally mainly focuses a variety of consumer electronic products, including vapour products, appliances, commercial controls, and heating, ventilation, and air-conditioning (HVAC) systems, more of which are generally regarded as traditional electronic products. The largest geographical market of its products is the United States, revenue from which accounted for approximately 45.8% of total revenue of Wise Ally for 2025. Wise Ally also recorded significant decline in revenue of approximately 32.2% for 2025 as compared to prior year. It is considered that the relatively lower P/S Ratio of Wise Ally as compared to the Implied P/S Ratio and the average of the Comparable Companies could be attributable to (i) its business focus on more traditional consumer electronic products, which may offer relatively lower growth visibility compared to EMS businesses with stronger exposure to higher-growth product sectors; (ii) its higher reliance on the United States market than the Group which may expose it to more significant region-specific geopolitical uncertainties and trade barriers; and (iii) its lower revenue visibility than the Group due to its more substantially declined revenue. On the other hand, Wise Ally's P/B Ratio is approximately 0.51 times which is above the Implied P/B Ratio and the average of the Comparable Companies. We have noted that Wise Ally maintained relatively significant cash balances, representing approximately 133.1% of its latest audited net asset value, which is the highest among the Comparable Companies and the Company. Its relatively higher P/B Ratio may reflect the higher liquidity of its net asset base.

K&P's P/S Ratio is approximately 0.61 times, which is higher than the Implied P/S Ratio and the average of the Comparable Companies. Differentiated from the traditional electronic products, K&P focuses on the manufacture and sale of precision parts and components (comprising keypads, synthetic rubber and plastic components and parts). K&P also has a differentiated largest geographical market of Japan and other Asian countries, revenue from which accounted for approximately 32.8% of total revenue of K&P for 2025. Also, its revenue concentration in terms of the largest customer of approximately 15.2% and the five largest customers of approximately 44.3% in 2025 is the lowest among the Comparable Companies and the Company. Despite its net loss position for 2025, K&P generated net cash from operating activities of approximately HK\$22.4 million, whereas the Group recorded net cash used in operating activities of approximately HK\$15.7 million in the same year. Accordingly, we consider that the relatively higher P/S Ratio of K&P as compared to the Implied P/B Ratio and the other Comparable Companies may reflect (i) its differentiated product positioning and major geographical market, and therefore different investor perception of market positioning, growth prospects and risk profile; (ii) its more diversified customer base with a lower concentration risk; and (iii) its revenue quality and cash conversion profile as supported by positive operating cash flow. Similarly, K&P International's P/B Ratio of approximately 0.41 times is higher than the Implied P/S Ratio and the average of the Comparable Companies. We have noted that K&P has a relatively significant base of self-owned substantive fixed assets accounting for approximately 36.1% of its total assets as at 31 December 2025, which is the highest among the Comparable Companies and the Company. Last but not least, we have noted that K&P has demonstrated consistent interim and final dividend payouts for the financial years since 2019, which may provide support and justify its relatively higher P/S ratio and P/B Ratio from the shareholder return prospective.

Confidence Intelligence's P/S Ratio of approximately 0.34 times is higher than the Implied P/S Ratio but below the average of the Comparable Companies. Confidence Intelligence principally provides EMS on printed circuit board assembly for telecommunication devices, Internet-of-things products and automotive-related devices, which are generally considered as higher-growth end-markets compared to traditional consumer electronics. We have also noted that Confidence Intelligence has been focusing on the PRC market for its products. As such, we consider that the relatively higher P/S Ratio of Confidence Intelligence than the Implied P/S Ratio may be supported by (i) its product portfolio focusing on higher-growth end-markets, which is more likely to offer better revenue visibility and long-term growth prospects; and (ii) its geographical focus which limits its exposures to global geopolitical risks. Confidence Intelligence's P/B Ratio is approximately 0.37 times, which is above the Implied P/B Ratio and also the average of the Comparable Companies. We have noted that, similar to K&P which also has relatively higher P/B Ratio, Confidence Intelligence has a relatively significant base of self-owned substantive fixed assets accounting for approximately 25.4% of its total assets as at 31 December 2025, which is the second highest among the Comparable Companies and the Company. As at 31 December 2025, Confidence Intelligence had no other borrowings other than lease liabilities. As such, the relatively higher P/B Ratio of Confidence Intelligence may be attributable to its relatively strong substantive asset base with no bank borrowing. Last but not the least, Confidence Intelligence is the only Comparable Company that recorded a net profit for its latest financial year, which may provide stronger support for both its revenue multiple and book value multiple compared to loss-making peers.

Elate Holdings' P/S Ratio and P/B Ratio are approximately 0.06 and 0.02 times, respectively, which are below the Implied P/S Ratio, Implied P/B Ratio and the average of the Comparable Companies. It is noted that Elate Holdings recorded a drop in revenue by approximately 69.3% in 2025, and net loss attributable to owners of the company for the first time in the past five financial years. In this regard, we consider that the relatively lower revenue multiple of Elate Holdings as compared to the Implied P/S Ratio and the average of the Comparable Companies may reflect the significant decline in revenue and the loss-making performance for 2025. Further, it is noted that Elate Holdings had a large net asset base amounting to approximately US\$425.5 million (equivalent to approximately HK\$3,318.9 million), which is exceptionally high among the Comparable Companies. This is mainly because the company had large amount of cryptocurrencies inventory, which represented approximately 78.6% of its latest audited net asset value. In this regard, the low P/B Ratio may reflect the low market valuation for the relatively volatile nature of its asset base.

Based on the above company-specific analysis, we note that the differences in valuation multiples among the Comparable Companies and the Company are broadly in line with their respective business profiles, financial performance, market positioning and balance sheet strength. In particular:

- the Implied P/S Ratio of approximately 0.28 times is higher than those of Wise Ally (0.11 times) and Elate Holdings (0.06 times), which is broadly in line with the comparatively weaker revenue visibility, more significant revenue decline, thinner margins or higher business uncertainties observed in those Comparable Companies. For example, as compared to the Group's decline in revenue of approximately 25.0% for FY2025, Wise Ally recorded a revenue decline of approximately 32.2% and Elate Holdings recorded a significant revenue decline of approximately 69.3%, all of which may justify relatively lower revenue-based valuation multiples of such Comparable Companies.
- the Implied P/S Ratio is below those of K&P (0.61 times) and Confidence Intelligence (0.34 times), which is also understandable having regard to their comparatively stronger supporting factors. In particular, as opposed to the Group's general focus on traditional electronics, with deteriorating revenue, loss-making position and prolonged absence of dividend track record, (i) K&P has differentiated product positioning in precision parts and components, and major geographical market with positive operating cash flow, lower customer concentration and a consistent dividend track record; and (ii) Confidence Intelligence was the only profit-making Comparable Company with its product portfolio focusing on higher-growth end-markets. These factors may support the relatively stronger revenue-based market valuation of such Comparable Companies.
- for P/B Ratio analysis, the Implied P/B Ratio of approximately 0.20 times is higher than that of Elate Holdings (0.02 times). Elate Holdings' exceptionally low P/B Ratio primarily reflects its distorted financial performance and balance sheet, and the

market's relatively conservative valuation of its substantial cryptocurrency inventories, which accounted for approximately 78.6% of its latest audited net asset value and may be perceived as having higher volatility.

- the Implied P/B Ratio is below those of Wise Ally (0.51 times), K&P (0.41 times) and Confidence Intelligence (0.37 times), which is also understandable having regard to their comparatively stronger balance sheet support or valuation characteristics as compared to the Company. In particular, Wise Ally maintained cash balances representing approximately 133.1% of its latest audited net asset value, being the highest among the Comparable Companies and the Company, which provides strong liquidity to its net asset base. For K&P and Confidence Intelligence, they both maintained relatively significant substantive self-owned fixed asset bases, accounting for approximately 36.1% and 25.4% of their total assets, respectively, and Confidence Intelligence also had no other borrowings other than lease liabilities, supporting stronger market perception in their asset quality and balance sheet strength. This indicates that differences in P/B Ratios are influenced not only by the absolute size of net assets, but also by asset quality, liquidity and balance sheet strength. In this regard, we have also noted that a significant portion of the Group's NAV is attributable to its energy storage segment. Based on the segment disclosures in the 2025 Annual Report, the energy storage segment recorded segment assets of approximately HK\$327.4 million as at 31 December 2025, which mainly included inventories and prepayments for energy storage related products, representing approximately 64.6% of the Group's NAV. However, such business segment generated only limited revenue contribution since its commencement in 2023 and has yet to demonstrate proven business viability or meaningful financial contribution. Given its limited operating performance, uncertain business outlook and development prospects, the market may have regarded the energy storage segment as an unsuccessful or underperforming business initiative of the Group rather than a value-generating business segment. From an asset-based valuation perspective, while the carrying value of such segment assets contributes significantly to the accounting NAV of the Group, the market may have applied a substantial discount to such carrying values having regard to the future economic value of these assets. As such, the market's more conservative assessment of the quality and future economic value of the assets attributable to the energy storage segment may partly justify the substantial discount of the Share price to NAV per Share and the lower valuation positioning of the Company among the Comparable Companies from the asset-based valuation perspective.

Having considered the foregoing, we consider that the Company's valuation as implied by the Cancellation Price is broadly in line with the broader valuation positioning of the Comparable Companies from both revenue-based and book value-based valuation perspectives. This further supports our view that the valuation of EMS companies is not determined solely by accounting net asset value, but also by the market's assessment of revenue-generating capacity, sustainability of operations and overall business quality. Accordingly, we consider that the valuation of the Company as implied by the Cancellation Price is reasonable.

We consider that the above Comparable Companies analysis provides an additional valuation reference in assessing the fairness and reasonableness of the Cancellation Price from a market valuation perspective, particularly having regard to the nature of EMS businesses and the relevance of the P/S Ratio analysis, and the company-specific factors as discussed above. While this analysis is not the sole basis of our opinion, it forms one of the considerations in our assessment of whether the Cancellation Price reflects a fair and reasonable valuation of the Company so far as the Disinterested Scheme Shareholders are concerned. For our overall assessment on the fairness and reasonableness of the Cancellation Price, please refer to the section below headed “7. Overall discussion and assessment on the Cancellation Price”.

## **6. Privatisation precedents**

Considering the cancellation prices of precedent privatisation exercises of companies listed on the Stock Exchange may vary depending on their principal businesses, business nature, scale of operation, the industries they operate in and future prospects, which may be influenced by different market factors and fundamentals, we are of the view that (i) the comparison of cancellation price with privatisation precedents may not provide a meaningful analysis for assessing the fairness and reasonableness of the Cancellation Price; and (ii) our abovementioned analyses in the sections headed “4. Analysis of price performance of the Shares” and “5. Comparable companies” shall be more relevant for the Disinterested Scheme Shareholders.

## **7. Overall discussion and assessment on the Cancellation Price**

In assessing the fairness and reasonableness of the Cancellation Price, we have considered the totality of the analyses and observations set out in the preceding sections, including, among others, price performance and trading liquidity of the Shares, analysis on the Comparable Companies, financial performance of the Group, its business prospects and risks, as well as other relevant qualitative and quantitative factors.

From the market perspective:

- (i) the Cancellation Price represents consistent premiums over the prevailing and historical market prices of the Shares across various periods during the Review Period, including the Last Trading Day, and short-term and longer-term average closing prices. Given that the Shares have traded predominantly below the Cancellation Price throughout the Review Period, such premium provides the Disinterested Scheme Shareholders with an assured alternative to realise their investments regardless of the number of Shares they hold at a price above prevailing market levels. Notwithstanding that the Cancellation Price represents a substantial discount to NAV per Share, we have noted that the Shares have generally traded at deeper discounts to NAV per Share, and the market has shown no clear sign of narrowing such discount;

- (ii) we have also taken into account the historically thin trading liquidity of the Shares, which may limit the ability of the Disinterested Scheme Shareholders to dispose of substantial shareholdings in the open market without exerting downward pressure on the Share price. In this context, the Proposal provides a certain and immediate cash exit from a relatively illiquid stock, which we consider to be a meaningful benefit;

From the valuation perspective:

- (iii) we have considered the results of the analysis on Comparable Companies which form an additional valuation benchmark in assessing the fairness and reasonableness of the Cancellation Price from a market valuation perspective. In particular, we have noted that the Implied P/S Ratio of approximately 0.28 times based on the Cancellation Price falls within the range of P/S Ratios of the Comparable Companies, and is in line with the average and above the median of which. This suggests that the Cancellation Price reflects a valuation level that is broadly in line with the general market benchmarks from a revenue multiple perspective. Given the nature of EMS businesses, market valuation of which is generally driven more by their ability to sustain operating scale, maintain customer relationships, and secure new and recurring orders for revenue visibility. As revenue scale and sustainability are generally indicative of the strength and continuity of customer relationships and order visibility of EMS businesses, we consider the P/S Ratio analysis to be a particularly relevant reference;
- (iv) in terms of asset-based valuation, the Implied P/B Ratio of approximately 0.20 times also falls within the range of P/B Ratios of the Comparable Companies, albeit below the average and median of which. Taking into account the Group's weak profitability, earnings volatility and uncertain outlook, we consider such valuation positioning to be not unreasonable. We have also noted that all the Comparable Companies identified are trading below their respective latest audited net asset value per share, indicating that the market typically values companies in the EMS sector at a discount to net asset value;
- (v) having taken into consideration the company-specific factors as discussed in the Comparable Companies analysis, which provides additional context for understanding the differences in valuation multiples among the Comparable Companies and the Company, we note that the differences in valuation multiples among the Comparable Companies are broadly in line with their respective business profiles, financial performance, market positioning and balance sheet strength. Accordingly, we consider that the Company's valuation as implied by the Cancellation Price is reasonable when assessed against the broader valuation positioning of the Comparable Companies;
- (vi) while the Cancellation Price represents a substantial discount to NAV per Share, we consider such discount to be justifiable. As discussed above, the Shares have consistently traded at deep discounts to NAV per Share during the Review Period. Such persistent discount, in our view, may be in part underpinned by various factors discussed in this letter, including the Group's deteriorating financial performance,

earnings volatility, its exposure to challenging global macroeconomic and geopolitical environment, and the uncertainties surrounding its business outlook and development initiatives. In this regard, the market has consistently valued the Shares below NAV per Share to reflect these factors and the absence of near-term catalysts to narrow the discount.

