



SBI China Capital
軟庫中華

21 January 2026

*To: The Independent Board Committee and the Disinterested Shareholders of
Genes Tech Group Holdings Company Limited*

Dear Sir or Madam,

**(1) PROPOSAL TO TAKE
GENES TECH GROUP HOLDINGS COMPANY LIMITED PRIVATE
BY WATLOW ELECTRIC MANUFACTURING COMPANY
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

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Scheme Shareholders in relation to the Proposal and the Scheme, details of which are set out in the Scheme Document dated 21 January 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context otherwise requires.

On 14 November 2025 (after trading hours), the Offeror and the Company entered into the Implementation Agreement, pursuant to which the Offeror requested, and the Board undertook to put forward the Proposal to the Scheme Shareholders for the proposal to take the Company private through the proposed cancellation of all the Scheme Shares by way of a scheme of arrangement in accordance with section 86 of the Companies Act, subject to the Conditions being fulfilled or waived, as applicable. If the Proposal is approved and implemented, under the Scheme: (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price being HK\$0.245 in cash for each Scheme Share cancelled; (b) simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued 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 pursuant to the Scheme, such that the Company will become directly wholly owned by the Offeror. The reserve created in the Company's books of account 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) subject to the Scheme becoming effective, the Company will make an

application to the Stock Exchange for the withdrawal of the listing of the Shares on GEM of the Stock Exchange in accordance with Rule 9.23(2) of the GEM Listing Rules with effect immediately following the Effective Date.

On 14 November 2025, the Offeror received an Irrevocable Undertaking from each of Mr. Yang Ming-Hsiang, Tai-Yi Investment Co. Ltd., Ms. Wei Hung-Li, Queenbest Development Limited, Ever Wealth Holdings Limited and Planeta Investments Limited, and on 2 January 2026, the Offeror received an additional Irrevocable Undertaking from Mr. Chen, Yu-Yuan (also known as Mr. Chen Tsou-Wei), pursuant to which each of the Undertaking Shareholders has undertaken, among other things: (a) to vote, or procure the voting of, all of their Shares in favor of any resolutions proposed at the Court Meeting and the EGM which are necessary for the Scheme to become effective; and (b) not to: (i) dispose of any interest in any Shares held by them; (ii) make any offer to acquire any Shares of the Company or permit any company in which they, directly or indirectly, have any interest to make such an offer; or (iii) solicit, accept or approve (or procure the solicitation or permit the acceptance or approval of) any other proposal, offer or scheme of arrangement from any party (other than the Offeror or a party approved in writing by the Offeror) for all or any of their Shares, whether or not such other proposal, offer or scheme of arrangement is at a higher price than the Cancellation Price and/or on more favorable terms than under the Proposal. The Irrevocable Undertakings will be terminated if the Implementation Agreement lapses or is terminated. As at the Latest Practicable Date, the Undertaking Shareholders, being Mr. Yang Ming-Hsiang, Tai-Yi Investment Co. Ltd., Ms. Wei Hung-Li, Queenbest Development Limited, Ever Wealth Holdings Limited, Planeta Investments Limited and Mr. Chen, Yu-Yuan held 37,975,000 Shares, 111,300,000 Shares, 29,125,000 Shares, 374,625,000 Shares, 81,150,000 Shares, 63,750,000 Shares and 49,950,000 Shares, representing approximately 3.80%, 11.13%, 2.91%, 37.46%, 8.12%, 6.38% and 5.00% of the issued share capital of the Company, respectively.

On 14 November 2025, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavors to do all such things within their power to implement the Proposal and the Scheme and cooperate to obtain all Approvals required in connection with the Proposal and the Scheme.

Upon the Scheme becoming effective, all of the Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title. Upon the Scheme becoming effective, the Company does not intend to retain its listing on GEM of the Stock Exchange and will apply to the Stock Exchange for the withdrawal of the listing of the Shares on GEM of the Stock Exchange in accordance with Rule 9.23(2) of the GEM Listing Rules immediately following the Scheme becoming effective.

Pursuant to Rule 2.8 of the Takeovers Code, an Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Kam, Eddie Shing Cheuk, Mr. Cheng Chun Shing and Mr. Ho Pak Chuen Brian, with no direct or indirect interest in the Proposal and the Scheme, has been established to advise the Scheme Shareholders as to (i) whether the Proposal and the Scheme are, or are not, fair and reasonable; and (ii) whether to vote in favour of or against the Scheme at the Court Meeting and the resolutions in connection

with the implementation of the Proposal and the Scheme at the EGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Scheme Shareholders in such regard.

We, SBI China Capital Hong Kong Securities Limited (“SBI China”), have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee, and such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. During the past two years before the commencement of the offer period and up to and including the Latest Practicable Date, we have not acted as a financial adviser (independent or otherwise) to the Company or the Offeror. We are not associated 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 and, accordingly, is considered eligible to give independent advice to the Independent Board Committee and the Scheme Shareholders. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby SBI China 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.

In formulating our opinion and recommendations, we have relied on the information and facts supplied and opinions expressed by the management of the Group. We have assumed that all information and representations provided by the management of the Group, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. The Scheme Shareholders will be informed by the Company and us as soon as possible if there is any material change to the information disclosed in the Scheme Document pursuant to Rule 9.1 of the Takeovers Code, in which case we will consider whether it is necessary to revise our opinion and inform the Independent Board Committee and the Scheme Shareholders accordingly. We have no reason to doubt the truth, accuracy or completeness of the information and representations made to us by the management of the Group. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Scheme Document or the reasonableness of the opinions and representations provided by the management of the Group to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We have reviewed (i) published information on the Company, including its annual reports for the years ended 31 December 2023 and 2024 and the interim report for the six months ended 30 June 2025; (ii) the report “Global Semiconductor Industry Outlook for 2025”, insights from the 20th annual survey conducted by KPMG LLP and Global Semiconductor Alliance in the fourth quarter of 2024; (iii) relevant information of certain Comparable Companies and Privatisation Precedents (both defined hereafter) for analysis purpose and such information was obtained from the website of the Stock Exchange and Bloomberg; and (iv) the information contained in the Scheme Document. We have not, however, carried out any independent verification of the information available to us, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group, the Offeror and their respective associates or any party acting, or presumed to

acting, in concert with any of them. Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date.

We have not considered the tax and regulatory implications as regards the Proposal and the Scheme since these depend on individual circumstances. In particular, the overseas Scheme Shareholders who are citizens, residents, or nationals of a jurisdiction other than Hong Kong or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE PROPOSAL

The principal terms of the Proposal are summarised below. The Scheme Shareholders are urged to read the relevant sections in the Scheme Document and its appendices in full.

The Proposal

The Proposal will provide that each of the Scheme Shares be cancelled in exchange for the payment of the Cancellation Price of HK\$0.245 per Scheme Share, which shall be paid by the Offeror to the Scheme Shareholders whose names appear on the Register on the Scheme Record Date.

As set out in the Letter from the Board, the Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical prices of the Shares traded on the Stock Exchange, the publicly available financial information of the Group, and with reference to other take private transactions in Hong Kong in recent years.

