

SEM Holdings Limited
澳達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9929)

Executive Directors:

Mr. Wan Man Keung (*Chairman*)

Mr. Wun Chi Wai

Non-executive Director:

Mrs. Kan Wan Wai Yee Mavis

Independent non-executive Directors:

Mr. Lau Ping Cheung Kaizer

Ir Dr. Wong Wai Man Raymond

Ms. Chen Tak Yee Dickdy

Registered office

in the Cayman Islands:

Cricket Square, Hutchins Drive,

P.O. Box 2681,

Grand Cayman KY1-1111,

Cayman Islands

Principal Place of

Business in Hong Kong:

Unit 1, 4/F

Chai Wan Industrial City Phase II,

70 Wing Tai Road

Chai Wan, Hong Kong

29 December 2025

To the Independent Shareholders,

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the Joint Announcement.

On 26 November 2025 (before trading hours), the Vendor, the Vendor Guarantor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 1,500,000,000 Shares in aggregate, representing 75% of the entire issued share capital of the Company as at the date of the Joint Announcement, at a consideration of HK\$165.0 million (being HK\$0.11 per Sale Share). Completion took place on 26 November 2025.

On 26 November 2025 (before trading hours), the Company and the Subscriber (i.e. the Offeror) entered into the Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe, in cash, for the Convertible Bonds in the principal amount of HK\$44.0 million, which may be converted into 400,000,000 Conversion Shares at the initial Conversion Price of HK\$0.11 per Conversion Share upon exercise of the conversion rights under the Convertible Bonds in full, representing (a) 20.0% of the issued share capital of the Company as at the date of the Joint Announcement; (b) 20.0% of the issued share capital of the Company as at the Latest Practicable Date; and (c) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Subscription is conditional on, among other things, Completion and the close of the Offer. Further details of the Subscription will be set out in the Circular.

As mentioned in the “Letter from Lego Securities” contained in this Composite Document, immediately prior to the Completion, none of the Offeror, Mr. Yao and the parties acting in concert with any of them held, owned, controlled or had direction over any Shares. Immediately after Completion and as at the Latest Practicable Date, the Offeror, Mr. Yao and the parties acting in concert with any one of them are interested in a total of 1,500,000,000 Shares, representing 75% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter forms part of this Composite Document and set out, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Lau Ping Cheung Kaizer, Ir Dr. Wong Wai Man Raymond and Ms. Chen Tak Yee Dickdy, has been established to advise the Independent Shareholders as to whether the Offer is

fair and reasonable and as to acceptance of the Offer. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

As announced on 10 December 2025, Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and in particular as to whether the Offer is or is not, fair and reasonable and as to the acceptance of the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

THE OFFER

As set out in the “Letter from Lego Securities” contained in this Composite Document, Lego Securities is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

Offer price for each Offer Share HK\$0.11 in cash

The Offer Price of HK\$0.11 for each Offer Share is same as the price for each Sale Share being acquired by the Offeror pursuant to the Sale and Purchase Agreement. No fractions of a Hong Kong cent will be payable and the amount of consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent. The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of the Shares or any other conditions.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrances and together with all rights and benefits attached thereto, including but not limited to the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document. As at the Latest Practicable Date, the Company has not declared any dividend which is outstanding and not yet paid and the Company does not intend to declare, make or pay any dividend or other distributions prior to close of the Offer.

Please also refer to the “Letter from Lego Securities” contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance for further information in relation to, among other things, the Offer and acceptance and settlement procedures of the Offer.

INFORMATION ON THE GROUP

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

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date are set forth as follows:

Shareholders	Immediately prior to Completion		Immediately upon Completion and as at the Latest Practicable Date	
	Number of	% of issued	Number of	% of issued
	Shares	Shares (approximate)	Shares	Shares (approximate)
The Offeror and parties acting in concert with it				
– The Offeror (<i>Note 1</i>)	–	–	1,500,000,000	75.00
Sub-total	–	–	1,500,000,000	75.00
Vendor				
– SEM Enterprises Limited (<i>Note 2</i>)	1,500,000,000	75.00	–	–
Sub-total	1,500,000,000	75.00	–	–
Public Shareholders	500,000,000	25.00	500,000,000	25.00
Total	2,000,000,000	100.00	2,000,000,000	100.00

Notes:

1. The Offeror is legally, beneficially and wholly owned by Mr. Yao.
2. SEM Enterprises Limited, a company incorporated in the British Virgin Islands, is legally and beneficially owned as to 77%, 20% and 3% by Mr. Wan Man Keung, Mr. Wun Chi Wai and Mr. Yu Chi Kwan, respectively. Mr. Wan Man Keung is an executive Director and the chairman of the Board, and Mr Wun Chi Wai is an executive Director. Mr. Yu Chi Kwan resigned as an executive Director with effect from 10 October 2025.

3. Save for the aforementioned, none of the Directors held/holds any Shares immediately before and following Completion and as at the Latest Practicable Date.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information of the Offeror” in the “Letter from Lego Securities” contained in this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “The Offeror’s intention on the Group” in the “Letter from Lego Securities” contained in this Composite Document for details regarding Offeror’s intention on the business of the Group.

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

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

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

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

As stated in the “Letter from Lego Securities”, save for the Offeror’s intention regarding the Group as set out above, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

The Board is aware of the Offeror’s intention in relation to the Group and is willing to render co-operation with the Offeror and will continue to act in the best interests of the Group and the Shareholders as a whole.

PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

As stated in the “Letter from Lego Securities” contained in this Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury Shares), are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer. The steps that the Offeror may take include but not limited to placing down or selling sufficient number of accepted Shares which it will acquire from the Offer to selected independent third parties or in the market. No arrangements have been confirmed or put in place as at the Latest Practicable Date.

The sole director of the Offeror and the new Director(s) to be appointed to the Board, if any, will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. The Offeror does not intend to avail itself of any powers of compulsory acquisition of any outstanding Offer Shares after the close of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on pages 28 to 29 of this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offer, and (ii) the "Letter from the Independent Financial Adviser" as set out on pages 30 to 53 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is also drawn to the "Letter from Lego Securities" and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,
By order of the Board
SEM HOLDINGS LIMITED



Wan Man Keung
Chairman and executive Director