From the fundamentals perspective:

- (vii) the Group's financial performance has shown a deteriorating trend, with declining revenue, margin compression and a substantial loss-making position for FY2025. The Group's heavy reliance on its EMS business, significant exposure to macroeconomic and geopolitical uncertainties, limited exposure to higher-growth advanced product segments within the EMS industry, as well as the uncertain development initiatives of its energy storage business, collectively contribute to weak earnings visibility and uncertain outlook. Also, the Group's business focus and strategic direction are expected to remain heavily reliant on its EMS business in the near future. These factors, in our view, appear to support a cautious valuation and are also in line with the market's pricing of the Shares;
- (viii) we have also considered the absence of dividend payouts by the Company for a prolonged period, which limits Shareholders' ability to realise returns through income distribution, thereby increasing the relative attractiveness of a certain cash exit at premium to prevailing market price of the Shares; and
- (ix) the Company's constrained ability to raise funds through equity markets, as evidenced by unsuccessful fundraising exercises, and its increasing reliance on debt financing with rising finance costs, suggest that the benefits of maintaining a listing status have diminished.

On a balanced and comprehensive consideration of the abovementioned factors in their entirety, including the Group's deteriorating financial performance and uncertain business outlook, the prolonged absence of dividend track record, the constrained ability of the Company to raise funds through equity markets, the premiums represented by the Cancellation Price over prevailing and historical market prices of the Shares, the persistent discount of the Share prices to NAV per Share, the thin trading liquidity of the Shares and the results of the Comparable Companies analysis, we are of the view that the Cancellation Price provides the Disinterested Scheme Shareholders with an assured alternative to realise value at a level which is fair and reasonable from both valuation and practical realisation perspectives with the fundamentals of the Group being taken into consideration. Instead of the Proposal, the most practical realisation alternative for the Disinterested Scheme Shareholders is on market disposal of their Shares. Given the historical share price performance, the Group's declining financial performance, and the challenging and uncertain market conditions of the Group's core business, it is doubtful that the Share price will rise to the level of the Cancellation Price in the near to medium future.

Accordingly, we consider that the Cancellation Price is fair and reasonable so far as the Disinterested Scheme Shareholders are concerned.

## 8. The Option Proposal

As at the Latest Practicable Date, there are 15,550,182 outstanding Share Options each giving holders the right to subscribe for one new Share per Share Option at the exercise price of HK\$2.5 per Share Option with exercise period from 3 November 2024 to 2 November 2026, and all such outstanding Share Options were vested. The exercise of all outstanding Share Options in full would result in the issue of 15,550,182 new Shares (representing approximately 6.93% of the issued share capital of the Company as at the Latest Practicable Date and approximately 6.48% of the issued share capital of the Company as enlarged by issue of such new Shares). As set out in the Letter from the Board, during the Offer Period, the Company does not intend to grant any new Share Options under the Share Option Scheme. The Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code.

As the exercise price of each outstanding Share Option is way above the Cancellation Price, which in our view is fair and reasonable as discussed above, the “see-through” price is negative and accordingly the Option Cancellation Price, which is a nominal amount of HK\$0.0001 per Share Option, is being made for the cancellation of each outstanding Share Option. Given our view that the Cancellation Price is fair and reasonable, and the Option Cancellation Price is based on the “see-through” principle and premised on the Cancellation Price, we are of the view that the Option Cancellation Price is fair and reasonable so far as the Share Option Holders are concerned.

## RECOMMENDATIONS

### The Proposal

Having taking into consideration the principal factors and reasons as discussed above, we are of the opinion that the terms of the Proposal are fair and reasonable so far as the Disinterested Scheme Shareholders are concerned, and in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise: (i) the Disinterested Scheme Shareholders to vote for the resolution to approve the Scheme at the Court Meeting; and (ii) the Shareholders to vote for the resolution(s) in respect of the Scheme at the EGM.

### The Option Proposal

Having taken into consideration the principal factors and reasons as discussed above, we are of the opinion that the terms of the Option Proposal are fair and reasonable so far as the Share Option Holders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Share Option Holders to accept the Option Proposal.

**OTHER REMINDERS**

Although it is noted that the Shares have been traded below the Cancellation Price since the Last Trading Day and up to the Latest Practicable Date, there is still possibility that the Share price may exceed the Cancellation Price by 15 July 2026, being the date of the Court Meeting and the EGM. Accordingly, the Disinterested Scheme Shareholders and the Share Option Holders are reminded to closely monitor the trading price and liquidity of the Shares during the period up to 15 July 2026, being the date of the Court Meeting and the EGM and should, having regard to their own circumstances, for the Disinterested Scheme Shareholders, consider selling their Shares in the open market and, for the Share Option Holders, exercising their Share Options and selling their Shares to be issued upon such exercise in the open market instead of accepting the Option Proposal, respectively, if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds expected to be received under the Scheme and from accepting the Option Proposal, respectively. However, the Share Option Holders are reminded that there will be a time lag between the exercise of the Share Options and the receipt of the Shares to be issued upon such exercise due to the time required for the administrative procedures for exercising the Share Options. Accordingly, the Share Option Holders who wish to exercise their Share Options should be mindful of the possible price fluctuations of the Shares during the aforesaid time lag.

Yours faithfully,  
For and on behalf of  
**Mango Financial Limited**

**Andrew Lau**  
*Responsible Officer*

**Archie Fong**  
*Responsible Officer*

*Mr. Archie Fong is a licensed person registered with the Securities and Futures Commission and a responsible officer of Mango Financial Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the accounting and investment banking industries.*

*Mr. Andrew Lau is a licensed person registered with the Securities and Futures Commission and a responsible officer of Mango Financial Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 15 years of experience in the accounting and investment banking industries.*

*This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Grant Court Rules of the Cayman Islands 2023 (As Revised).*

## INTRODUCTION

Pursuant to the Announcement, the Offeror and the Company jointly announced that in late January 2026, the Board resolved to put forward a proposal for the privatisation of the Company to the Shareholders. The Offeror was subsequently invited by the Board to make an offer for the Proposal. Upon the Offeror's acceptance to the invitation, the Board put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act.

If the Proposal is approved and implemented:

- (a) (A) (assuming no outstanding Share Options are exercised) all of the 171,289,185 Scheme Shares held by the Scheme Shareholders or (B) (assuming all outstanding Share Options other than the Undertaken Share Options are exercised prior to the Scheme Record Date) all of the 185,114,076 Scheme Shares held by the Scheme Shareholders, will be cancelled on the Effective Date in consideration for the Cancellation Price, being HK\$0.45, payable in cash by the Offeror for each Scheme Share cancelled;
- (b) contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained at the amount immediately prior to the cancellation of the Scheme Shares by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of new Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the books of account of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror; and
- (c) upon the Scheme becoming effective, all share certificates for the Scheme Shares will cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, immediately after the Effective Date.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal and the Option Proposal, and to provide the Scheme Shareholders and Share Option Holders with other relevant information in relation to the Proposal and the Option Proposal.

Particular attention is drawn to the following sections of this Scheme Document: (a) the "Letter from the Board" in Part III of this Scheme Document; (b) the "Letter from the Independent Board Committee" in Part IV of this Scheme Document; (c) the "Letter from the Independent Financial Adviser" in Part V of this Scheme Document; and (d) the terms of the Scheme as set out in Appendix III to this Scheme Document, and (if applicable) the Form of Acceptance and the letter to the Share Option Holders.

**TERMS OF THE PROPOSAL****Cancellation Price**

The Cancellation Price of HK\$0.45 represents:

- (a) a premium of approximately 32.35% over the closing price of HK\$0.34 per share as quoted on the Stock Exchange on 18 June 2026, being the Latest Practicable Date;
- (b) a premium of approximately 15.38% over the closing price of HK\$0.39 per share as quoted on the Stock Exchange on 21 January 2026, being the Last Trading Day;
- (c) a premium of approximately 25.0% over the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 20 January 2026, being the trading day immediately prior to the Last Trading Day;
- (d) a premium of approximately 23.29% over the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (e) a premium of approximately 19.05% over the average closing price of HK\$0.378 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 12.73% over the average closing price of approximately HK\$0.399 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 11.69% over the average closing price of approximately HK\$0.403 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (h) a premium of approximately 15.30% over the average closing price of approximately HK\$0.390 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day; and
- (i) a discount of approximately 80.08% to the audited consolidated equity attributable to Shareholders per Share of approximately HK\$2.259 as at 31 December 2025.

**Highest and lowest prices**

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.445 on 6 November 2025, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.315 on 21 May 2026 and 17 June 2026.

**Basis for determining the Cancellation Price**

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the prices and liquidity of the Shares traded on the Stock Exchange, and the financial performance and business prospects of the Group. In particular, deteriorating financial performance of the Group was observed as evidenced by its decline in revenue and volatility in earnings in recent years. Its heavy reliance in electronic manufacturing services (EMS) as well as the uncertain development initiatives of its energy storage business collectively contributed to weak earnings visibility and uncertain outlook.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so. Shareholders, Share Option Holders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.**

As at the Latest Practicable Date, the Company had no declared but unpaid dividends and had not declared any distribution or return of capital, and had no intention to declare and/or pay any dividend, distribution or return of capital before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be).

If, after the Latest Practicable Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

**CONDITIONS OF THE PROPOSAL AND THE SCHEME**

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy, at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Disinterested Scheme Shareholders;

- (c) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to any reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares and to contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled for issuance to the Offeror;
- (d) the sanction of the Scheme (with or without modification) by the Grand Court and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;
- (f) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
- (g) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and
- (h) since the date of the Announcement, there having been no adverse change to the business, financial or trading position of the Group taken as a whole, to an extent that is material in the context of the Proposal or the Scheme.

The Conditions set out in paragraphs (a) to (d) and (e)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (h) (other than (e)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than the Approvals listed in the Conditions in paragraphs (a) to (d) (inclusive), and the approval by the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange, the Offeror and the Company are not aware of any other Approvals which are required as set out in the Condition in paragraph (e) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (e) to (h) (inclusive) not being satisfied. In particular, as at the Latest Practicable Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (f).

If approved and implemented, the Scheme will be binding on the Company and all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

**Warning: Shareholders, Share Option Holders and potential investors should be aware that the implementation of the Proposal and the Option Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal and the Option Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders, Share Option Holders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

## THE OPTION PROPOSAL

As at the Latest Practicable Date, there were 15,550,182 outstanding Share Options each giving holders the right to subscribe for one new Share per Share Option at the exercise price of HK\$2.5 per Share Option with exercise period from 3 November 2024 to 2 November 2026.

The Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code as set out below.

Under the Option Proposal, the Offeror will offer the Share Option Holders a nominal price of HK\$0.0001 per Share Option for the cancellation of each Share Option (i.e. the Option Cancellation Price), as the exercise price of each Share Option exceeds the Cancellation Price and the “see-through” price is negative.

If any outstanding Share Option is exercised at the relevant exercise price in accordance with the terms of the Share Option Scheme and corresponding Shares are issued to the relevant Share Option Holder(s) prior to the Scheme Record Date, such Shares shall form part of the Scheme Shares. Pursuant to the rules of the Share Option Scheme, if a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to the Shareholders and such general offer becomes or is declared unconditional, the grantee shall be entitled to exercise the Share Option in full or in part (to the extent which has become exercisable and not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

Hence, Share Option Holders may either (i) exercise the outstanding Share Options prior to the Scheme Record Date, such that any Shares issued pursuant to the exercise of Share Options on or before the Scheme Record Date will be subject to the Scheme; (ii) accept the Option Proposal and receive the Option Cancellation Price; (iii) exercise the Share Options after the Scheme Record Date but prior to the expiry of one month after the Effective Date, whereby the Shares issued pursuant to the exercise of the Share Options following the Scheme Record Date would not be subject to the Scheme; or (iv) take no action, and in such event the Share Options will lapse upon the expiry of one month after the Effective Date in accordance with the Share Option Scheme. Share Option Holders are reminded that if they exercise the outstanding Share Options after the Scheme Record Date, they will hold Shares in the Company as an unlisted company.

During the Offer Period, the Company does not intend to grant any new Share Options under the Share Option Scheme.

**The Option Proposal will be conditional on the Scheme becoming effective. If any of the Conditions is not fulfilled or (where applicable) waived on or before the Long Stop Date and the Proposal and the Scheme lapse, the Option Proposal will also lapse.**

Further information on the Option Proposal is set out in a letter to the Share Option Holders, in the form set out in Appendix VI to this Scheme Document.