As at the Latest Practicable Date, the Company has not declared any dividend, distribution or other return of capital which remains unpaid, and the Company did not intend to make, declare and/or pay any dividend or make other distribution or other return of capital on or before the Effective Date or the date on which the Scheme is not approved, or the Proposal and/or the Scheme otherwise lapses (whichever is earlier). If, after the Latest Practicable Date, any dividend, 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 return of capital after consultation with the Executive, in which case any reference in the Announcement, the 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 to the Proposal and the Scheme

The Proposal and the Scheme are conditional upon the satisfaction (or, where applicable, the waiver) of the Conditions set out below:

- (a) the approval of the Scheme (by way of poll) at the Court Meeting 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) (i) the approval of the Scheme (by way of a poll) by not less than 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of a poll) by the Disinterested 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 Shareholders;
- (c) the passing of (i) a special resolution by a majority of not less than three-fourths 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 on the Effective Date by cancelling the Scheme Shares; and (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders, present and voting in person or by proxy at the EGM, to approve the simultaneous maintenance of the issued share capital at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares at par as is equal to the number of Scheme Shares cancelled and applying the reserve created in the Company's books of account as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such new Shares so issued;
- (d) the sanction of the Scheme (with or without modifications) by the Grand Court and to the extent necessary its confirmation of any reduction of the issued share capital as a result of the cancellation of the Scheme Shares, 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) compliance, to the extent necessary, with the applicable procedural requirements and conditions, if any, under the Companies Act in relation to any reduction of the issued share capital as a result of the cancellation of the Scheme Shares;
- (f) all of the Approvals having been obtained, completed and/or made and remaining in full force and effect without modification or variation up to and as at the Effective Date;

- (g) all necessary consents which may be required for the implementation of the Proposal and the Scheme under any existing contractual obligations of the Company having been obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (h) all Applicable Laws having been complied with and no legal, regulatory or administrative requirement having been imposed by any Authority in any jurisdiction which is not expressly provided for, or is in addition to the legal, regulatory and administrative requirements which are expressly provided for, in the Applicable Laws in connection with the Proposal or the Scheme;
- (i) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) and no court of competent jurisdiction having issued any order, injunction, decree or ruling, in each case, which would make the Proposal or the Scheme void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations in connection with the Proposal or the Scheme);
- (j) save in connection with the implementation of the Proposal and the Scheme, the listing of the Shares on GEM of the Stock Exchange not having been withdrawn, and no indication having been received from the Executive and/or the Stock Exchange to the effect that the listing of the Shares on GEM of the Stock Exchange is or is likely to be withdrawn; and
- (k) since the date of the Announcement, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal and/or the Scheme as reasonably determined by the Offeror with the consent of the Executive).

For further details of the Conditions, please refer to the section headed “Conditions of the Proposal and the Scheme” in the Letter from the Board in Part IV to the Scheme Document. The Conditions in paragraphs (a) to (d) (inclusive) cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (k) (inclusive) above in whole or in part. The Company has no right to waive any of the Conditions.

As at the Latest Practicable Date, none of the Conditions have been satisfied. All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme 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 and/or the Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal and/or the Scheme.

As at the Latest Practicable Date, none of the Conditions have been satisfied.

If the Conditions are satisfied or (where applicable) waived, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

Irrevocable Undertaking

As at the Latest Practicable Date:

- (a) Mr. Yang Ming-Hsiang holds 37,975,000 Shares, representing approximately 3.80% of the issued share capital of the Company;
- (b) Ms. Wei Hung-Li holds 29,125,000 Shares, representing approximately 2.91% of the issued share capital of the Company;
- (c) Queenbest Development Limited holds 374,625,000 Shares, representing approximately 37.46% of the issued share capital of the Company;
- (d) Ever Wealth Holdings Limited holds 81,150,000 Shares, representing approximately 8.12% of the issued share capital of the Company;
- (e) Planeta Investments Limited holds 63,750,000 Shares, representing approximately 6.38% of the issued share capital of the Company;
- (f) Tai-Yi Investment Co. Ltd. holds 111,300,000 Shares, representing approximately 11.13% of the issued share capital of the Company; and
- (g) Mr. Chen Yu-Yuan holds 49,950,000 Shares, representing approximately 5.00% of the issued share capital of the Company.

On 14 November 2025, the Offeror received an Irrevocable Undertaking from each of Mr. Yang Ming-Hsiang, Tai-Yi Investment Co. Ltd., Ms. Wei Hung-Li, Queenbest Development Limited, Ever Wealth Holdings Limited and Planeta Investments Limited, and on 2 January 2026, the Offeror received an additional Irrevocable Undertaking from Mr. Chen, Yu-Yuan (also known as Mr. Chen Tsou-Wei), pursuant to which each of the Undertaking Shareholders has undertaken, among other things:

- (a) to vote, or procure the voting of, all of their Shares in favor of any resolutions proposed at the Court Meeting and the EGM which are necessary for the Scheme to become effective; and
- (b) not to: (i) dispose of any interest in any Shares held by them; (ii) make any offer to acquire any Shares of the Company or permit any company in which they, directly or indirectly, have any interest to make such an offer; or (iii) solicit, accept or approve (or procure the solicitation or permit the acceptance or approval of) any other proposal, offer or scheme of arrangement from any party (other than the Offeror or a party approved in writing by the Offeror) for all or any of their Shares, whether or not such other proposal, offer or scheme of arrangement is at a higher price than the Cancellation Price and/or on more favorable terms than under the Proposal.

Please also refer to the section headed “Irrevocable Undertakings” in the Explanatory Memorandum in Part VII to the Scheme Document.

The Irrevocable Undertaking will be terminated if the Implementation Agreement lapses or is terminated.

Implementation Agreement

On 14 November 2025, the Offeror and the Company entered into the Implementation Agreement, pursuant to which the parties have agreed to use all reasonable endeavors to do all such things within their power to implement the Proposal and the Scheme and cooperate to obtain all Approvals required in connection with the Proposal and the Scheme. Under the Implementation Agreement, the Company has undertaken to the Offeror, among other things, to:

- (a) use all reasonable endeavors to implement the Proposal and the Scheme;
- (b) not declare any dividends or other distribution prior to the earlier of the Effective Date and termination of the Implementation Agreement;
- (c) procure each member of the Group to carry on its business in the ordinary and usual course of business and to maintain all licenses necessary for the carrying on of the businesses and operations of each member of the Group and not to permit or suffer any of such licenses to lapse; and
- (d) procure that, prior to the earlier of the Effective Date and termination of the Implementation Agreement, the Group shall not take certain actions as detailed under the section headed “Implementation Agreement” in the Explanatory Memorandum in Part VII to the Scheme Document.

As mentioned in the Explanatory Memorandum, nothing in the Implementation Agreement is intended to prevent or deprive: (i) the Shareholders from having the opportunity to consider, or (ii) the Company from considering, in each case, any unsolicited alternative offer from any person other than the Offeror.

The Implementation Agreement will be terminated upon the Scheme being withdrawn by the Offeror in circumstances permitted under the Takeovers Code. The Offeror may also terminate the Implementation Agreement if any of the Conditions (which cannot be waived) have not been or cannot be satisfied by the Long Stop Date or if the recommendation of the Board (excluding the Independent Board Committee) contained in the Announcement or the recommendation of the Board contained in the Scheme Document is withdrawn at any time prior to the Grand Court’s sanction of the Scheme.

Please also refer to the section headed “Implementation Agreement” in the Explanatory Memorandum in Part VII to the Scheme Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

(1) Financial information and prospects of the Group

(a) Background and historical financial information of the Group

The Company is a company incorporated in the Cayman Islands with limited liability whose Shares have been listed on GEM of the Stock Exchange since 14 July 2017. The Company is an investment holding company and the Group is principally engaged in the provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment.

