



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 jointly published by the Offeror and the Company dated 3 December 2025 in relation to, among other things, the Acquisition, the Subscription and the Offer.

SALE AND PURCHASE AGREEMENT

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 Vendor agreed to sell, the Vendor Guarantor agreed to procure the sale of, and the Offeror agreed to purchase the Sale Shares, being 1,500,000,000 Shares, representing an aggregate of 75% of the issued Shares as at the Latest Practicable Date, for a total cash consideration of HK\$165.0 million (being HK\$0.11 per Sale Share). The Offeror fully paid the consideration for the Sale Shares to the Vendor in cash on the completion date, being 26 November 2025, pursuant to Sale and Purchase Agreement.

SUBSCRIPTION AGREEMENT

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.

MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to Completion, the Vendor held 1,500,000,000 Shares (representing 75% of the issued Shares) and none of the Offeror, Mr. Yao and parties acting in concert with any one of them held, controlled or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

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

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

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

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information on the Offeror, and the Offeror's intention in relation to the Group. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser", the appendices to this Composite Document and the accompanying Form of Acceptance, and to consult their own professional advisers before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

The Offer

Lego Securities, for and on behalf of the Offeror, is making the Offer to acquire all of the Offer Shares in accordance with the Takeovers Code and on the terms set out in this Composite Document and in the Form of Acceptance on the following basis:

For each Offer ShareHK\$0.11 in cash

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

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

The Offeror confirms that the Offer Price is final and will not be increased.

Immediately following Completion and as at the Latest Practicable Date, the Company has 2,000,000,000 Shares in issue, of which a total of 1,500,000,000 Shares were held by the Offeror, Mr. Yao and parties acting in concert with any one of them (representing 75% of the total issued share capital of the Company). As at the Latest Practicable Date, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company in issue other than the Shares.

The Board confirms that, as at the Latest Practicable Date, (i) the Company has not declared any dividend or other distribution which remains unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer. If, after the date of despatch of this Composite Document, any dividend or other distribution is made or paid in respect of the Offer Shares, the Offeror will reduce the Offer Price by an amount equal to the gross amount of such dividend or other distribution received or receivable by the Shareholders pursuant to Note 3 to Rule 26.3 and Note 11 to Rule 23.1 of the Takeovers Code.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares or any other conditions.

Further details of the terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Comparison of value of the Offer Price

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

- (i) a discount of approximately 81.67% to the closing price of HK\$0.600 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 6.80% over the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 5.77% over the average closing price of approximately HK\$0.104 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 15.79% over the average closing price of HK\$0.095 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 37.5% over the average closing price of approximately HK\$0.080 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 3.77% over the audited consolidated net assets per Share of approximately HK\$0.106 as at 31 December 2024, which was calculated based on the audited consolidated net asset value attributable to owners of the Company of approximately HK\$212,944,000 as at 31 December 2024 (the date on which the latest audited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the date of the Joint Announcement; and
- (vii) a premium of approximately 1.85% over the unaudited consolidated net assets per Share of approximately HK\$0.107 as at 30 June 2025, which was calculated based on the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$213,164,000 as at 30 June 2025 (the date on which the latest unaudited financial results of the Group were made up) and 2,000,000,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.610 per Share on 9 December 2025 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.053 per Share on 3 June 2025.

Total consideration of the Offer

As at the Latest Practicable Date, the Company has 2,000,000,000 Shares in issue. On the basis of the Offer Price being HK\$0.11 per Offer Share, the total issued share capital of the Company would be valued at HK\$220.0 million.

Upon Completion and as at the Latest Practicable Date, save for the total of 1,500,000,000 Shares held by the Offeror, Mr. Yao and parties acting in concert with any one of them, and assuming that there is no change in the total issued share capital of the Company up to the close of the Offer, a total of 500,000,000 Shares (representing 25% of the total issued share capital of the Company as at the Latest Practicable Date) will be subject to the Offer and the maximum cash consideration payable by the Offeror under the Offer would be HK\$55.0 million based on the Offer Price of HK\$0.11 per Offer Share.

Confirmation of financial resources available for the Offer

The maximum payment obligations payable for the Offer shall be payable in cash. The maximum aggregate amount payable by the Offeror for the Offer would be HK\$55.0 million based on the Offer Price of HK\$0.11 per Offer Share assuming full acceptance of the Offer.

Lego Corporate Finance, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document. The Board confirms that, as at the Latest Practicable Date, (i) the Company has not declared any dividend or other distribution which remains unpaid; and (ii) it does not have any intention to make, declare or pay any future dividend/make other distributions on or before the close of the Offer.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares or any other conditions. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code, details of which are set out in the paragraph headed "6. Right of Withdrawal" in Appendix I to this Composite Document.

Payment

Payment in cash in respect of acceptance of the Offer will be made as soon as possible but, in any event, no later than seven (7) business days (as defined in the Takeovers Code) after the date on which the duly completed acceptance of the Offer is received in accordance with Rule 20.1 of the Takeovers Code. Relevant document(s) evidencing title in respect of such acceptance must be received by or on behalf of the Offeror (or its agent) to render each such acceptance of the Offer complete and valid in accordance with Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a Hong Kong cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest Hong Kong cent.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the relevant Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, associates, professional advisers or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interests in the Company's Securities

Save for the Acquisition, none of the Offeror, Mr. Yao and/or parties acting in concert with any of them has dealt for value in nor owned, controlled or directed any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Availability of the Offer

The Offeror intends to make the Offer available to all the Independent Shareholders. As the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions, Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. Persons who are residents, citizens or nationals outside Hong Kong should inform themselves about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other taxes due in respect of such jurisdiction.

Any acceptance by the Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws.

Based on the register of members of the Company, as at the Latest Practicable Date, there was no Overseas Shareholder.

INFORMATION ON THE GROUP

Your attention is also drawn to the information on the Group set out in the section headed "Letter from the Board" and Appendices II and IV as contained in this Composite Document.

INFORMATION ON THE OFFEROR

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

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

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

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

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

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

THE OFFEROR'S INTENTION ON THE GROUP

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

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

As at the Latest Practicable Date, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for possible change to the member(s) 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. As at the Latest Practicable Date, the Offeror has not identified any potential candidates to nominate as new director(s) to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

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

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

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Offeror intends the Company to remain listed on the Stock Exchange. Each of the sole director of the Offeror (being Mr. Yao) and the new Directors 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 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:

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

it 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.

Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate. Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed “7. Overseas Shareholders” in Appendix I to this Composite Document. All communications, notices, Form of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. None of the Offeror and parties acting in concert with it, the Company, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, the Registrar or (as the case may be) their respective ultimate beneficial owners, directors, officers, agents and associates nor any other person involved in the Offer will be responsible for any loss or delay in postage or any other liabilities that may arise as a result thereof or in connection therewith. Further details have been set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document and the accompanying Form of Acceptance before deciding whether or not to accept the Offer.

In considering what action to take in connection with the Offer, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,
For and on behalf of
Lego Securities Limited



Kelvin Li
Director