#### **IRREVOCABLE UNDERTAKING**

As at the Latest Practicable Date, Mr. Lin was the holder of 1,725,291 Share Options bearing the right to subscribe for 1,725,291 Shares at an exercise price of HK\$2.5 per Share Option. Mr. Lin has made an irrevocable and unconditional undertaking to the Company and the Offeror that he will not exercise the 1,725,291 outstanding Share Options held by him at any time prior to the expiry of one month after the Effective Date and will not accept the Option Proposal in respect thereof. As a result, the Share Options held by Mr. Lin would lapse and he would not become a Shareholder after the Effective Date. Such irrevocable undertaking will remain valid until the lapse of the Share Options upon the expiry of one month after the Effective Date pursuant to the rules of the Share Option Scheme or the lapse of the Proposal.

#### **TOTAL CONSIDERATION AND FINANCIAL RESOURCES**

As at the Latest Practicable Date, there were (a) 224,289,185 Shares in issue, and there were 171,289,185 Scheme Shares (representing approximately 76.37% of the issued share capital of the Company) in issue; and (b) 15,550,182 outstanding Share Options. Save for the above, there were no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

On the basis of the Cancellation Price of HK\$0.45 per Scheme Share and 171,289,185 Scheme Shares being in issue as at the Latest Practicable Date, and assuming that all Share Options other than the Undertaken Share Options are exercised and there is no other change in the shareholding of the Company before the Scheme Record Date, the Scheme Shares are in aggregate valued at HK\$83,301,334.20, which represents the maximum amount of cash required for the Scheme.

The Offeror's payment obligations to the Scheme Shareholders and the Share Option Holders in respect of the Cancellation Price or the Option Cancellation Price (as the case may be) in cash pursuant to and in accordance with the Scheme shall be fulfilled by the Offeror. The Offeror intends to finance the cash required for the cancellation of the Scheme Shares and the Share Option Holders' acceptance of the Option Proposal with the Offeror's internal cash resources.

Lego Corporate Finance has been appointed as financial adviser to the Offeror in respect of the Proposal and the Option Proposal, and is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the cash consideration payable under the Proposal and the Option Proposal.

#### **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the Latest Practicable Date:

- (a) the issued share capital of the Company comprised 224,289,185 Shares;
- (b) the Offeror beneficially owned, controlled or had direction over 53,000,000 Shares, representing approximately 23.63% of the issued Shares; for the avoidance of doubt, the Shares held by the Offeror shall not form part of the Scheme Shares;
- (c) the Disinterested Scheme Shareholders legally or beneficially owned, controlled or have direction over 171,289,185 Shares in aggregate, representing approximately 76.37% of the issued Shares;
- (d) the Scheme Shares, comprising 171,289,185 Shares, represented approximately 76.37% of the issued Shares;

- (e) the Share Option Holders in aggregate held 15,550,182 outstanding Share Options, of which 3,450,582 outstanding Share Options were held by the following Directors:

<b>Directors</b>	<b>Number of outstanding Share Options</b>	<b>Approximate % of total issued Shares<sup>(1)</sup></b>
Mr. Lin ( <i>Executive Director and co-Chairman</i> ) <sup>(2)</sup>	1,725,291	0.77
Ms. Bian Sulan ( <i>Executive Director</i> )	<u>1,725,291</u>	<u>0.77</u>
<b>Total</b>	<u><u>3,450,582</u></u>	<u><u>1.54</u></u>

*Note (1):* Based on the total number of issued Shares as at the Latest Practicable Date.

*Note (2):* The outstanding Share Options held by Mr. Lin (i.e. the Undertaken Share Options) are subject to the Irrevocable Undertaking.

*Note (3):* The other outstanding Share Options were held by employees of the Group.

- (f) Lego Corporate Finance was the financial adviser to the Offeror in connection with the Proposal and the Option Proposal. Accordingly, Lego Corporate Finance was presumed to be acting in concert with the Offeror in relation to the Company in accordance with Class (5) of the definition of “acting in concert” under the Takeovers Code. As at the Latest Practicable Date, Lego Corporate Finance did not own, control or have direction over any Shares;
- (g) save for the 224,289,185 Shares in issue and the outstanding Share Options set out above, there were no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which were convertible into Shares;
- (h) there were no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror and the Offeror Concert Parties;
- (i) neither the Offeror nor any of the Offeror Concert Parties had entered into any outstanding derivative in respect of the securities in the Company; and
- (j) neither the Offeror nor any of the Offeror Concert Parties had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Upon the Scheme becoming effective, all Scheme Shares will be cancelled in consideration for the Cancellation Price (with the equivalent number of new Shares being contemporaneously issued to the Offeror credited as fully paid). Assuming there is no other change in shareholding of the Company before completion of the Proposal and all Share Option Holders accept the Option Proposal (except Mr. Lin, who is subject to the Irrevocable Undertaking, and none of the Undertaken Share Options are exercised after the Scheme has become effective), the Company will be wholly owned by the Offeror upon the Scheme becoming effective and the withdrawal of listing of the Shares from the Stock Exchange.

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately following completion of the Proposal (assuming no outstanding Share Options are exercised); and (iii) immediately following completion of the Proposal (assuming all outstanding Share Options will be exercised after the Scheme Record Date but prior to the expiry of one month after the Effective Date), assuming that (a) no further Shares will be issued and no further Share Options will be granted on or before the Scheme Record Date; and (b) there will be no other change in the shareholding of the Company before the Effective Date.

	As at the Latest Practicable Date		Immediately following completion of the Proposal (assuming no outstanding Share Options are exercised)		Immediately following completion of the Proposal (assuming all outstanding Share Options are exercised after the Scheme Record Date but prior to expiry of one month after the Effective Date)	
	<i>Approximate percentage of issued</i>		<i>Approximate percentage of issued</i>		<i>Approximate percentage of issued</i>	
	<i>Number of Shares</i>	<i>Shares (%)<sup>(2)</sup></i>	<i>Number of Shares</i>	<i>Shares (%)<sup>(2)</sup></i>	<i>Number of Shares</i>	<i>Shares (%)<sup>(2)</sup></i>
<b>Shareholders</b>						
<b>The Offeror<sup>(1)</sup></b>	53,000,000	23.63	224,289,185	100.00	224,289,185	93.52
<b>Disinterested Shareholders</b>	171,289,185	76.37	—	—	—	—
<b>Share Option Holders</b>	—	—	—	—	15,550,182	6.48
<b>Total</b>	<u>224,289,185</u>	<u>100.00</u>	<u>224,289,185</u>	<u>100.00</u>	<u>239,839,367</u>	<u>100.00</u>

*Notes:*

- The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong. Each of Mr. Lee, Mr. Ng, Mr. Wong and Mr. Tam is a director of various subsidiaries of the Company. Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled.

2. All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding of the percentages to 2 decimal places.
3. No Directors were interested in the Shares as at the Latest Practicable Date save for the Share Options as disclosed in paragraph (e) above in this section.

### INFORMATION ON THE GROUP

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose Shares have been listed on the Main Board of the Stock Exchange since 27 January 2011. The Group's principal activities are (i) electronic manufacturing services (EMS); (ii) equity investment, property agency service and other operations; (iii) real estate advisory service and real estate purchase service and energy storage products; and (iv) provision of loan services by a licensed money lender under the Group.

Based on the published consolidated financial statements of the Company, the table below sets out the audited financial information of the Group for each of the three financial years ended 31 December 2025:

	<b>For the year ended 31 December</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	359,657	479,317	491,597
Gross profit	84,615	123,601	131,755
Profit/(loss) from operations	(31,355)	15,184	11,103
Profit/(loss) before tax	(43,388)	10,355	8,038
Profit/(loss) for the year	(45,268)	6,328	5,165

As at 31 December 2023, 2024 and 2025, the audited net assets attributable to Shareholders amounted to approximately HK\$486,663,000, HK\$536,531,000 and HK\$506,689,000, respectively, and the audited net assets attributable to Shareholders per Share (based on the then number of issued Shares) amounted to approximately HK\$2.486, HK\$2.392 and HK\$2.259, respectively.

For further details on the financial information of the Group, please refer to Appendix I to this Scheme Document.

### INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company that has no business operation and did not hold any assets other than 53,000,000 Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the issued shares of the Offeror were owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong, who are also directors of the Offeror. Shareholders of the Offeror are the directors of certain wholly-owned subsidiaries of the Company, which are the main operating subsidiaries of the Company.

The background and experience of each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong are set out below.

Mr. Lee Kai Bon (李繼邦) is currently the chief executive officer of one of the Company's indirectly wholly-owned subsidiaries operating in the EMS (Electronic Manufacturing Services) segment (the "EMS Subsidiaries") and a director of certain EMS Subsidiaries. He joined certain of the EMS Subsidiaries in 1992 as an engineering manager and was promoted to general manager in 2006. Since 2010, he was also a general manager of the business division of one of the EMS Subsidiaries and the Group's research and development centre. Mr. Lee Kai Bon has over 40 years of experience in consumer electronic products industry. He graduated with a Bachelor of Science (Hons) from the University of Warwick, the United Kingdom in July 1982.

Mr. Ng Kim Yuen (吳儉源) is currently the general manager of the manufacturing division of one of the EMS Subsidiaries and a director of certain EMS Subsidiaries. He joined certain of the EMS Subsidiaries as an operation manager in 1992 and was promoted as a general manager of the manufacturing division of one of the EMS Subsidiaries of the Group in 2008. Mr. Ng Kim Yuen has over 40 years of experience in the electronics industry. Mr. Ng Kim Yuen is a chartered engineer of the Engineering Council and is a member of The Hong Kong Institution of Engineers and The Institution of Electrical Engineers, the United Kingdom. He obtained a Master of Science in Engineering from The University of Hong Kong in December 1989 and Associateship and Higher Diploma in Production and Industrial Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1983 and November 1982, respectively.

Mr. Wong Sik Hung (黃式雄) is currently the assistant general manager overseeing one of the business units of one of the EMS Subsidiaries and a director of certain EMS Subsidiaries. He joined certain of the EMS Subsidiaries in 1997 as a manager. He has over 40 years of experience in electronics industry. Mr. Wong Sik Hung obtained a Diploma in Management Studies awarded jointly by Hong Kong Polytechnic and Hong Kong Management Association in September 1993 and a Higher Certificate in Electronic Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1982.

Mr. Tam Kam Fong (譚錦方) is currently the assistant general manager overseeing one of the business units of one of the EMS Subsidiaries and a director of certain EMS Subsidiaries. Mr. Tam Kam Fong joined certain of the EMS Subsidiaries as a chief mechanical engineer in 1992 and served various managerial capacity such as manager of the Group's mechanical engineering department and project and operations manager of certain of the EMS Subsidiaries. Mr. Tam has over 40 years of experience in business development and research and development in electronics industry. Mr. Tam Kam Fong obtained a Master of Science in Engineering and a Bachelor of Science in Engineering from The University of Hong Kong in November 1991 and November 1985, respectively, and a Higher Diploma in Mechanical Engineering from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1983.

As at the Latest Practicable Date, the Offeror held 53,000,000 Shares, representing approximately 23.63% of the issued share capital of the Company. Immediately upon the Scheme becoming effective, the Company and its subsidiaries will be subsidiaries of the Offeror.

## REASONS FOR AND BENEFITS OF THE PROPOSAL

The Board considers that the Proposal and the withdrawal of listing is in the interests of the Company and the Shareholders as a whole on the following bases:

### **Benefits to the Scheme Shareholders:**

#### *(a) Opportunity for Scheme Shareholders to exit their investment of limited liquidity*

The Shares have been trading with limited liquidity for a substantial period, with the average daily trading volume of only 1,003,422 Shares for the 12-month period up to and including the Last Trading Day, representing 0.45% of the total number of issued Shares as at the date of the Announcement. Considering the low trading volume, it could be difficult for Shareholders to divest a substantial amount of the Shares without a significant discount through on-market disposals. The Proposal provides Scheme Shareholders with a unique opportunity to achieve exit at an attractive premium with certainty of value.

#### *(b) Opportunity for Scheme Shareholders to monetise their investment in the Company at a premium over the market price of the Shares*

The proposed Cancellation Price sets an attractive premium over the market price of the Shares. The Cancellation Price of HK\$0.45 per Scheme Share represents (a) a premium of approximately 15.38% over the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on 21 January 2026, being the Last Trading Day; (b) a premium of approximately 25.0% over the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on 20 January 2026, being the trading day immediately prior to the Last Trading Day; (c) a premium of approximately 23.29% over the average closing price of HK\$0.365 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day; (d) a premium of approximately 19.05% over the average closing price of HK\$0.378 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day; (e) a premium of approximately 12.73% over the average closing price of approximately HK\$0.399 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day; (f) a premium of approximately 11.69% over the average closing price of approximately HK\$0.403 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and (g) a premium of approximately 15.30% over the average closing price of approximately HK\$0.390 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day. Despite the Cancellation Price represents a substantial discount to the Group's net asset value per Share as at 31 December 2025, the Shares have been trading at such significant discounts

for a prolonged period as illustrated above. The Scheme thus provides an opportunity for the Scheme Shareholders to monetise their investment in the Company at a premium over market price in the absence of catalysts to narrow the discount in the near future.