Financial performance

The following table summarises the Group's audited consolidated financial performance for the three years ended 31 December 2024 as extracted from the annual report of the Company for the year ended 31 December 2023 (the "Annual Report 2023") and the annual report of the Company for the year ended 31 December 2024 (the "Annual Report 2024"); and the Group's unaudited consolidated financial performance for the six months ended 30 June 2025 (and the correspondence period ended 30 June 2024) as extracted from the interim report of the Company for the six months ended 30 June 2025 (the "Interim Report 2025"):

	For the year ended 31 December			For the six months ended 30 June	
	2022	2023	2024	2024	2025
	NTD'000	NTD'000	NTD'000	NTD'000	NTD'000
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	1,598,898	1,332,827	931,958	535,007	585,306
— Provision of turnkey solution	801,834	708,926	418,448	226,597	113,690
— Trading of parts and used semiconductor manufacturing equipment	797,064	623,901	513,510	308,410	471,616
Profit/(loss) before income taxation	(82,381)	126,281	92,255	63,692	71,758
Income tax (expense)/credit	1,945	(35,643)	(67,975)	(24,989)	(23,059)
Profit/(loss) for the year attributable to owners of the Company	(80,436)	90,638	24,280	38,703	48,699
Other comprehensive (loss)/income, net of tax					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences	(8,265)	2,465	(9,415)	(7,403)	19,539
Total comprehensive income/(loss) for the year attributable to owners of the Company	(88,701)	93,103	14,865	31,300	68,238

(a) For the year ended 31 December 2023

Revenue of the Group decreased from approximately NTD1,598.9 million to approximately NTD1,332.8 million for the year ended 31 December 2023 mainly as a result of: (i) revenue from the provision of turnkey solution decreased by approximately NTD92.9 million to NTD708.9 million. As advised by the management of the Group, delivery schedules for customer projects for the year ended 31 December 2023 in general were delayed as compared to the previous year, while certain large-scale projects were delayed due to instability in the international supply chain, resulting in a decrease in revenue recognized as compared to the year ended 31 December 2022; and (ii) revenue from trading of parts and used semiconductor manufacturing equipment decreased by approximately NTD173.2 million to approximately NTD623.9 million. As advised by the management of the Group, the main reasons for the decrease were the postponement of procurement plans by some existing customers of the Group and the overall weak demand in the semiconductor industry in the year 2023.

It is mentioned in the Annual Report 2023 that as the geopolitical situation continues to be tense, the Group seized market opportunities to actively develop and consolidate good and close cooperation with existing international customers. This in turn drove the increase in its revenue from the U.S. business by 206.73% compared to last year. During the year ended 31 December 2023, approximately 55.9%, approximately 16.5%, approximately 21.1%, approximately 6.1% and approximately 0.1% of the Group's revenue were generated from Taiwan, U.S, the PRC, Singapore and Japan, respectively (as compared to approximately 70.7%, approximately 4.5%, approximately 17.1%, approximately 7.5% and approximately 0.1%, from respectively for the year ended 31 December 2022).

Despite the decrease in revenue, the Group's gross profit increased by approximately 203.3% from approximately NTD107.5 million for the year ended 31 December 2022 to approximately NTD326.0 million for the year ended 31 December 2023 due to the absence of loss on the fire accident of approximately NTD257.8 million which was incurred for the year ended 31 December 2022. If excluding such exceptional item, the gross profit of the Group would decrease from approximately NTD365.3 million for the year ended 31 December 2022 to approximately NTD326.0 million for the year ended 31 December 2023; and the gross profit margin of the Group alleviated from approximately 22.8% for the year ended 31 December 2022 to approximately 24.5% for the year ended 31 December 2023 mainly because of the improvement in product mix and the increased proportion of high-margin projects, while the Group improved its cost control efficiency as advised by the management of the Group.

If excluding the loss on fire accident for the year ended 31 December 2022, the Group would record a decrease in net profit from approximately NTD177.4 million for the year ended 31 December 2022 to approximately NTD90.6 million for the year ended 31 December 2023. Such decrease was mainly a result of (i) the decrease in gross profit as described above, other gains of approximately NTD18.5 million turned to other net losses of approximately NTD3.4 million which mainly comprised of exchange net (losses)/gains; and income tax credit of approximately NTD1.9 million turned to income tax expense of approximately NTD35.6 million which was partly offset by (ii) provision for net impairment losses on financial assets of approximately NTD3.0 million to a reversal of approximately NTD8.6 million.

(b) For the year ended 31 December 2024

Revenue of the Group decreased from approximately NTD1,332.8 million to approximately NTD932.0 million for the year ended 31 December 2024 mainly as a result of: (i) revenue from the provision of turnkey solution decreased by approximately NTD290.5 million to NTD418.4 million mainly because some projects had not yet entered into the acceptance phase in the first half of the year 2024, which delayed the point at which revenue could be recognised as compared to the year 2023 as advised by the management of the Group; and (ii) revenue from trading of parts and used semiconductor manufacturing equipment decreased by approximately NTD110.4 million to approximately NTD513.5 million mainly as a result of the Company's adjustments to its supply schedule in accordance with customer demand and the delay in delivery of certain equipment, which caused a decrease in trading volume as compared to the year 2023 as advised by the management of the Group.

It is mentioned in the Annual Report 2024 that the parts and used Semiconductor Manufacturer Equipment ("SME") supplied by the Group include furnaces and clean tracks which are used at the front-end of the semiconductor manufacturing process and wafer fabrication such as deposition, photoresist coating and development. The semiconductors produced by the customers using the SME of the Group were extensively applied to mobile phones, game consoles, DVD players, automotive sensors and other digital electronic products. Under the ongoing geopolitical tensions, the Group has established a solid strategic direction to capture market opportunities. The Group has deepened cooperation with existing international clients and actively explored new models of collaboration. During the year ended 31 December 2024, the Group's revenue from operations in Japan significantly increased by 2,667.38% from last year, while revenue from operations in Singapore increased by 41.56% from last year. During the year ended 31 December 2024, approximately 44.7%, approximately 20.0%, approximately 17.3%, approximately 12.3% and approximately 5.7% of the Groups revenue were generated from Taiwan, U.S., PRC, Singapore and Japan, respectively (as

compared to approximately 55.9%, approximately 16.5%, approximately 21.1%, approximately 6.1% and approximately 0.1%, respectively for the year ended 31 December 2023).

The Group's gross profit decreased by approximately 19.2% from approximately NTD326.0 million for the year ended 31 December 2023 to approximately NTD263.3 million for the year ended 31 December 2024. However, the overall gross profit margin of the Group alleviated from approximately 24.5% for the year ended 31 December 2023 to approximately 28.3% for the year ended 31 December 2024 mainly because of the increase in proportion of high-margin products and the Group's continuous efforts on optimizing the procurement and inventory management efficiency as advised by the management of the Group.