*(c) Unlocking shareholder value and realising gains in uncertain market conditions*

The Proposal provides the Scheme Shareholders an opportunity to realise their investment in the Company amid uncertain market conditions. The Group recorded gradual decrease in revenue over the past few years mainly due to complex and multiple uncertainties faced by the global economic environment and geopolitical conflicts. In addition, China's economic transformation has progressed at a pace slower than anticipated, with property crisis, local debt problems and subdued consumer confidence continuing to exert pressure on economic growth. As the majority of the Group's products are sold to customers located or operated in Europe, the United States and the People's Republic of China, the challenging macroeconomic environment and uncertainties in trade policies have adversely impacted the Group's business performance and outlook.

**Benefits to the Company:**

*(d) The Company has limited equity financing capabilities and has lost its advantages as a listed platform*

The Shares have long experienced low trading volumes, restricting the Company's ability to raise capital from the capital market. The Company has attempted to conduct a rights issue in December 2024 and a placing of new Shares under general mandate in June 2025, both of which were unsuccessful. Given the challenging and complex external environment, the Company's listing status may no longer provide adequate funding support for the Group's business development and future growth. The Proposal, which entails the delisting of the Company, is expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements.

*(e) The Proposal will help streamline the Company's corporate structure and enhance management efficiency*

Following the implementation of the Proposal, the Company will be delisted from the Stock Exchange. This will facilitate to streamline the Company's corporate and shareholding structure, reduce management and compliance complexities, and further enhance overall operational efficiency and decision-making effectiveness. This will enable the Company to focus resources more effectively on business development and the execution of its strategic initiatives. Taking the Company private will allow the Company to make strategic decisions focused on long-term commercial development and benefits, free from the pressure of market expectations and share price fluctuations which arise from the Company being a public listing company.

**INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP**

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its current business. The Offeror has no intention of making any major changes to the business of the Group, including any major redeployment of fixed assets or making any material change to the continued employment of employees of the Group, other than those in the ordinary course of business of the Group. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business. The Offeror also intends for the Company to withdraw the listing of the Shares on the Stock Exchange upon the Scheme becoming effective.

**FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Offeror has appointed Lego Corporate Finance as its financial adviser in connection with the Proposal and the Scheme.

The Independent Board Committee, which comprises Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin, all being independent non-executive Directors, has been established by the Board in accordance with Rule 2.1 of the Takeovers Code to make recommendation to the Disinterested Scheme Shareholders and the Share Option Holders (i) as to whether the terms of the Proposal and the Option Proposal are, or are not, fair and reasonable; (ii) as to voting at the Court Meeting and the EGM; and (iii) as to acceptance of the Option Proposal by the Share Option Holders.

Mango Financial has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the terms of the Proposal and the Option Proposal. The appointment of Mango Financial has been approved by the Independent Board Committee.

The full text of the letter from the Independent Board Committee and the letter from the Independent Financial Adviser is set out in Part IV and Part V of this Scheme Document, respectively.

**WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, immediately after the Effective Date.

**IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES**

If the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, an announcement will be made by the Offeror and the Company, and:

- (a) no Scheme Shares will be cancelled, the shareholding structure of the Company will not change as a result of the Proposal, and the Company will continue to have sufficient public float as required by the Listing Rules;
- (b) the listing of the Shares on the Stock Exchange will not be withdrawn;
- (c) as the Option Proposal is conditional upon the Scheme becoming effective, the Option Proposal will lapse; and
- (d) there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or otherwise lapses or is withdrawn announce an offer or possible offer for the Company, except with the consent of the Executive.

**COSTS OF THE SCHEME**

If either the Independent Board Committee or the Independent Financial Advisor does not recommend the Proposal and the Option Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

Since the Independent Board Committee has recommended the Proposal and the Independent Financial Adviser has recommended the Proposal as fair and reasonable, Rule 2.3 of the Takeovers Code is not applicable. The Company and the Offeror have agreed that each party shall bear their own costs, charges and expenses of and incidental to the Proposal and the Option Proposal.

**OVERSEAS SCHEME SHAREHOLDERS AND SHARE OPTION HOLDERS**

The making and implementation of the Proposal to Scheme Shareholders and the Option Proposal to the Share Option Holders who are not resident in Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdictions. Any Scheme Shareholders and Share Option Holders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions. As at the Latest Practicable Date, there was one Scheme Shareholder with registered address situated in the British Virgin Islands and eight Share Option Holders (including Mr. Lin who has undertaken not to accept the Option Proposal pursuant to the Irrevocable Undertaking) whose addresses are situated in the People's Republic of China. There is no additional requirement to obtain prior approval or consent in the relevant jurisdiction in relation to the extension of the Scheme or despatch of the Scheme Document (and in the case of the overseas Share Option

Holder(s), the extension of the Option Offer or despatch of the letter to the Share Option Holder(s) to such overseas Scheme Shareholders and overseas Share Option Holders (as the case may be).

It is the responsibility of any overseas Scheme Shareholders and overseas Share Option Holders wishing to take any action in relation to the Proposal or the Option Proposal (as the case may be) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder or optionholder in such jurisdiction.

Any acceptance by the Scheme Shareholders or the Share Option Holders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including Lego Corporate Finance, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

#### **NOTICE TO US INVESTORS**

The Proposal is being made to cancel the securities of a Cayman Islands exempted company by means of a scheme of arrangement provided for under the laws of Cayman Islands. The Option Proposal represents an appropriate offer to be made by the Offeror to the Share Option Holders. The Proposal and the Option Proposal are subject to Hong Kong disclosure requirements which are different from those of the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal and the Option Proposal are subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements applicable under the US federal securities laws.

The receipt of cash pursuant to the Proposal or the Option Proposal by a US holder of Scheme Shares or a US Share Option Holder as consideration for the cancellation of his/her/its Scheme Shares or his/her/its Share Options (as the case may be) may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal or the Option Proposal applicable to him/her/it.

It may be difficult for US holders of Scheme Shares or US Share Option Holders to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Scheme Shares or US Share Option Holders may not be able to sue a non-US company or its

officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

### **TAXATION ADVICE**

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance on the cancellation of the Scheme Shares upon the Scheme becoming effective.

The Scheme Shareholders and Share Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications relating to the Proposal and the Option Proposal. It is emphasised that none of the Offeror, the Offeror Concert Parties, the Company, Lego Corporate Finance nor any of their respective directors, officers or associates or any other person involved in the Proposal or the Option Proposal accepts responsibility (other than in respect of themselves, if applicable) for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal or the Option Proposal.

### **REGISTRATION AND PAYMENT**

#### **Closure of the Register**

Assuming the Scheme Record Date falls on Tuesday, 4 August 2026, it is proposed that the Register will be closed from Friday, 31 July 2026 onwards (or such other date as may be notified to the Shareholders by announcement) for the purpose of determining entitlements of Scheme Shareholders under the Scheme. In order to qualify for entitlements under the Scheme, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share Registrar before 4:30 p.m. on Thursday, 30 July 2026 for registration. The registered office of the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, is at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

#### **Payment of the Cancellation Price to the Scheme Shareholders**

Upon the Scheme becoming effective, cheques in respect of the Cancellation Price will be made to the Scheme Shareholders whose names appear on the Register as at the Scheme Record Date as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. On the basis that the Scheme becomes effective on Tuesday, 4 August 2026 (Cayman Islands time), cheques for payment of the Cancellation Price payable under the Scheme are expected to be despatched on or before Thursday, 13 August 2026.

Cheques for payment of the Cancellation Price to the Scheme Shareholders will be despatched by ordinary post in postage pre-paid envelopes addressed to them at their respective addresses as appearing in the Register as at the Scheme Record Date or, in the case of joint holders, at the address appearing in the Register as at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding. For Beneficial Owners that hold Scheme Shares through a Registered Owner (other than HKSCC Nominees Limited), cheques made out in the name of the Registered Owner will be sent by

posting the same by ordinary post in postage pre-paid envelopes addressed to the Registered Owner. For Beneficial Owners whose Scheme Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, the Cancellation Price will be paid to HKSCC Nominees Limited by cheque and such payment will be caused to be credited to the designated bank accounts of the relevant CCASS Participants in accordance with the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All such cheques will be posted at the risk of the addressees and none of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser, the Hong Kong Branch Share Registrar or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal will be responsible for any loss or delay in despatch.

On or after the day being six (6) calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies on trust until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques of which they are payees have not been cashed. On the expiry of six (6) years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account, including accrued interest, subject to any deduction required by law and expenses incurred.

Upon the Scheme becoming effective, all existing share certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on Tuesday, 4 August 2026 (Cayman Islands time).

Settlement of the Cancellation Price to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Scheme Shareholders.

### **Payment of the Option Cancellation Price to the Share Option Holders pursuant to the Option Proposal**

Subject to the Scheme becoming effective, payment of the applicable cash entitlements to Share Option Holders under the Option Proposal are expected to be despatched or made as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. On the basis that the Scheme becomes effective on Tuesday, 4 August 2026 (Cayman Islands time), cheques for payment of the Option Cancellation Price payable under the Option Proposal are expected to be despatched on or before Thursday, 13 August 2026.

Cheques for payment of the Option Cancellation Price to the Share Option Holders will be despatched by ordinary post in postage pre-paid envelopes addressed to them at their respective last known addresses as notified by the Share Option Holders to the Group. All such cheques will be posted at the risk of the addressees and none of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser, the Hong Kong Branch Share Registrar or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Option Proposal will be responsible for any loss or delay in despatch.

On or after the day being six (6) calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies on trust until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques of which they are payees have not been cashed. On the expiry of six (6) years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account, including accrued interest, subject to any deduction required by law and expenses incurred.

Settlement of the Option Cancellation Price to which the Share Option Holders are entitled under the Option Proposal will be implemented in full in accordance with the terms of the Option Proposal, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against any such Share Option Holders.

#### **ACTIONS TO BE TAKEN**

Your attention is drawn to the section headed “Actions to be taken” at pages i to vii of this Scheme Document.

#### **THE SCHEME AND THE COURT MEETING**

Pursuant to section 86 of the Companies Act, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in section 86 of the Companies Act that if 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the company.

### **ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE**

In addition to satisfying any requirements imposed by the Companies Act as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast by the Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Disinterested Scheme Shareholders.

As at the Latest Practicable Date, the Disinterested Scheme Shareholders held in aggregate 171,289,185 Scheme Shares. On that basis, 10% of the votes attached to Scheme Shares held by all the Disinterested Scheme Shareholders referred to in paragraph (b) above would therefore represent approximately 17,128,919 Scheme Shares as at the Latest Practicable Date.

### **COURT MEETING AND EGM**

The Court Meeting will be held at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong on Wednesday, 15 July 2026 at 10:00 a.m. for the purposes of considering and, if thought fit, approving (with or without modification) the Scheme.

Such resolution will be passed under section 86 of the Companies Act if not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting voted in favour of the Scheme. However, the Scheme will only be considered to have been approved under the Takeovers Code if (a) the Scheme is approved (by way of a poll) by at least 75% of the votes attaching to the Scheme Shares held by the Disinterested Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and (b) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by all the Disinterested Scheme Shareholders.

All Scheme Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting provided that only the votes of the Disinterested Scheme Shareholders will be taken into account in determining if Condition (b) in the paragraph headed “Conditions of the Proposal and the Scheme” above is satisfied.

As at the Latest Practicable Date, the Offeror held 53,000,000 Shares, representing approximately 23.63% of the issued Shares. These Shares will not form part of the Scheme Shares and will not be cancelled upon the Scheme becoming effective.

As the Offeror is not a Scheme Shareholder, the Shares held by the Offeror will not be voted at the Court Meeting. The Offeror has undertaken to the Grand Court to be bound by the Scheme and to execute and do all things as may be necessary or desirable to be executed and done by it for the purposes of giving effect to the Scheme.

Lego Corporate Finance is the financial adviser to the Offeror in connection with the Proposal and the Option Proposal and accordingly Lego Corporate Finance is presumed to be acting in concert with the Offeror in relation to the Company under the Takeovers Code. As at the Latest Practicable Date, Lego Corporate Finance did not hold any Shares in the Company.

The EGM will be held as soon as practicable after the conclusion or adjournment of the Court Meeting. All Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to any reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares and to contemporaneously therewith maintain the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled for issuance to the Offeror.

Voting at the Court Meeting and at the EGM will be taken by poll as required under the Listing Rules and the Takeovers Code.

An announcement will be jointly made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM not later than 7:00 p.m. on the date of the Court Meeting and the EGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code. Information on the number of votes cast for and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be included in such announcement.

Notices of the Court Meeting and the EGM are set out in Appendix IV and Appendix V to this Scheme Document, respectively.

**RECOMMENDATIONS**

Your attention is drawn to (i) the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the letter from the Independent Financial Adviser in Part V of this Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice to the Independent Board Committee.

**FURTHER INFORMATION**

Further information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

You should rely only on the information contained in this Scheme Document in order to vote your Shares at the Court Meeting and/or the EGM. None of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

**GENERAL**

Given that the Proposal will be implemented by way of the Scheme, compulsory acquisition is not applicable and the Offeror has no powers of compulsory acquisition in relation to the Proposal and the Scheme.

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

## FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated financial information of the Company for each of the years ended 31 December 2023, 2024 and 2025. The figures for the years ended 31 December 2023, 2024 and 2025 are extracted from the annual reports of the Company and the annual results announcements of the Company for the respective years.

The independent auditor's reports issued by the auditor of the Company, in respect of the audited consolidated financial statement of the Company for the years ended 31 December 2023, 2024 and 2025, being McMillan Woods (Hong Kong) CPA Limited, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern. Save as disclosed below, there were no items of any income or expense which are material in respect of the consolidated financial results of the Company for the years ended 31 December 2023, 2024 and 2025.

## Summary of consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December		
	2023	2024	2025
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(restated)		
	(audited)	(audited)	(audited)
Revenue	491,597	479,317	359,657
Cost of sales	(359,842)	(355,716)	(275,042)
Gross profit	131,755	123,601	84,615
Other income	13,143	17,926	14,370
Other gains and losses, net	8,841	2,723	194
Selling and distribution expenses	(36,459)	(38,406)	(27,761)
Administrative expenses	(85,599)	(99,076)	(90,070)
Reversal of impairment losses on loans to other parties, net	4,466	22,579	756
Reversal/(provision) of impairment losses on trade receivables, net	(179)	(2,080)	702
Reversal/(provision) of impairment losses on other receivables, net	(9,153)	7,924	606
Provision of impairment losses on intangible assets, net	(2,620)	(7,172)	(727)
Research and development expenditure	(13,092)	(12,835)	(14,040)
Finance costs	(3,065)	(4,829)	(12,033)
(Loss)/profit before tax	8,038	10,355	(43,388)
Income tax expense	(3,157)	(3,898)	(1,880)
(Loss)/profit for the year from continuing operations	4,881	6,457	(45,268)
(Loss)/profit for the year from discontinued operation	284	(129)	—

	<b>For the year ended 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(restated)</i>		
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>(Loss)/profit for the year</b>	5,165	6,328	(45,268)
Other comprehensive income/(expense)			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations	(6,991)	(11,624)	14,549
Reclassification of cumulative translation reserve upon disposal of an associate and subsidiaries and deregistration of a subsidiary	(1,159)	29	—
Other comprehensive income/(expense), net of tax	<u>(8,150)</u>	<u>(11,595)</u>	<u>14,549</u>
<b>Total comprehensive expense for the year</b>	<u><u>(2,985)</u></u>	<u><u>(5,267)</u></u>	<u><u>(30,719)</u></u>
Attributable to:			
— Owners of the Company	(2,893)	(3,559)	(29,863)
— Non-controlling interests	(92)	(1,708)	(856)
	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
	<i>(Restated)</i>		
(Loss)/earnings per share			
— Basic and diluted	3.06	3.87	(19.80)

Save as disclosed above, there was no item of any income or expense which was material in respect of the consolidated financial statements of the Group for each of the three financial years ended 31 December 2023, 2024 and 2025.

The consolidated financial statements of the Group for the financial years ended 31 December 2023, 2024 and 2025 were audited by McMillan Woods (Hong Kong) CPA Limited, the auditor of the Group. No qualified or modified opinion, nor any emphasis of matter or material uncertainty related to going concern was given by McMillan Woods (Hong Kong) CPA Limited in respect of the Group's audited consolidated financial statements for each of the three financial years ended 31 December 2023, 2024 and 2025.

**CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY**

The Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the last published audited accounts, together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Company for the year ended 31 December 2023 (the “**2023 Financial Statements**”) are set out on pages 137 to 273 of the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”), which was published on 29 April 2024. The 2023 Annual Report is posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2023 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900163.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2024 (the “**2024 Financial Statements**”) are set out on pages 144 to 273 of the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”), which was published on 30 April 2025. The 2024 Annual Report is posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2024 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043001241.pdf>

The audited consolidated financial statements of the Company for the year ended 31 December 2025 (the “**2025 Financial Statements**”) are set out on pages 143 to 269 of the annual report of the Company for the year ended 31 December 2025 (the “**2025 Annual Report**”), which was published on 30 April 2026. The 2025 Annual Report is posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Please also see below a direct link to the 2025 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0430/2026043001348.pdf>

The 2023 Financial Statements, the 2024 Financial Statements and the 2025 Financial Statements (but not any other part of the 2023 Annual Report, the 2024 Annual Report and the 2025 Annual Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

No figures are not comparable to a material extent because of a change in accounting policy for the last three financial years.

**INDEBTEDNESS STATEMENT**

As at the close of business on 31 May 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Scheme Document, the Group had aggregated outstanding indebtedness of approximately HK\$32.9 million, comprising (i) borrowings of approximately HK\$1.8 million; (ii) bonds payable of approximately HK\$5.9 million; and (iii) lease liabilities of approximately HK\$25.2 million.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables and other payables, accruals and contract liabilities in the ordinary course of business, at the close of business on 31 May 2026, the Group did not have any debt securities issued and outstanding or agreed to be issued but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

The Directors are not aware of any material adverse change in the Group's indebtedness position and contingent liabilities since 31 May 2026.

**MATERIAL CHANGE STATEMENT**

The Directors confirm that, save and except as disclosed below, there had been no material changes in the financial or trading position or outlook of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- a. subsequent to 31 December 2025, the Company fully repaid (i) a bond in the principal amount of HK\$20,000,000 (partially repaid as to HK\$13,722,553 as at 31 December 2025) at the interest rate of 3% per month, which was issued to an individual who is an Independent Third Party on 31 December 2024. The bond had an original maturity date on 30 April 2025 which was extended until it was fully repaid on 27 January 2026. There was no penalty charged for the extension of maturity date. During the extended maturity period, interest rate of 3% per month continued to apply on the outstanding principal amount; and (ii) a bond in the principal amount of RMB5,000,000 at the interest rate of 3% per month, which was issued to another individual who is an Independent Third Party on 17 April 2025. The bond had an original maturity date on 16 July 2025 which was extended until it was fully repaid on 31 March 2026. There was no penalty charged for the extension of maturity date. During the extended maturity period, interest rate was adjusted to 1.5% per month on the outstanding principal amount. The extension of maturity date of the aforementioned bonds was part of the Company's interim funding arrangements at the holding company and non-EMS subsidiaries level during the period in which the proposed rights issue announced in December 2024 and the placing of new Shares announced in June 2025 experienced repeated delays and ultimately lapsed in June 2025 and August 2025, respectively, while preserving the prudent liquidity management measures of the Group's EMS business by avoiding excessive upstream dividend distributions from the EMS operating subsidiaries. On 16 January 2026, the Company issued another bond to a third individual who is an

Independent Third Party, in the principal amount of RMB5,000,000 at the interest rate of 3% per annum, which will be due by 15 January 2027. As a result, the Group recorded a net decrease in carrying amount of bonds payable (current and non-current portions) from approximately HK\$18,029,000 as at 31 December 2025 to approximately HK\$10,996,000 as at 31 March 2026;

- b. the Group also fully repaid its loans from three financial institutions subsequent to 31 December 2025, resulting in a decrease in borrowings from approximately HK\$10,380,000 as at 31 December 2025 to approximately HK\$4,000,000 as at 31 March 2026;
- c. primarily as a result of the cash outflows for fulfilling working capital and capital expenditure requirements, and the net decreases in the bond payables and borrowings as mentioned above, the Group's bank and cash balances decreased from approximately HK\$246.9 million as at 31 December 2025 to approximately HK\$206.1 million as at 31 March 2026; and
- d. trade receivables of the Group increased from approximately HK\$80.7 million as at 31 December 2025 to approximately HK\$92.7 million as at 31 March 2026 mainly due to the seasonal effects whereby higher sales of the Group's EMS business segment were recorded for the first quarter of 2026 as compared to the fourth quarter of 2025.

**RESPONSIBILITY STATEMENT**

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Proposal, the Option Proposal, the Scheme, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than those relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statements in this Scheme Document misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statements in this Scheme Document misleading.

**SHARE CAPITAL OF THE COMPANY**

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company was HK\$1,500,000,000 divided into 7,500,000,000 Shares with a par value of HK\$0.2 each;
- (b) the issued share capital of the Company was HK\$44,857,837 divided into 224,289,185 Shares with a par value of HK\$0.2 each;
- (c) all of the issued Shares ranked *pari passu* in all respects with each other, including all rights as to dividends, voting and capital;
- (d) no Shares had been issued since 31 December 2025, being the end of the last financial year of the Company, up to the Latest Practicable Date; and
- (e) save for 15,550,182 outstanding Share Options, there were no outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into the Shares.

**MARKET PRICES OF THE SHARES**

The table below sets out the closing price of the Shares as quoted on the Stock Exchange (i) at the last Business Day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date:

<b>Date</b>	<b>Closing Price (HK\$)</b>
30 September 2025	0.420
31 October 2025	0.430
28 November 2025	0.420
31 December 2025	0.380
21 January 2026 (the Last Trading Day)	0.390
30 January 2026 ( <i>Note</i> )	N/A
27 February 2026 ( <i>Note</i> )	N/A
31 March 2026	0.400
30 April 2026	0.375
29 May 2026	0.330
18 June 2026 (the Latest Practicable Date)	0.340

*Note:* Trading in the Shares on the Stock Exchange has been suspended from 9:00 a.m. on 22 January 2026 pending the release of the Announcement and had been resumed from 9:00 a.m. on 31 March 2026 following publication of the announcement.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.445 on 6 November 2025, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.315 on 21 May 2026 and 17 June 2026.

**DISCLOSURE OF INTERESTS, DEALINGS AND OTHER ARRANGEMENTS****Directors' interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations**

As at the Latest Practicable Date, the Directors or the chief executive of the Company had the following interests and 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, or required to be disclosed under the Takeovers Code:

<b>Name of Directors/ chief executive officers</b>	<b>Capacity/ nature of interest</b>	<b>Number of Shares (Long Position)</b>	<b>Approximate % of the total issued Shares<sup>(1)</sup></b>
Mr. Lin ( <i>Executive Director and co-Chairman</i> )	Beneficial owner	1,725,291 <sup>(2)</sup>	0.77
Ms. Bian Sulan ( <i>Executive Director</i> )	Beneficial owner	1,725,291 <sup>(3)</sup>	0.77

*Notes:*

1. Based on the total number of issued Shares as at the Latest Practicable Date.
2. These are Share Options granted to Mr. Lin on 3 November 2023 under the Share Option Scheme at an exercise price of HK\$2.5 per Share.
3. These are Share Options granted to Ms. Bian Sulan on 3 November 2023 under the Share Option Scheme at an exercise price of HK\$2.5 per Share.

As at the Latest Practicable Date, none of the Company, its subsidiaries or its associated companies was a party to any arrangement to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares, or debentures of, the Company or its associated corporation.

### **Other substantial Shareholders' interests and short positions in the Shares and underlying Shares**

As at the Latest Practicable Date, Shareholders (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

#### *Long position in the Shares*

<b>Name of Shareholder</b>	<b>Capacity/ nature of interest</b>	<b>Number of Shares (Long Position)</b>	<b>Approximate % of the total issued Shares<sup>(1)</sup></b>
The Offeror <sup>(2)</sup>	Beneficial owner	53,000,000	23.63%

*Notes:*

1. Based on the total number of issued Shares as at the Latest Practicable Date.
2. The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong. Each of Mr. Lee, Mr. Ng, Mr. Wong and Mr. Tam is a director of various subsidiaries of the Company. As at the Latest Practicable Date, none of the Company or any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror. During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

Save as disclosed above, as at the Latest Practicable Date, there was no person who (a) had interests or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company

pursuant to Section 336 of the SFO; or (b) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

Save as disclosed above and disclosed in the section headed “Shareholding Structure of the Company” in the Explanatory Memorandum in Part VI of this Scheme Document, as at the Latest Practicable Date, none of the Offeror, its directors or the Offeror Concert Parties owned or controlled any Shares or any options, warrants, derivatives or securities convertible into Shares.

### **Interests and dealings in the securities of the Company**

During the Relevant Period:

- (a) save for the acquisition of 53,000,000 Shares by the Offeror from an Independent Third Party off market on 12 December 2025 at consideration of HK\$15,300,000 in aggregate (i.e. consideration per Share of approximately HK\$0.2887), none of the Offeror, its directors or the Offeror Concert Parties had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares; and
- (b) none of the Directors had any dealings in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

During the Offer Period and up to the Latest Practicable Date:

- (a) no subsidiaries of the Company, pension funds (if any) of the Company or of any member of the Group, any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or any associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers) owned or controlled any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) save for the Irrevocable Undertaking, no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Company, or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) or (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and any other person;

- (c) save for the 1,725,291 Share Options held by Mr. Lin (who has provided the Irrevocable Undertaking), no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with (i) the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” or with any person who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, or (ii) the Offeror or the Offeror Concert Parties owned or controlled, or had any dealings in, any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares; and
- (d) no fund managers connected with the Company who managed funds on a discretionary basis (other than exempt fund managers) had any dealings in any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares.

### **Interests and dealings in the securities of the Offeror**

As at the Latest Practicable Date, (i) the Offeror was owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong, who are directors of various subsidiaries of the Company; and (ii) none of the Company or any of the Directors had any interest in the shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror. During the Relevant Period, none of the Company or any of the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

### **Other interests**

As at the Latest Practicable Date:

- (a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company were owned or controlled by a subsidiary of the Company, a pension fund (if any) of any member of the Group, a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert”, or an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (other than exempt principal traders and exempt fund managers);
- (b) no Shares, or convertible securities, warrants, options or derivatives in respect of the Shares were managed on a discretionary basis by any fund managers connected with the Company (other than exempt fund managers); and
- (c) none of the Company, the Directors, the Offeror or any of the Offeror Concert Parties had borrowed or lent any Shares, or any convertible securities, warrants, options or derivatives in respect of the Shares.