Given (i) the decrease in gross profit as described above, slightly increase in overall operating expenses by approximately NTD9.0 million (i.e. selling and distribution expenses and general and administrative expenses in total) and the provision for net impairment losses on financial assets of approximately NTD2.8 million (as compared to a reversal of approximately NTD8.6 million for the year ended 31 December 2023) which was partly offset by (ii) other income increased by approximately NTD19.1 million being the compensation from the insurance company received in July 2024 for inventory loss due to the fire broke out at a premises adjacent to a warehouse of the Group in 2022; and other net exchange losses of approximately NTD2.3 million turned to net exchange gains of approximately NTD7.6 million mainly because of the exchange rate differences between the NTD currencies and the U.S. dollars currencies as advised by the management of the Group, the Group recorded a decrease in net profit from approximately NTD90.6 million for the year ended 31 December 2023 to approximately NTD24.3 million for the year ended 31 December 2024.

(c) For the six months ended 30 June 2025

Revenue of the Group increased slightly from approximately NTD535.0 million for the six months ended 30 June 2024 to approximately NTD585.3 million for the six months ended 30 June 2025 due to (i) the increase in revenue from the trading of parts and used semiconductor manufacturing equipment by approximately NTD163.2 million mainly as a result of the recovery of demand in the U.S. and Taiwan markets leading to the increase in customer purchases as advised by the management of the Group, which was partly offset by (ii) the decrease in revenue from the provision of turnkey solution by approximately NTD112.9 million mainly due to adjustments to the progress of certain large-scale projects of the customers, the acceptance phase and the delivery phase had been delayed as compared to the same period of the year 2024 as advised by the management of the Group.

It is mentioned in the Interim Report 2025 that in the face of a complex environment characterised by escalating geopolitical tensions and the expansion of trade protectionism, the Group adheres to its core strategy of prudence and stability, striving to strengthen the stability and continuity of cooperation with existing international clients while actively expanding new clientele to diversify risks. During the six months ended 30 June 2025, the Group's revenue from operations in the U.S. increased significantly by 78.54% from last year, accounting for approximately 38.68% of the total revenue of the Group, while revenue from operations in Taiwan increased by 48.97% from last year, accounting for approximately 49.69% of the total revenue of the Group. During the six months ended 30 June 2025, approximately 49.7%, approximately 38.7%, approximately 10.3%, approximately 1.1% and approximately 0.1% of the Groups revenue were generated from Taiwan, U.S., PRC, Singapore and Japan, respectively (as compared to approximately 36.5%, approximately 23.7%, approximately 15.9%, approximately 13.9% and approximately 9.8%, respectively for the six months ended 30 June 2024).

The Group's gross profit increased by approximately 29.0% from approximately NTD156.6 million for the six months ended 30 June 2024 to approximately NTD202.0 million for the six months ended 30 June 2025. The overall gross profit margin of the Group alleviated from approximately 29.3% for the six months ended 30 June 2024 to approximately 34.5% for the six months ended 30 June 2025 mainly because of the increase in proportion of high-margin projects and the decrease in certain procurement costs as advised by the management of the Group.

Given (i) the increase in gross profit as described above and the slightly improvement in overall operating expenses of approximately NTD2.3 million (i.e. selling and distribution expenses and general and administrative expenses in total) which was partly offset by (ii) other income decreased by approximately NTD2.9 million being the absence of a one-time insurance claim income in the same period of the year 2024 as advised by the management of the Group; and other net gains of approximately NTD10.0 million turned to other net losses of approximately NTD28.5 million mainly because of the exchange rate fluctuations resulting from the exchange rate differences between the NTD currencies and the U.S. dollars currencies as advised by the management of the Group, the Group recorded an increase in net profit from approximately NTD38.7 million for the six months ended 30 June 2024 to approximately NTD48.7 million for the six months ended 30 June 2025.

Financial position

The following table summarises the financial position of the Group as at 31 December 2022, as at 31 December 2023, as at 31 December 2024 and as at 30 June 2025 as extracted from the Annual Report 2023, the Annual Report 2024 and the Interim Report 2025:

	As at 31 December			As at
	2022	2023	2024	30 June
	(audited)	(audited)	(audited)	(unaudited)
	NTD'000	NTD'000	NTD'000	NTD'000
Total assets	2,483,320	2,102,883	2,444,504	2,556,164
Total liabilities	1,770,811	1,297,271	1,624,027	1,667,449
Net current assets	419,063	514,033	506,984	554,620
Net assets	712,509	805,612	820,477	888,715

(a) Comparison between 31 December 2022 and 31 December 2023

Total assets decreased from approximately NTD2,483.3 million as at 31 December 2022 to approximately NTD2,102.9 million as at 31 December 2023 mainly attributable to (i) the decrease in property, plant and equipment, right-of-use assets and intangible assets by a total of approximately NTD29.8 million mainly because of the incur of the depreciation and amortisation costs, the decrease in inventories by approximately NTD300.1 million mainly attributable to the decrease in work in progress and finished goods, which was in line with the revenue decreasing trend; the decrease in trade receivables by approximately NTD38.8 million mainly because of the improvement in the collection of trade receivables as advised by the management of the Group and the decrease in cash and cash equivalents by approximately NTD88.9 million mainly because of the increase in working capital needs and partial repayment of loans as advised by the management of the Group which was partly offset by (ii) the increase in prepayments, deposits and other receivables by approximately NTD86.8 million mainly because of the increase in prepayment on purchases.

Total liabilities decreased from approximately NTD1,770.8 million as at 31 December 2022 to approximately NTD1,297.3 million as at 31 December 2023 mainly attributable to (i) the decrease in contract liabilities by approximately NTD227.6 million as a result of less deposits received from customers. Contract liabilities are recognised as revenue when the control of the products has been transferred to the customers at their acknowledgement and performance obligation is fulfilled. The amount is expected to be recognised as revenue within one to two financial years; (ii) the decrease in lease liabilities by

approximately NTD12.9 million, (iii) the decrease in bank borrowings by approximately NTD34.1 million, (iv) the decrease in trade other payables by approximately NTD171.3 million; and (v) the decrease in current income tax liabilities by approximately NTD27.6 million. According to the management of the Group, the decrease in lease liabilities was mainly because of the lease liabilities repaid in accordance with the repayment schedule, the decrease in bank borrowings was mainly because of the partial repayment of bank borrowings; and the decrease in trade and other payables was mainly because of the reduction in procurement activities and the trade payables settlements in faster pace.

Above all, the Group's net assets increased from approximately NTD712.5 million as at 31 December 2022 to approximately NTD805.6 million as at 31 December 2023.

(b) Comparison between 31 December 2023 and 31 December 2024

Total assets increased from approximately NTD2,102.9 million as at 31 December 2023 to approximately NTD2,444.5 million as at 31 December 2024 mainly attributable to the increase in inventories by approximately NTD310.5 million and the increase in cash and cash equivalents by approximately NTD43.6 million. Inventories increased mainly attributable to the increase in finished good; and provision for impairment loss on inventories reduced substantially from approximately NTD171.2 million as at 31 December 2023 to approximately NTD44.7 million as at 31 December 2024. As advised by the management of the Group, inventories were affected by the fire accident such that the Group incurred a loss of approximately NTD257.8 million for damaged inventories for the year ended 31 December 2022; and such loss was partially reversed upon the written off of provision for impairment loss on inventories of approximately NTD128.0 million.

Total liabilities increased from approximately NTD1,297.3 million as at 31 December 2021 to approximately NTD1,624.0 million as at 31 December 2024 mainly attributable to (i) the increase in contract liabilities by approximately NTD248.7 million as a result of more deposits received from customers; and (ii) the increase in trade payables and other payables by approximately NTD71.1 million mainly because of the increase of orders, which led to a corresponding increase in procurement as advised by the management of the Group.

Above all, the Group's net assets increased slightly from approximately NTD805.6 million as at 31 December 2023 to approximately NTD820.5 million as at 31 December 2024.

(c) Comparison between 31 December 2024 and 30 June 2025

Total assets increased from approximately NTD2,444.5 million as at 31 December 2024 to approximately NTD2,556.2 million as at 30 June 2025 mainly attributable to the (i) increase in inventories by approximately NTD56.6 million mainly because of the increase in demand from major customers and the Group had replenished inventory in order to shorten delivery lead time as advised by the management of the Group; and (ii) the increase in prepayments, deposits and other receivables by approximately NTD52.6 million mainly because some equipment orders required prepayments as advised by the management of the Group.

Total liabilities increased from approximately NTD1,624.0 million as at 31 December 2024 to approximately NTD1,667.4 million as at 30 June 2025 mainly attributable to the increase in contract liabilities by approximately NTD118.7 million, the increase in lease liabilities by approximately NTD15.8 million and the increase in current income tax liabilities by approximately NTD22.6 million. As advised by the management of the Group, the increase in contract liabilities was mainly because new orders from customers increased such that receipt of deposits increased as compared to that as at 31 December 2024, the increase in lease liabilities was mainly because of the addition of new transportation equipment leasing contracts and the renewal of the factory lease and the increase in current income tax liabilities was in line with the increase in profit. The above was partly offset by the decrease in trade and other payables by approximately NTD72.1 million and the reduction in bank borrowings by approximately NTD41.7 million. As advised by the management of the Group, the decrease in trade and other payables was mainly because of the settlement of trade payables in faster pace and the adjustments to the procurement schedule; and the decrease in bank borrowings was mainly because of the partial repayment of the Group's short-term loans in accordance with the repayment schedule.

Above all, the Group's net assets increased slightly from approximately NTD820.5 million as at 31 December 2024 to approximately NTD888.7 million as at 30 June 2025.

Future prospects

The Group is a turnkey solution provider and exporter of parts and used SME in Taiwan, mainly engaging in providing turnkey solutions for parts and used SME for customers and modifying and/or upgrading the semiconductor equipment of its production systems according to customers' needs. In addition, the Group also engages in the trading of SME and parts.

As mentioned in the Interim Report 2025, with the rapid development of global AI technology, the semiconductor industry is facing a historic turning point in its development. As the core support for the innovation and application of AI algorithms, the semiconductor industry plays an irreplaceable role in driving the digital transformation of global industries. Amidst the current volatile international landscape and the booming development of AI technology, the semiconductor industry faces challenges in supply chain stability while also embracing significant opportunities for intelligent upgrades. In the first half of 2025, the global semiconductor market continued its growth momentum. Driven by new technologies such as AI, the penetration rates of new technologies and products in areas such as automotive electronics, new energy, the Internet of Things, big data and artificial intelligence continued to rise. Furthermore, the deepening development of cutting-edge technologies such as “AI+” and “5G+”, along with the rapid growth in demand for AI computing power, have become key drivers of semiconductor demand, creating a favourable development environment for semiconductor companies. Driven by the strong momentum of AI technology, the semiconductor industry is entering a period of rapid growth in economic profits. The Group will continue to closely monitor market trends, enhance its adaptability, and further strengthen its competitive edge in the semiconductor market.

We have reviewed the report “Global Semiconductor Industry Outlook for 2025”, insights from the 20th annual survey conducted by KPMG LLP and Global Semiconductor Alliance in the fourth quarter of 2024. KPMG LLP is a global network of professional firms providing audit, tax and advisory services; and according to its official website (<https://www.gsaglobal.org/old-homepage/>), Global Semiconductor Alliance is an organization which provides a unique neutral platform for collaboration with peers, partners and customers to accelerate the growth of the semiconductor industry; where it has 300 corporate members across all 6 continents, including over 100 public companies. Based on the feedbacks to the survey, the following matters are noted in the report: (i) 92% of semiconductor leaders surveyed forecasted industry’s revenue will grow in the coming year; and 36% of semiconductor leaders surveyed predicted revenue growth of more than 10%; (ii) semiconductor leaders believe that AI enablers (including high bandwidth memory) are the production technology that will have the greatest impact on the industry over the next three years; (iii) 35% of executives surveyed are concerned that new competitors will emerge as non-traditional semiconductor companies (tech giants, platform companies, and automotive companies) expand their chip capabilities, signaling a shift in the industry’s outlook. To compare, last year only 19% of semiconductor leaders cited new competition as a concern; and (iv) 29% of respondents believed there was already an excess of semiconductor inventory. Further mitigating surplus concerns, reducing on-hand inventory levels was the most frequent action semiconductor companies have taken, or expect to take in the next year, in response to the economic environment. In addition, armed conflicts and tariffs were named the two most concerning geopolitical matters that could affect the semiconductor ecosystem over the next two years.

Based on the report “Global Semiconductor Industry Outlook for 2025”, it is anticipated that the semiconductor industry will achieve growth in revenue in the coming year. The Company is also mentioned in its Interim Report 2025 that in the face of a complex environment characterised by escalating geopolitical tensions and the expansion of trade protectionism, the Group adheres to its core strategy of prudence and stability, striving to strengthen the stability and continuity of cooperation with existing international clients while actively expanding new clientele to diversify risks. However, we remain skeptical about how quickly and effectively the Company can achieve diversification to alleviate the impact of macroeconomic uncertainties in the short run. Given the new competition from non-traditional semiconductor companies, the trend of adopting new technologies such as AI technology in the semiconductor industry, the excess semiconductor inventory in the industry and the geopolitical matters brought by conflicts and tariffs as discussed in the aforesaid report, the sustainability of the Group’s business performance is uncertain.

(2) Offeror’s intention regarding the Company

As set out in the section headed “Intention of the Offeror with regard to the Group” in the Explanatory Memorandum in Part VII to the Scheme Document, it is the intention of the Offeror to continue the existing principal businesses of the Group. Upon implementation of the Proposal and the Scheme, the Offeror will conduct a strategic review of the business operations of the Group in order to formulate detailed business plans and strategies for future business development. As at the Latest Practicable Date, the Offeror had (a) no intention to introduce any material changes to the business of the Group (including any major redeployment of any fixed assets of the Group), or to discontinue the employment of any employee as a result of the implementation of the Proposal and/or the Scheme (other than in the ordinary course of business), and (b) no agreement, arrangement, understanding, intention, or negotiation regarding any disposal, termination, or scaling down of the Group’s existing business, nor any disposal, restructuring, or redeployment of the Group’s assets.

(3) Information on the Offeror

As set out in the section headed “Information on the Offeror” in the Explanatory Memorandum in Part VII to the Scheme Document, the Offeror is a corporation incorporated in the State of Missouri, the U.S. The Offeror Group is a world-class industrial technology group that develops advanced thermal systems which are used in a wide range of demanding industrial applications. The Offeror Group holds more than 1,100 patents and employs over 4,000 team members working in technology centers and manufacturing sites in the U.S., Mexico, Europe and Asia.