**Other arrangements in respect of the Proposal**

As at the Latest Practicable Date:

- (a) save for the Irrevocable Undertaking of Mr. Lin, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror or any of the Offeror Concert Parties which might be material to the Proposal;
- (b) there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, the Offeror Concert Parties or any other associate of the Offeror and any other person;
- (c) there was no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties was a party which related to circumstances in which it might or might not invoke or seek to invoke a condition to the Proposal;
- (d) neither the Offeror nor any of the Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal;
- (e) no benefit (other than statutory compensation) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Proposal;
- (f) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any of the Offeror Concert Parties on the one hand and any of the Directors, recent Directors, Shareholders or recent Shareholders on the other hand having any connection with or dependence upon the Proposal;
- (g) there was no agreement, arrangement or understanding between the Offeror and any other person in relation to the transfer, charge or pledge of the Shares to be acquired pursuant to the Proposal, and the Offeror had no intention to transfer, charge or pledge any Shares acquired pursuant to the Proposal to any other person;
- (h) save for the Cancellation Price and the Option Cancellation Price payable under the Scheme, the Offeror and the Offeror Concert Parties had not paid and would not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or the Share Option Holders (as the case may be) or persons acting in concert with them in relation to the Scheme Shares or the Share Options (as the case may be);
- (i) no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Directors and any other person which was conditional on or was dependent upon the outcome of the Proposal or otherwise connected with the Proposal;

- (j) there was no material contract which had been entered into by the Offeror in which any Director had a material personal interest;
- (k) there was no understanding, agreement, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and any of the Offeror Concert Parties on one hand and the Scheme Shareholders and persons acting in concert with any of them on the other hand; and
- (l) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholders and (ii)(1) the Offeror and Offeror Concert Parties, or (ii)(2) the Company, its subsidiaries or associated companies.

### SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service contracts and letters of appointment with the Directors:

Name of Director	Term of service contract/ letter of appointment	Remuneration	Variable remuneration payable under the contract
Wu Jingjing	24 July 2025 to 23 July 2027, which shall continue thereafter unless determined by three months' written notice or otherwise pursuant to the provisions in the service agreement	HK\$720,000 per annum	Discretionary bonus as may be decided by the Board determined as a percentage of the audited consolidated net profits after taxation and minority interests but before extraordinary items of the Group for each financial year
Wang Wei	16 December 2025 to 15 December 2028, which shall continue thereafter unless determined by three months' written notice or otherwise pursuant to the provisions in the service agreement	HK\$600,000 per annum	Discretionary bonus as may be decided by the Board determined as a percentage of the audited consolidated net profits after taxation and minority interests but before extraordinary items of the Group for each financial year
Li Huiwu	12 May 2026 to 11 May 2029 for a fixed term of three years unless determined by three months' written notice or otherwise pursuant to the provisions in the letter of appointment	HK\$240,000 per annum	N/A

Save as disclosed above, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which were in force and which: (a) (including both continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (b) were continuous contracts with a notice period of 12 months or more; or (c) were fixed term contracts with more than 12 months to run irrespective of the notice period.

### **MATERIAL LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other members of the Group.

### **MATERIAL CONTRACTS**

Save as disclosed below, none of the members of the Group had entered into any material contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group, within the two years before the Offer Period and up to and including the Latest Practicable Date, which is or may be material:

- (a) Placing agreement dated 15 April 2024 entered into between the Company as issuer and SBI China Capital Financial Services Limited as placing agent in relation to the placing of up to 11,260,000 placing shares at the placing price of HK\$1.59 per placing share;
- (b) Placing agreement dated 16 September 2024 entered into between the Company as issuer and SBI China Capital Financial Services Limited as placing agent in relation to the placing of up to 20,703,200 placing shares at the placing price of HK\$1.51 per placing share;
- (c) Deed of assignment dated 13 December 2024 entered into among Mr. Lu Zhongming (an independent third party) as assignor, Link-Asia International Electronic Technology Limited (an indirect wholly-owned subsidiary of the Company) as assignee and the Company in relation to the assignment by the assignor to the assignee of all his rights, obligations, title, interest, and benefit in and to the agency distribution agreement entered into by the assignor as an agent in relation to the grant of the right to distribute certain energy storage related products and the right for providing after-sale services in specific territories, at a consideration of HK\$45,000,000;
- (d) Placing agreement dated 13 December 2024 entered into among the Company as issuer and Gransing Securities Co., Limited and Patrons Securities Limited as joint placing agents in relation to the placing of unsubscribed rights shares and unsold rights shares under a proposed rights issue of the Company at the placing price of at least HK\$0.21 per placing share (subject to demand for and market conditions of the placing);

- (e) Placing agreement dated 23 June 2025 entered into among the Company as issuer and SBI China Capital Financial Services Limited and Tiger Faith Securities Limited as joint placing agents in relation to the placing of up to 44,856,000 placing shares at the placing price of HK\$0.33 per placing share; and
- (f) Sale and purchase agreement dated 17 September 2025 entered into between Dragon Fortune International Limited (an independent third party) as seller and Telefield Holdings Limited (a wholly-owned subsidiary of the Company) as purchaser in relation to the acquisition of the entire issued share capital of Circuit Development Limited as target company together with the rights and benefits of sale debt amounting to approximately HK\$3,914,625 owed by the target company to the seller, at a consideration of HK\$20,800,000 subject to adjustments.

### EXPERTS AND CONSENTS

The following are the qualifications of each of the experts who has given opinion or advice which is contained in this Scheme Document:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Mango Financial Limited	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion in this Scheme Document of the text of its letter, report or opinion (as the case may be) and/or the references to its name in the form and context in which they are included.

As at the Latest Practicable Date, none of the experts mentioned above has any shareholdings in the Company.

## MISCELLANEOUS

- (a) The Offeror is a company incorporated in the British Virgin Islands with limited liability, which is an investment holding company.
- (b) As at the Latest Practicable Date, the issued shares of the Offeror were owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong, who are also directors of the Offeror.
- (c) The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
- (d) The principal members of the Offeror Concert Parties include Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong.
- (e) The correspondence address of the principal members of the Offeror Concert Parties is at Unit 613, 6/F, Building 12W, No.12 Science Park West Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.
- (f) The registered office of the Company is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (g) The principal place of business in Hong Kong of the Company is at Flat 5, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (h) The principal share registrar and transfer office of the Company is Royal Bank of Canada Trust Company (Cayman) Limited at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman, KY1-1110, Cayman Islands.
- (i) The Hong Kong Branch Share Registrar is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (j) The principal place of business of Lego Corporate Finance is at Room 1505, 15/F, Wheelock House, 20 Peddar Street, Central, Hong Kong.
- (k) The principal place of business of the Independent Financial Adviser is at Units 2305–2306, 23/F, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong.
- (l) The company secretary of the Company is Ms. Tam Mei Chu (“**Ms. Tam**”). Ms. Tam is a certified public accountant of The Hong Kong Institute of Certified Public Accountants.

**DOCUMENTS ON DISPLAY**

A copy of the following documents will be available on display on the website of the Company at [www.link-asia.com.hk](http://www.link-asia.com.hk), and the website of the SFC at [www.sfc.hk](http://www.sfc.hk) during the period from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum of association and articles of association of the Offeror;
- (b) the memorandum of association and articles of association of the Company;
- (c) the annual reports of the Company for the years ended 31 December 2023, 2024 and 2025;
- (d) the letter from the Board, the text of which is set out in Part III of this Scheme Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in Part V of this Scheme Document;
- (g) the material contracts referred to in the section headed “Material Contracts” in this Appendix;
- (h) the service contracts referred to in the section headed “Service Contracts” in this Appendix;
- (i) the written consents referred to in the section headed “Experts and consents” in this Appendix;
- (j) the Irrevocable Undertaking; and
- (k) this Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 166 OF 2026 (MRHCJ)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2026 REVISION) (AS  
REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023 (AS  
REVISED)

AND IN THE MATTER OF CHINA ENERGY STORAGE TECHNOLOGY  
DEVELOPMENT LIMITED 中國儲能科技發展有限公司

**SCHEME OF ARRANGEMENT**

**BETWEEN**

**CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED**  
中國儲能科技發展有限公司

**AND**

**THE SCHEME SHAREHOLDERS**  
**(AS DEFINED BELOW)**

(A) In this scheme of arrangement, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for transaction for business
“Cancellation Price”	the cancellation price of HK\$0.45 per Scheme Share payable in cash by the Offeror pursuant to the Scheme
“Companies Act”	the Companies Act (2026 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Company”	China Energy Storage Technology Development Limited 中國儲能科技發展有限公司, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on Main Board of the Stock Exchange (Stock Code: 1143))

“Condition(s)”	the condition(s) to the Proposal and the Scheme as set out in the section headed “Conditions of the Proposal and the Scheme” in Part VI — Explanatory Memorandum of the Scheme Document
“Court Meeting”	a meeting of the Scheme Shareholders convened at the directions of the Grand Court to be held at 10:00 a.m. on Wednesday, 15 July 2026 (Hong Kong time) at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong, at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Disinterested Shareholder(s)”	all of the Scheme Shareholder(s), other than the Offeror and the Offeror Concert Parties
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act and the Conditions
“EGM”	an extraordinary general meeting of the Company to be held at 10:30 a.m. on Wednesday, 15 July 2026 (Hong Kong time) (or as soon as practicable after the conclusion or adjournment of the Court Meeting) at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong, for the purposes of considering and if thought fit, approving, all resolutions necessary for the implementation of the Proposal, or any adjournment thereof
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
“Explanatory Memorandum”	the explanatory memorandum set out in Part VI of the Scheme Document
“Grand Court”	the Grand Court of the Cayman Islands
“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”	the independent committee of the Board, comprising Mr. Li Huiwu, Mr. Wu Chi King and Ms. Zhang Xiulin, each an independent non-executive director of the Company
“Independent Financial Adviser”	Mango Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in relation to the Proposal and the Option Proposal (as defined in the Scheme Document)
“Latest Practicable Date”	18 June 2026, being the latest practicable date prior to the printing of the Scheme Document for the purpose of ascertaining certain information contained in the Scheme Document
“Long Stop Date”	30 September 2026 (or such later date as the Offeror and the Company may determine and, to the extent applicable, as the Grand Court on the application of the Company may direct, and in all cases, as the Executive may consent)
“Offeror”	Fame Castle Enterprises Limited (名堡企業有限公司), a company incorporated in the British Virgin Islands with limited liability, which is owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong, and is a substantial shareholder of the Company
“Offeror Concert Party(ies)”	parties acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in the Scheme Document
“Scheme”	the scheme of arrangement under section 86 of the Companies Act for the implementation of the Proposal

“Scheme Document”	the composite scheme document of the Offeror and the Company (of which this Scheme forms part) containing, among other things, further details of the Proposal
“Scheme Record Date”	4 August 2026 (or such other date as may be announced to the Shareholders), being the record date for the purpose of determining entitlements of the Scheme Shareholders under the Scheme
“Scheme Share(s)”	the Share(s) in issue and such further Share(s) as may be issued prior to the Scheme Record Date, other than those held by the Offeror
“Scheme Shareholder(s)”	the registered holder(s) of the Scheme Share(s)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of a nominal or par value of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	the registered holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers in Hong Kong as amended from time to time

- (B) The Company was incorporated as an exempted company on 18 May 2010 with limited liability in the Cayman Islands.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,500,000,000 divided into 7,500,000,000 Shares of HK\$0.20 each. As at the Latest Practicable Date, the issued share capital of the Company was HK\$44,857,837 divided into 224,289,185 Shares of HK\$0.20 each. Since 27 January 2011, the issued Shares of the Company have been listed and traded on the Main Board of the Stock Exchange.
- (D) The Offeror has proposed the privatisation of the Company by way of the Scheme.
- (E) The primary purpose of the Scheme is to privatise the Company and withdraw the listing of Shares from the Stock Exchange by cancelling all of the Scheme Shares. Contemporaneously with the cancellation of the Scheme Shares, the share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the books of account of the Company as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror.

(F) As at the Latest Practicable Date, the major shareholdings were as follows:

<b>Shareholders</b>	<b>Number of Shares</b>	<b>Approximate percentage of issued Shares (%)<sup>(2)</sup></b>
<b>The Offeror<sup>(1)</sup></b>	53,000,000	23.63
<b>Disinterested Shareholders</b>	<u>171,289,185</u>	<u>76.37</u>
<b>Total</b>	<u><u>224,289,185</u></u>	<u><u>100.00</u></u>

*Notes:*

1. The Offeror is a company incorporated in the British Virgin Islands with limited liability and is owned as to 25% each by each of Mr. Lee Kai Bon, Mr. Ng Kim Yuen, Mr. Wong Sik Hung and Mr. Tam Kam Fong. Each of Mr. Lee, Mr. Ng, Mr. Wong and Mr. Tam is a director of various subsidiaries of the Company. Shares in which the Offeror is interested will not form part of the Scheme Shares and will not be cancelled.
2. All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding of the percentages to 2 decimal places.
3. Lego Corporate Finance Limited, a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, is the financial adviser to the Offeror in connection with the Proposal and the Option Proposal. Accordingly, Lego Corporate Finance Limited is presumed to be acting in concert with the Offeror in relation to the Company under the Takeovers Code. As at the Latest Practicable Date, Lego Corporate Finance Limited did not hold any Shares in the Company.