The Offeror is wholly owned by TWE Intermediate Holdings, Inc., a wholly owned subsidiary of TWE Holdings, LLC, which is held as to 59% by TWE Aggregator Holdings, LLC, which in turn is held as to 87% by Tinicum L.P. Tinicum L.P. and its affiliated investment partnerships (collectively, “**Tinicum**”) own a diversified group of manufacturing, distribution, and industrial technology companies. Tinicum’s assets under management are approximately US\$3.8 billion. Tinicum is controlled by its general partner, Tinicum Lantern III L.L.C. Tinicum Lantern III L.L.C. is a member-managed limited liability corporation and Mr. Eric Ruttenberg is its sole managing member who has the ability to direct major decisions of Tinicum Lantern III L.L.C. and ultimately indirectly controls all the voting rights of the Offeror. Mr. Eric Ruttenberg is the managing partner of Tinicum.

(4) Reasons for and benefits of the Proposal

The section headed “Reasons for and benefits of the Proposal” in the Explanatory Memorandum in Part VII to the Scheme Document sets out the reasons for and benefits of the Proposal and is summarised as follows.

For Scheme Shareholders

The low trading liquidity of the Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. The Proposal and the Scheme present an immediate opportunity for Scheme Shareholders to monetise their investments for cash and redeploy the proceeds from accepting the Proposal and the Scheme into other investment opportunities. The Proposal and Scheme allow an exit for the Scheme Shareholders at a compelling premium to the current market price.

Details of our review of the trading prices and liquidity of the Shares are set out in the sections headed “(5)(a) Historical price performance of the Shares” and “(5)(b) Historical trading liquidity of the Shares” below in this letter. Trading liquidity of the Shares has been at a low level over a long period in recent period of time prior to the release of the Announcement. The low trading liquidity of the Shares has rendered it difficult for the Scheme Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares, if feasible.

Taking into consideration our analysis on historical price performance of the Shares and trading liquidity of the Shares, and the comparable analysis of the Cancellation Price with comparable companies performed in the section headed “(6) Comparable companies” below in this letter, we are of the view that the terms of the Proposal are fair and reasonable so far as the Scheme Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

For the Offeror and the Company

The Offeror believes that the taking private of the Company will be beneficial to the Company as it will permit the Offeror and 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 publicly listed company. As mentioned in the Letter from the Board, the Proposal put forth by the Offeror is expected to strengthen the competitiveness of the merged businesses, allowing them to continue delivering excellent products and services to their customers. In particular, the Proposal will expand the Offeror's customer base, and the Company's jacket heater product line designed for semiconductor fabrication facilities will complement the Offeror's existing product portfolio. The Proposal will increase the Offeror's East Asian manufacturing footprint near key customers, with experienced operations, engineering, and service teams. The Offeror's global organization and resources will also enhance the Company's ability to support customers globally. The Proposal and the Scheme, which entail the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company's listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group's business.

We have reviewed the announcements and annual reports published by the Company, it has not announced or completed any equity fund raising since listing on GEM in 2017, notwithstanding the net proceeds from the initial public offering of the Company in 2017 were full utilized in 2020. Taking into consideration the closing prices and liquidity of the Shares further discussed in "(5)(a) Historical price performance of the Shares" and "(5)(b) Historical trading liquidity of the Shares" below in this letter, we concur with the Offeror and the Company that maintaining the listing status may be insignificant to the Group from financing perspective as the costs and pressure involved outweigh benefits from the listing of the Shares.

(5) Cancellation Price

The Cancellation Price of HK\$0.245 per Scheme Share represents:

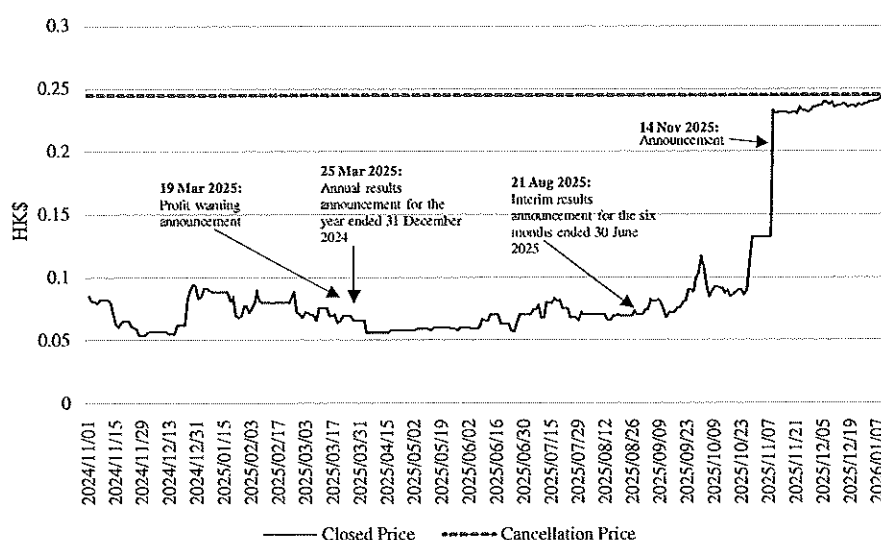
- (a) a premium of approximately 1.66% over the closing price of HK\$0.241 per Share as quoted on the Stock Exchange on 16 January 2026, being the Latest Practicable Date;
- (b) a premium of approximately 87.0% over the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on 5 November 2025, being the Last Trading Date;
- (c) a premium of approximately 122.7% over the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on 4 November 2025, being the Last Full Trading Date;
- (d) a premium of approximately 160.6% over the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;

- (e) a premium of approximately 169.2% over the average closing price of approximately HK\$0.091 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 214.1% over the average closing price of approximately HK\$0.078 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 240.3% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (h) a premium of approximately 175.3% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on 3 November 2025, being the Undisturbed Date;
- (i) a premium of approximately 178.4% over the average closing price of approximately HK\$0.088 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- (j) a premium of approximately 178.4% over the average closing price of approximately HK\$0.088 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (k) a premium of approximately 218.2% over the average closing price of approximately HK\$0.077 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- (l) a premium of approximately 245.1% over the average closing price of approximately HK\$0.071 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- (m) a premium of approximately 21.3% over the audited net asset value attributable to Shareholders of approximately HK\$0.202 per Share as at 31 December 2024, calculated based on the latest audited consolidated net asset value of the Company attributable to the Shareholders of approximately NTD820 million (equivalent to approximately HK\$202 million based on the exchange rate of HK\$1:NTD4.07 as at 31 December 2024 as published by the Hong Kong Monetary Authority for illustrative purposes) as at 31 December 2024 and 1,000,000,000 Shares in issue as at the Latest Practicable Date; and
- (n) a premium of approximately 12.4% over the unaudited net asset value attributable to Shareholders of approximately HK\$0.218 per Share as at 30 June 2025, calculated based on the latest unaudited consolidated net asset value of the Company attributable to the Shareholders of approximately NTD889 million (equivalent to approximately HK\$236 million based on the exchange rate of HK\$1:NTD3.76 as at 30 June 2025 as published by the Hong Kong Monetary Authority for illustrative purposes) as at 30 June 2025 and 1,000,000,000 Shares in issue as at the Latest Practicable Date.

It is mentioned in the Letter from the Board that the Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historical prices of the Shares traded on the Stock Exchange, the publicly available financial information of the Group, and with reference to other take private transactions in Hong Kong in recent years.

(a) Historical price performance of the Shares

Set out below is the movement of the daily closing prices of the Shares during the period from 1 November 2024 (being about 12 full calendar months before the date of the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company) up to and including the Latest Practicable Date (the “Review Period”), and comparison between the historical price performance of the Shares and the Cancellation Price of HK\$0.245 during the Review Period. We consider a period of approximately one year is reasonable and representative to illustrate the recent price movements of the Shares, which reflects the prevailing market sentiment for conducting a reasonable comparison between the closing prices of Shares and the Cancellation Price:



Source: website of the Stock Exchange

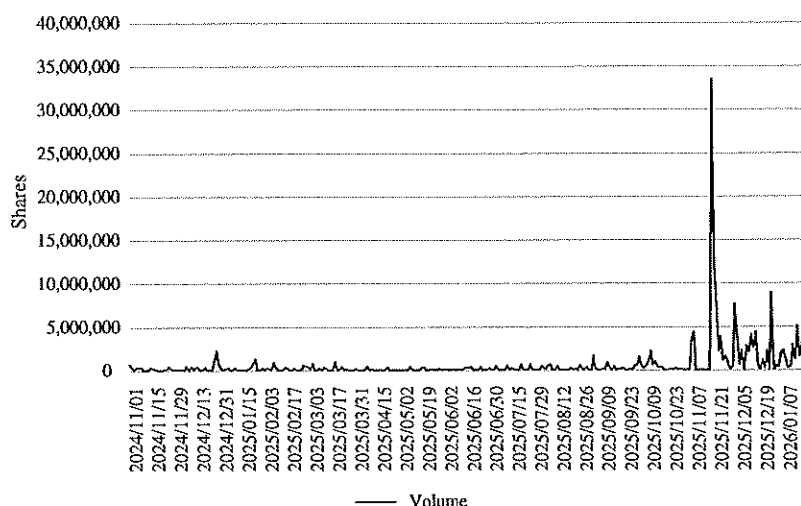
The Cancellation Price was consistently well above the closing price of the Shares during the Review Period. The lowest and highest closing prices of the Shares were HK\$0.054 per Share recorded during the period from 28 November 2024 to 2 December 2024 and HK\$0.241 per Share recorded on 16 January 2026 as quoted on the Stock Exchange. The average daily closing price of the Shares during the Review Period is HK\$0.095 per Share. The Cancellation Price of HK\$0.245 represents (i) premium of approximately 1.66% over the highest closing price; (ii) a premium of approximately 156.95% over the average daily closing price; and (iii) a premium of approximately 353.70% over the lowest closing price.

The closing price of the Shares generally showed a downward trend from 5 November 2024 to 28 November 2024 and reached the lowest closing price of HK\$0.054 at 28 November 2024 and stayed at such closing price until 2 December 2024; then, the closing price of the Shares was on an upward momentum and reached HK\$0.094 on 30 December 2024. The closing price of the Shares then fluctuated with a downward trend in general from HK\$0.093 on 31 December 2024 to HK\$0.056 on 7 April 2025. The Directors confirmed that they are not aware of any reasons for the aforesaid movements of the closing price of the Shares save for on 19 March 2025 (after trading hours), the Company published the profit warning announcement for the year ended 31 December 2024; and on 25 March 2025 (after trading hours), the Company published both the annual results announcement and the annual report for the year ended 31 December 2024. As compared to the corresponding year in 2023, revenue for the year ended 31 December 2024 decreased by approximately 30.08% to approximately NTD931.96 million; and the profit for the year attributable to owners of the Company decreased by approximately 73.21% to approximately NTD24.28 million.

The closing price of the Shares remained relatively stable in the range between HK\$0.056 and HK\$0.06 from 8 April 2025 to 10 June 2025. The closing price of the Shares moved up and down between HK\$0.057 and HK\$0.083 from 11 June 2025 to 17 September 2025. The Directors confirmed that they are not aware of any reasons for the aforesaid movements of the closing price of the Shares save for on 21 August 2025 (after trading hours), the Company published the interim results announcement for the six months ended 30 June 2025. As compared to the corresponding period in 2024, revenue for the six months ended 30 June 2025 increased by approximately 9.40% to approximately NTD585.31 million and profit for the period attributable to owners of the Company increased by approximately 25.83% to approximately NTD48.70 million. Subsequently the closing price of the Shares showed an upward trend and reached HK\$0.116 on 8 October 2025, but then it moved downward with fluctuations to HK\$0.086 on 31 October 2025 before picking up to HK\$0.131 on 5 November 2025 before the trading halt from 10:54 a.m. in the morning pending the publication of the Announcement. The trading of the Shares on the Stock Exchange resumed at 9:00 a.m. on 17 November 2025, on which day the closing price of the Shares was HK\$0.23. The closing price of the Shares then remained in the range of approximately HK\$0.23 to HK\$0.24, and closed at HK\$0.241, the highest closing price of the Shares during the Review Period, on 16 January 2026, being the Latest Practicable Date. The Directors confirmed that save for the publication of the Announcement, they are not aware of any reasons for aforesaid movements of the closing price of the Shares.

(b) *Historical trading liquidity of the Shares*

Set out below is the daily trading volume of the Shares during the Review Period:



Source: website of the Stock Exchange

During the Review Period, the Company had a total of 1,000,000,000 issued Shares; of which, 295,500,000 Shares constituted the public float of the Company (after excluding 2,450,000 Shares held by a Director, namely Mr. Chiang Ting-Kuo and a total of 702,050,000 Shares held by the substantial shareholders of the Company and their respective parties acting in concert, if any. Please refer to the Interim Report 2025 for details). The average daily trading volume of the Shares per month, the respective percentages of the average daily trading volume as compared to the total number of issued Shares at the beginning of each calendar month, and the respective percentages of the average daily trading volume as compared to the total number of issued Shares held by the public at the beginning of each calendar month, are tabulated as below:

Month/period	Number of trading days	Average daily trading volume	Percentage of average daily trading volume to the total number of issued Shares as at the Latest Practicable Date (Note 1)	Percentage of average daily trading volume to the total number of the Shares held by public Shareholders as at the Latest Practicable Date (Note 2)
2024				
November	21	145,000	0.015%	0.049%
December	20	305,000	0.031%	0.103%

Month/period	Number of trading days	Average daily trading volume	Percentage of average daily trading volume to the total number of issued Shares as at the Latest Practicable Date (Note 1)	Percentage of average daily trading volume to the total number of the Shares held by public Shareholders as at the Latest Practicable Date (Note 2)
2025				
January	19	181,842	0.018%	0.062%
February	20	185,000	0.019%	0.063%
March	21	144,762	0.014%	0.049%
April	19	46,842	0.005%	0.016%
May	20	55,500	0.006%	0.019%
June	21	80,000	0.008%	0.027%
July	22	138,636	0.014%	0.047%
August	21	147,143	0.015%	0.050%
September	22	329,091	0.033%	0.111%
October	20	338,000	0.034%	0.114%
November (Note 3)	13	5,485,385	0.549%	1.856%
December	21	2,191,905	0.219%	0.742%
2026				
January (up to the Latest Practicable Date)	11	2,081,818	0.208%	0.705%
	Maximum	5,485,385	0.549%	1.856%
	Minimum	46,842	0.005%	0.016%
	Average	790,395	0.079%	0.267%

Source: website of the Stock Exchange

Notes:

1. Based on 1,000,000,000 Shares in issue as at the Latest Practicable Date.
2. Based on 295,500,000 Shares held by public Shareholders as at the Latest Practicable Date.
3. The trading of the Shares on the Stock Exchange was suspended from 10:54 a.m. on 5 November 2025 until the date of the Announcement.