(G) The Offeror has undertaken to the Grand Court to be bound by the terms of the Scheme and to execute and do and procure to be executed and done all such documents and things as may be necessary or desirable to be executed or done by it for the purposes of giving effect to the Scheme.

## THE SCHEME

### PART I

#### CANCELLATION OF THE SCHEME SHARES

1. On the Effective Date:
  - (a) all Scheme Shares shall be cancelled;
  - (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company shall be maintained by the issuance to the Offeror, credited as fully paid, an aggregate number of Shares which is equal to the number of Scheme Shares cancelled; and
  - (c) the Company shall apply the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full the new Shares issued to the Offeror.

**PART II****CONSIDERATION FOR CANCELLATION OF THE SCHEME SHARES**

2. All the Scheme Shares will be cancelled in consideration for the Cancellation Price payable in cash by the Offeror.

**PART III****GENERAL**

3. (a) As soon as possible but in any event within seven Business Days following the Effective Date, the Offeror shall post or cause to be posted cheques to the Scheme Shareholders in respect of the sums payable to such Scheme Shareholders pursuant to paragraph 2 of the Scheme. If there is a “black” rainstorm warning or a tropical cyclone warning signal No. 8 or above or extreme conditions announced by the Government of Hong Kong:
  - (i) in force in Hong Kong at 12:00 noon but no longer in force after 12:00 noon on the latest date for despatching cheques for the Cancellation Price, such date will remain on the same Business Day; or
  - (ii) in force in Hong Kong at 12:00 noon and/or thereafter on the latest date for despatching cheques for the Cancellation Price, such date will be rescheduled to the following Business Day which will not have any of such warnings or conditions in force in Hong Kong at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.
- (b) All cheques shall be sent by ordinary post in postage pre-paid envelopes addressed to such Scheme Shareholders at their respective registered addresses as appearing in the register of members of the Company as at the Scheme Record Date, or in the case of joint holders, at the address appearing in the register of members of the Company as at the Scheme Record Date of the joint holder whose name then stands first in the register of members of the Company in respect of the relevant joint holding.
- (c) All cheques shall be made payable to the order of the person or persons to whom, in accordance with the provisions of paragraph 3(b) of the Scheme, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Offeror for the moneys represented thereby.
- (d) All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, the financial adviser to the Offeror, the Independent Financial Adviser, the branch share registrar and transfer office of the Company or any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons involved in the Proposal shall be liable for any loss or delay in despatch.

- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph 3(b) of the Scheme, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies on trust until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to paragraph 2 of the Scheme, without interest earned thereon, to persons who satisfy the Offeror that they are respectively entitled thereto, provided that the cheques referred to in the foregoing sentence of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
  - (f) On the expiry of six years from the Effective Date, the Offeror shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit account referred to in paragraph 3(e) of the Scheme, including accrued interest subject to any deduction required by law and expenses incurred.
  - (g) Paragraph 3(f) shall take effect subject to any prohibition or condition imposed by law.
4. As from and including the Effective Date:
- (a) all certificates for the Scheme Shares shall cease to have effect as documents or evidence of title for such Scheme Shares and every holder thereof shall be bound, at the request of the Company, to deliver up such certificates to the Company or to any person appointed by the Company to receive the same for cancellation;
  - (b) all instruments of transfer validly subsisting as at the Scheme Record Date in respect of the transfer of any number of the Scheme Shares shall cease to be valid for all purposes as instruments of transfer; and
  - (c) all mandates or other instructions to the Company in force as at the Scheme Record Date in relation to any of the Scheme Shares shall cease to be valid as effective mandates or instructions.
5. Subject to the Conditions having been fulfilled or waived, as applicable, the Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning the Scheme under section 86 of the Companies Act has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Act.

6. Unless the Scheme shall have become effective on or before the Long Stop Date, the Scheme shall lapse.
7. The Company and the Offeror may jointly consent for and on behalf of all parties concerned to any modification of or addition to the Scheme or to any condition which the Grand Court may see fit to approve or impose.
8. All costs, charges and expenses shall be borne and paid in the manner described in the Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD 166 OF 2026 (MRHCJ)

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2026 REVISION) (AS REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 2023 (AS REVISED)

AND IN THE MATTER OF CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED 中國儲能科技發展有限公司

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NOTICE OF COURT MEETING

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**NOTICE IS HEREBY GIVEN** that, by an order (the “**Order**”) dated 11 June 2026 made in the above matter, the Grant Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) of the Scheme Shareholders (as defined in the Scheme (as defined further below)) to be convened for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made between China Energy Storage Technology Development Limited 中國儲能科技發展有限公司 (the “**Company**”) and the Scheme Shareholders and that the Court Meeting will be held at 10:00 a.m. on Wednesday, 15 July 2026 (Hong Kong time) at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong at which all Scheme Shareholders are invited to attend.

A copy of the Scheme and a copy of an explanatory memorandum explaining, amongst other things, the effect of the Scheme are incorporated in the composite scheme document dated 22 June 2026 (the “**Scheme Document**”) of which this notice forms part.

Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, to attend and vote in their stead. A **pink** form of proxy for use at the Court Meeting (or any adjournment thereof) is enclosed with the Scheme Document. The completion and return of the **pink** form of proxy will not preclude a Scheme Shareholder from attending and voting in person at the Court Meeting, or any adjournment thereof, if he/she so wishes and in such event, the **pink** form of proxy will be revoked by operation of law.

In the case of joint holders of a Scheme Share (as defined in the Scheme), any one of such joint holders may vote at the Court Meeting, either in person or by proxy, in respect of such Scheme Share as if he/she was solely entitled thereto. However, if more than one of such joint holders is present at the Court Meeting, that one of the said joint holders so present whose name stands first on the register of members of the Company in respect of such Scheme Share shall alone be entitled to vote in respect thereof.

In the case of a Scheme Shareholder which is a corporation, the Scheme Shareholder may by resolution of its directors or other governing body or by power of attorney authorise such person as it thinks fit to act as its corporate representative at the Court Meeting and exercise the same powers on behalf of the corporate Scheme Shareholder as if the corporate Scheme Shareholder was an individual Scheme Shareholder of the Company.

It is requested that the **pink** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time for holding the Court Meeting or any adjournment thereof, but if the **pink** form of proxy is not so lodged, it may alternatively be handed to the chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

By the Order, the Court has appointed any one of the independent non-executive directors of the Company, or failing whom, any other person who is an officer of the Company (who shall be disinterested and independent from the Offeror in accordance with the requirements of the Takeovers Code) as at the date of the Court Meeting to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the proceedings of and voting at the Court Meeting to the Court.

The Scheme is subject to the subsequent sanction of the Court.

Dated: 22 June 2026

On behalf of the board of directors of  
**China Energy Storage Technology Development Limited**  
中國儲能科技發展有限公司

*Notes:*

1. Voting at the Court Meeting will be conducted by way of a poll.
2. Any Scheme Shareholder entitled to attend and vote at the Court Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Scheme Shareholder who is the holder of two or more Scheme Shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number of Scheme Shares in respect of which each such proxy is so appointed.
3. For the purpose of determining the entitlements of the Scheme Shareholders to attend and vote at the Court Meeting, the register of members of the Company will be closed from Wednesday, 8 July 2026 to Wednesday, 15 July 2026 (both days inclusive) and during such period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the Court Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 7 July 2026.
4. If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or “extreme conditions” announced by the Government of Hong Kong or a black rainstorm warning signal is or is expected to be in force at any time after 6:30 a.m. on the date of the Court Meeting, the Court Meeting will be adjourned. The Company will post an announcement on the respective websites of The Stock Exchange of Hong Kong Limited and the Company to notify the members of the date, time and venue of the adjourned meeting.



# 中國儲能科技發展有限公司

CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED

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

**(Stock code: 1143)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of China Energy Storage Technology Development Limited (the “**Company**”) will be held at 10:30 a.m. (Hong Kong time) (or as soon as practicable after the conclusion or adjournment of the Court Meeting on Wednesday, 15 July 2026 at Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions:

### SPECIAL RESOLUTION

1. “**THAT** for the purpose of giving effect to the scheme of arrangement (the “**Scheme**”) between the Company and the Scheme Shareholders (as defined in the Scheme Document (as defined below)) as set out in the composite scheme document dated 22 June 2026 (the “**Scheme Document**”) and subject to the approval of the Scheme by the Scheme Shareholders at the Court Meeting (as defined in the Scheme Document), on the Effective Date (as defined in the Scheme Document), (i) any reduction of the issued share capital of the Company by the cancellation of the Scheme Shares (as defined in the Scheme Document) and (ii) contemporaneously therewith the maintenance of the issued share capital of the Company at the amount immediately prior to the cancellation of the Scheme Shares by applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares (as defined in the Scheme Document) as is equal to the number of Scheme Shares cancelled as a result of the Scheme for issuance to the Offeror (as defined in the Scheme Document), be and are hereby approved.”

## ORDINARY RESOLUTION

2. “**THAT:**

- (A) any one of the directors of the Company be and is hereby authorised to do all such acts and things considered by him/her to be necessary or desirable in connection with the implementation of the Proposal and the Option Proposal (as defined in the Scheme Document), including (without limitation) the giving of consent to any modification of or addition to, the Scheme which the Grand Court of the Cayman Islands may see fit to impose; and
- (B) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the Shares.”

By order of the board of directors of  
**China Energy Storage Technology Development Limited**  
**Lin Dailian**  
*Co-Chairman and Executive Director*

Hong Kong, 22 June 2026

*Registered Office*  
Winward 3, Regatta Office Park  
P.O. Box 1350,  
Grand Cayman KY1-1108  
Cayman Islands

*Principal Place of Business in Hong Kong*  
Flat 5, 19/F, Tower 3  
China Hong Kong City, 33 Canton Road  
Tsim Sha Tsui, Kowloon  
Hong Kong

*Notes:*

- (1) Unless otherwise defined herein, capitalised terms used herein shall have the same meaning ascribed to them in the composite scheme document dated 22 June 2026 (the “**Scheme Document**”), of which this notice forms part.
- (2) A Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number of Shares in respect of which each such proxy is so appointed.
- (3) A **white** form of proxy for use at the EGM (or any adjournment thereof) is enclosed with the Scheme Document.
- (4) In the case of joint registered holders of a Share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if he/she was solely entitled thereto. However, if more than one of such joint holders is present at the EGM, that one of the said joint holders so present whose name stands first on the register of members of the Company in respect of such Share shall alone be entitled to vote in respect thereof.

- (5) In order to be valid, the **white** form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time for holding the EGM or any adjournment thereof, failing which the **white** form of proxy will not be valid. Completion and return of the **white** form of proxy will not preclude a Shareholder from attending the EGM and voting in person if he/she so wishes and in such event, the **white** form of proxy submitted will be revoked by operation of law.
- (6) Voting at the EGM will be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.
- (7) For the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 8 July 2026 to Wednesday, 15 July 2026 (both days inclusive) and during such period no transfer of Shares will be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 7 July 2026.
- (8) If a tropical cyclone warning signal No. 8 or above is or is expected to be hoisted or “extreme conditions” announced by the Government of Hong Kong or a black rainstorm warning signal is or is expected to be in force at any time after 6:30 a.m. on the date of the EGM, the EGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the members of the date, time and venue of the adjourned meeting.

*The following is a form of the letter to the Share Option Holders being sent in connection with the Option Proposal.*

**FAME CASTLE ENTERPRISES LIMITED****名堡企業有限公司***(Incorporated in British Virgin Islands with limited liability)*

22 June 2026

*To the Share Option Holders*

Dear Sir or Madam

**OPTION PROPOSAL IN RELATION TO THE PROPOSAL  
FOR THE PRIVATISATION OF  
CHINA ENERGY STORAGE TECHNOLOGY DEVELOPMENT LIMITED  
BY FAME CASTLE ENTERPRISES LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
(UNDER SECTION 86 OF THE COMPANIES ACT  
OF THE CAYMAN ISLANDS)**

A scheme document dated the same date as this letter issued jointly by the Offeror and the Company (the “**Scheme Document**”) and a form of acceptance (the “**Form of Acceptance**”) are provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

In late January 2026, the Board resolved to put forward a proposal for the privatisation of the Company to the Shareholders. The Offeror was subsequently invited by the Board to make an offer for the Proposal. Upon the Offeror’s acceptance to the invitation, the Board put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act, involving among other things, (i) the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled and (ii) the withdrawal of listing of the Shares on the Stock Exchange.

As stated in the Scheme Document, the Offeror is making an appropriate offer to the Share Option Holders in accordance with Rule 13 of the Takeovers Code, subject to and conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Proposal and the actions you may take in relation to any Share Option(s) held by you. You are advised to refer to the Scheme Document and the Form of Acceptance when considering such actions.

Your attention is also drawn to the terms and conditions of the documentation under which each of your Share Options was granted.

**TERMS OF THE OPTION PROPOSAL**

Under the Option Proposal and in accordance with Rule 13 of the Takeovers Code, we offer to pay you a nominal price of HK\$0.0001 per Share Option for the cancellation of each Share Option (i.e. the Option Cancellation Price), as the exercise price of each Share Option exceeds the Cancellation Price and the “see-through” price is negative.

You may either (i) exercise the outstanding Share Options prior to the Scheme Record Date, such that any Shares issued pursuant to the exercise of Share Options on or before the Scheme Record Date will be subject to the Scheme; (ii) accept the Option Proposal and receive the Option Cancellation Price; (iii) exercise the Share Options after the Scheme Record Date but prior to the expiry of one month after the Effective Date, whereby the Shares issued pursuant to the exercise of the Share Options following the Scheme Record Date would not be subject to the Scheme; or (iv) take no action, and in such event the Share Options will lapse upon the expiry of one month after the Effective Date in accordance with the Share Option Scheme. Share Option Holders are reminded that if they exercise the outstanding Share Options after the Scheme Record Date, they will hold Shares in the Company as an unlisted company.

In the event that (i) any outstanding Share Option has not been so exercised; and (ii) the Share Option Holders do not accept the Option Proposal in respect of such outstanding Share Option, such Share Option shall lapse and be cancelled upon the expiry of one month after the Effective Date in accordance with the Share Option Scheme.

The Option Proposal is conditional upon the Scheme becoming effective. The Option Proposal will become unconditional immediately upon the Scheme becoming effective, which will be prior to the withdrawal of the listing of the Shares from the Stock Exchange.

The Conditions of the Proposal and the Scheme are set out in the section headed “Conditions of the Proposal and the Scheme” in the Explanatory Memorandum.

You are further advised to refer to the sections headed “Overseas Scheme Shareholders and Share Option Holders”, “Taxation Advice” and “Registration and Payment” in the Explanatory Memorandum.

**COURSES OF ACTION AVAILABLE TO SHARE OPTION HOLDERS**

In summary, the choices available to you in respect of your outstanding Share Options are:

**(A) Accept the Option Proposal**

The Option Proposal shall apply to each outstanding Share Option that you hold as at the Scheme Record Date.

You may choose to accept the Option Proposal on the terms (including all declarations and undertakings) as set out in the Scheme Document, this letter and the enclosed Form of Acceptance, by ticking the “**Accept**” box on the Form of Acceptance and returning it in accordance with the instructions set out below. Such acceptance of the Option Proposal will be in respect of all Share Options held by you on the Scheme Record Date.

**(B) Reject the Option Proposal**

If you choose to reject the Option Proposal, please tick the “**Reject**” box on the enclosed Form of Acceptance and return it in accordance with the instructions set out below. Such rejection of the Option Proposal shall apply to all Share Options held by you as at the Scheme Record Date.

If you reject the Option Proposal, you will not be entitled to the cash consideration (i.e. the Option Cancellation Price) offered by the Offeror under the Option Proposal in respect of any outstanding Share Options you may hold.

Following receipt of this letter, if you (i) choose to do nothing (including by not returning a Form of Acceptance) or (ii) fail to tick either the “Accept” or “Reject” box on a returned Form of Acceptance, and the Scheme becomes effective, according to the terms of the Share Option Scheme, upon the expiry of one month after the Effective Date, your Share Options will lapse without any payment made to you.

**(C) Become a Scheme Shareholder**

If any of the outstanding Share Options you hold is exercised at the relevant exercise price in accordance with the terms of Share Option Scheme and the corresponding Shares are issued to you prior to the Scheme Record Date, all such Shares will form part of the Scheme Shares and will be cancelled if the Scheme becomes effective and you will be entitled to receive the Cancellation Price for the Scheme Shares held by you as at the Scheme Record Date.

Scheme Shareholders and Shareholders as at the Meeting Record Date will be entitled, subject to the Takeovers Code, to attend and vote at the Court Meeting and the EGM respectively, whereas a Share Option Holder will not have such right to attend and vote at the Court Meeting and/or the EGM. Please see Part II of the Scheme Document (“**Actions to be Taken**”), the section headed “Court Meeting and EGM” in the Explanatory Memorandum in Part VI of the Scheme Documents and the notices of Court Meeting and the EGM set out in Appendices IV and V to the Scheme Document for further details.

**(D) Exercise of Share Options after the Scheme Record Date and prior to expiry of one month after the Effective Date**

If you exercise any of the outstanding Share Options you hold at the relevant exercise price in accordance with the terms of Share Option Scheme after the Scheme Record Date but prior to the expiry of one month after the Effective Date, the Shares

issued pursuant to the exercise of the Share Options following the Scheme Record Date would not be subject to the Scheme. Share Option Holders are reminded that if they exercise the outstanding Share Options after the Scheme Record Date, they will hold Shares in the Company as an unlisted company.

#### **HOW TO RETURN THE FORM OF ACCEPTANCE**

You should complete and return the duly completed and executed Form of Acceptance together with the relevant certificate(s), document(s) of title or entitlement in respect of the Share Options and/or any other document(s) (if applicable) evidencing the grant of the Share Options to you (and/or any satisfactory indemnity or indemnities required in respect thereof) for your holding of the Share Options, so as to reach the Company at Flat 5, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong, for the attention of the Company Secretariat and marked “China Energy Storage — Option Proposal” as soon as possible by no later than 4:30 p.m. (Hong Kong time) on Thursday, 30 July 2026 (or such later date and time as may be notified to you by the Offeror and the Company).

Before returning the Form of Acceptance to the Offeror, please ensure that you have completed and signed the Form of Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Acceptance or any other documents will be given.

#### **PAYMENTS UNDER THE OPTION PROPOSAL**

Subject to the Scheme becoming effective, payment by cheques of the applicable cash entitlements to Share Option Holders under the Option Proposal are expected to be despatched or made as soon as possible but in any event no later than seven (7) Business Days after the Effective Date. On the basis that the Scheme becomes effective on Tuesday, 4 August 2026 (Cayman Islands time), the cheques for the payment of the Option Cancellation Price under the Option Proposal are expected to be despatched on or before Thursday, 13 August 2026.

Payment will be made by way of cheques by ordinary post in pre-paid envelopes addressed to the Share Option Holders at their respective last known addresses as notified by the Share Option Holders to the Group.

All such cheques shall be posted at the risk of the addressees and none of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser and the Registrar, and their respective directors, employees, officers, agents, advisers, associates and affiliates and any other persons involved in the Proposal, the Scheme and the Option Proposal shall be responsible for any loss or delay in despatch.

On or after the day being six (6) calendar months after the posting of such cheques, the Offeror shall have the right to cancel or countermand payment of any cheque which has not been cashed or which has been returned uncashed and shall place all monies represented by the cheque in a deposit or custodian account in the name of the Offeror with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold monies represented by uncashed cheques until the expiry of six (6) years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to the Scheme and the Option Proposal to persons who satisfy the Offeror that they are respectively entitled thereto and the cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to the Scheme and the Option Proposal, and are subject to, if applicable, the deduction of interest, tax or any withholding tax or any other deduction required by law. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled, and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six (6) years from the Effective Date, the Offeror and the Company shall be released from any further obligation to make any payments under the Scheme and the Option Proposal and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.

Settlement of cash payments to which any Share Option Holder is entitled under the Option Proposal will be implemented in full in accordance with the terms of the Option Proposal without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Share Option Holder.

#### **OUTSTANDING SHARE OPTIONS**

Information on the Share Options held by you can be obtained by contacting the Company Secretariat of the Company at +852 2157 0118.

#### **LAPSED SHARE OPTIONS**

**Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of its applicable scheme or grant. You cannot accept the Option Proposal in respect of a Share Option which has lapsed or will have lapsed by the Scheme Record Date.**

For an acceptance of the Option Proposal to be valid, the Share Options for which the relevant Share Option Holder intends to accept the Option Proposal must remain subsisting and have not lapsed as at the date of receipt of such acceptance by the Company (irrespective of the date of delivery of such acceptance).

#### **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE**

Your attention is drawn to the letter from the Independent Board Committee set out in Part IV of the Scheme Document and the letter from the Independent Financial Adviser set out in Part V of the Scheme Document which contain the recommendation of the Independent Board Committee and of the Independent Financial Advisor, respectively, in relation to the Proposal and the Option Proposal.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the terms of the Option Proposal are fair and reasonable so far as the Share Option Holders are concerned, and accordingly, it advises the Independent Board Committee to recommend to the Share Option Holders to accept the Option Proposal.

The Independent Board Committee, having been so advised, considers that the terms of the Option Proposal are fair and reasonable so far as the Share Option Holders are concerned. Accordingly, the Independent Board Committee recommends the Share Option Holders to accept the Option Proposal.

### PROFESSIONAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

**If you are in any doubt as to any aspect of this letter, the Scheme Document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.**

### DECLARATION

By signing and returning the Form of Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Option Proposal (including without limitation those set out in the Scheme Document, this letter and the Form of Acceptance), and that you have received the Scheme Document, this letter and the Form of Acceptance;
- (b) confirm that all of the outstanding Share Options held by you in respect of which you accept the Option Proposal are valid and subsisting, free from all liens, charges, mortgages, encumbrances and third party interests of any nature whatsoever;
- (c) confirm that you have observed and is permitted under all applicable laws and requirements to receive and accept the Option Proposal and any revision thereof, and that you have obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and have paid all issue, transfer or other taxes, duties or other required payments due from you in connection with such acceptance in any jurisdiction, and that you have not taken or omitted to take any action which will or may result in the Offeror, the Company or their respective advisers, including the Lego Corporate Finance, the Independent Financial Adviser and the Registrar, or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Option Proposal or your acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations;

- (d) acknowledge that you shall cease to have any rights or entitlements in relation to your Share Options and that all rights and entitlements under your Share Options shall lapse, in each case upon expiry of one month after the Effective Date pursuant to the Share Option Scheme;
- (e) agree, in consideration for the Option Proposal, to release and waive all present and future claims, demands, actions and/or proceedings (whether contractual, statutory or otherwise and whether such claims are known or could be known or are in your contemplation at the time of signing the Form of Acceptance and to the maximum extent not prohibited by law) against any party (including the Offeror and the Company and their officers and respective advisers) arising out of or in connection with the Share Options and/or the Option Proposal;
- (f) confirm that any acceptance of the Option Proposal cannot be withdrawn or altered;
- (g) authorise the Company and the Offeror, jointly and severally, or any director or officer of the Company or the Offeror or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to any acceptance by you of the Option Proposal, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance (including but not limited to consenting to the Company, the Board or the Offeror, as applicable, exercising its rights to amend the terms of your Share Options to enable such outstanding Share Options to be cancelled in exchange for the payment by the Offeror of the cash considerations);
- (h) authorise the Company to transfer any personal data which may identify you (including, but not limited to your name, your date of birth, contact details, nationality, identity or passport number, tax residency, social security number (or equivalent), bank account details and details of your Share Options) to the Offeror and to authorise the Offeror to collect, use and process such personal data for all matters directly or indirectly connected with the implementation of the Option Proposal. You agree to execute any further documents as may be required by the Company or the Offeror to give effect to such authorisation; and
- (i) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Acceptance.

**GENERAL**

All communications, notices, Form of Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from Share Option Holders or their designated agents by post, shall be posted at their risk, and none of the Offeror, the Company, Lego Corporate Finance, the Independent Financial Adviser and the Registrar, and their respective ultimate beneficial owners, directors, employees, officers, agents, advisers, associates and affiliates and any other person involved in the Proposal or the Option Proposal accepts any liability for any loss, delay or any other liabilities whatsoever which may arise as a result thereof. This letter shall be taken as having been received by you within two business days of its despatch.

The provisions set out in the Form of Acceptance form part of the terms and conditions of the Option Proposal.

The accidental omission to despatch the Scheme Document, the forms of proxy, the letter to Share Option Holders and/or Form of Acceptance or any of them to any person to whom the Option Proposal is made will not invalidate the Option Proposal in any way.

The Option Proposal and all acceptances will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Option Proposal.

Due execution of the Form of Acceptance in respect of the Option Proposal will constitute an authority to the Offeror, and the Company, jointly and severally, or any director or officer of the Offeror or the Company or their respective agents (including the Registrar) or persons as any of them may direct to complete, amend and execute any document on behalf of the accepting Share Option Holder(s) and to do any other act, that may be necessary or desirable for the purpose of cancelling all outstanding Share Options which are the subject of such acceptance.

The delivery of the Form of Acceptance, duly signed, may, if the Offeror determines it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Acceptance and this letter, including the date specified for receipt or the requirement for the Form of Acceptance to be witnessed.

By accepting the Option Proposal in respect of your Share Options, you irrevocably and at your own risk elect to authorise the Offeror to send to you, or procure the sending to you of, any cash to which you are entitled.

Any acceptance of the Option Proposal and the receipt of cash consideration under the Option Proposal may trigger taxes subject to withholding obligations of the Offeror. Any cash consideration under the relevant Option Proposal will be paid to you net of such applicable taxes, if any. All Share Option Holders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Proposal.

Unless otherwise expressly stated in the Scheme Document, this letter and/or Form of Acceptance, none of the terms of the Option Proposal or any terms contained in the aforementioned documents will be enforceable, under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person other than the Offeror and the accepting Share Option Holder(s).

The English language text of the Scheme Document and the accompanying forms of proxy, Form of Acceptance and this letter shall prevail over their respective Chinese language texts for the purpose of interpretation.

#### **RESPONSIBILITY STATEMENTS**

The issue of this letter has been approved by the directors of the Offeror, who jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than opinions expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

The issue of this letter has been approved by the Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than opinions expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this letter, the omission of which would make any statement in this letter misleading.

Yours truly,  
For and on behalf of  
**Fame Castle Enterprises Limited**  
**Lee Kai Bon**  
*Director*