As illustrated in the table above, the trading of the Shares was generally inactive during the Review Period except in November 2025, December 2025 and January 2026 (up to the Latest Practicable Date). During the period from November 2024 to October 2025, the average daily trading volume of the Shares per month ranged from approximately 0.005% to approximately 0.034% of the total number of issued Shares, or approximately 0.016% to approximately 0.114% of the issued Shares constituting the public float of the Company. In November 2025, the trading of the Shares became more active with the average daily trading volume of the Shares per month representing approximately 0.549% of the total number of issued Shares, or approximately 1.856% of the issued Shares constituting the public float of the Company. In December 2025, the average daily trading volume of the Shares per month representing approximately 0.219% of the total number of issued Shares, or approximately 0.742% of the issued Shares constituting the public float of the Company. In January 2026, the average daily trading volume of the Shares per month representing approximately 0.208% of the total number of issued Shares, or approximately 0.705% of the issued Shares constituting the public float of the Company. The Directors confirmed that save for on 14 November 2025, the Company published the Announcement, they are not aware of any reasons for surge in trading volume of the Shares in November 2025, December 2025 and January 2026 (up to the Latest Practicable Date). Apart from more active trading of the Shares in November 2025, December 2025 and January 2026 (up to the Latest Practicable Date), the trading in the Shares had been historically inactive; and save for the trading halt announcement, the Announcement, the announcement of the Company dated 5 December 2025 in relation to the update on timeline for despatch of the Scheme Document, the Additional Irrevocable Undertaking Announcement and the announcement of the Company dated 5 January 2026 in relation to the monthly update of the Proposal, there was no announcement published by the Company from November 2025 to the Latest Practicable Date which may support the rise in trading volume. On this basis, the trading liquidity in November 2025, December 2025 and January 2026 (up to the Latest Practicable Date) might be a temporary boost. The surge in the closing price of the Shares immediately after publication of the Announcement was potentially contributed by the market reactions towards the Proposal and may not be sustainable. Given the historical thin trading liquidity, the Disinterested Shareholders, especially those holding substantial stakes, may find it difficult to dispose of a large volume of Shares in the open market without exerting downward pressure on the price of the Shares. The Proposal consequently represents a good opportunity for the Disinterested Shareholders to exit at a fixed cash price, which also represents premium over the closing price of the Shares for certain period of time before the release of the Announcement.

Having considered that (i) the historical trading liquidity was thin as mentioned above; (ii) the Cancellation Price represents a premium over the closing price of the Shares throughout the entire Review Period; and (iii) the Cancellation Price represents a premium of approximately 87.0% over the closing price of the Shares on the Last Trading Date and a premium of approximately 160.6%, 169.2%, 214.1% and 240.3% to the respective average closing price of the Shares for the 10, 30, 90 and 180 trading days up to and including the Last Trading Date, we are of the view that the Cancellation Price is fair and reasonable as far as the Disinterested Shareholders are concerned.

(6) Comparable companies

As disclosed in the paragraph headed “(1)(a) Background and historical financial information of the Group”, the Group generated revenue from (i) provision of turnkey solution. It is mentioned in the Annual Report 2024 that the parts and SME supplied by the Group include furnaces and clean tracks which are used at the front-end of the semiconductor manufacturing process and wafer fabrication; and (ii) trading of parts and used SME which represented approximately 44.9% and approximately 55.1%, respectively, to the total revenue of the Group for the year ended 31 December 2024. The Group generated revenue from Taiwan, U.S. and the PRC accounted for approximately 44.7%, approximately 20.0% and approximately 17.3%, respectively, to the total revenue of the Group for the year ended 31 December 2024.

In assessing the fairness and reasonableness of the Cancellation Price, we have, based on our search on Bloomberg, identified companies listed on the Stock Exchange primarily engaged in businesses similar to the Group’s operations, specifically (i) the provision of semiconductor solutions and/or sales of semiconductor equipment applied in semiconductor business; and (ii) over 50% of the total revenue was attributable to such business based on the respective latest published annual reports. Based on the above criteria, only one comparable company can be identified by all exhaustive means, namely ASMPT Ltd. (stock code: 522). As limited comparable companies listed on the Stock Exchange could be identified, we further widen our selection criteria to include companies listed on the stock exchange of Taiwan (i.e. Taiwan Stock Exchange Corporation) as the Group’s business is mainly based in Taiwan. We have identified an exhaustive list of seven more companies listed on Taiwan Stock Exchange Corporation that can satisfy the selection criteria (i) and (ii) above (together with ASMPT Ltd., the “Comparable Companies”).

Scheme Shareholders should note that despite the foresaid criteria, the business, the scale of operations, trading prospects, market locations and capital structure of the Group are not exactly the same as those of the Comparable Companies. We have not conducted any in-depth investigation into the businesses and operations of the Comparable Companies.

We have considered the three most commonly used benchmarks for valuation of companies, the price-to-earnings ratio (the “P/E Ratio”), the price-to-book ratio (the “P/B Ratio”), and the price-to-sales ratio (the “P/S Ratio”) analysis. The P/S Ratio is not applicable because it is usually used to value start-up companies for which both the book value and earnings are insignificant or non-existing. Notwithstanding that the Comparable Companies are not subject to privatisation proposals as at the Latest Practicable Date, a comparable analysis of P/E Ratios and P/B Ratios is a meaningful reference for assessing the fairness and reasonableness of the Cancellation Price since such ratios indicate the market value of businesses of similar nature with the Company in terms of principal activities and business outlook based on the selection criteria adopted.

The list of Comparable Companies set out below is exhaustive. Details of the Comparable Companies as at the Latest Practicable Date are summarised below:

Company listed on the Stock Exchange

No.	Company name (Stock code)	Principal activity	Market capitalization (HK\$'million)	P/E Ratio (times) (Note 2, 3)	P/B Ratio (times) (Note 4)
1	ASMPT Ltd. (522)	Design, manufacture and marketing of machines and tools used in semiconductor and electronics assembly industries	40,879.8	118.40	2.51

Companies listed on Taiwan Stock Exchange Corporation

No.	Company name (Stock code)	Principal activity	Market capitalization (HK\$' million) (Note 1)	P/E ratio (times) (Note 2, 3)	P/B ratio (times) (Note 4)
1	Gudeng Equipment Co Ltd (6953)	Manufactures and distributes semiconductor equipment and related components	2,001.0	33.80	5.22
2	Grand Process Technology Corp (3131)	Specializes in equipment for back end semiconductor manufacturing	12,912.8	61.86	10.48
3	Finesse Technology Co Ltd (7704)	Provides semiconductor equipment subsystem technical services, semiconductor equipment subsystem sales, and other services	390.2	17.65	1.40
4	Horng Terng Automation Co Ltd (7751)	Produces semiconductor automated production equipment, optical inspection equipment, and other equipment	5,716.3	78.92	10.05
5	Innostar Service Inc (7828)	Produces semiconductor probe card automation equipment, semiconductor precision automation equipment, advanced packaging high density copper pillar terminals, and others	5,335.3	144.16	21.72
6	Skytech Inc/TW (6937)	Produces semiconductor wafer manufacturing equipment machine and related parts and services	3,821.0	38.04	4.54

No.	Company name (Stock code)	Principal activity	Market capitalization (HK\$' million) (Note 1)	P/E ratio (times) (Note 2, 3)	P/B ratio (times) (Note 4)
7	Spirox Corp (3055)	Provides solutions, manufacturing equipment, software tools, and accessories to semiconductor and TFT-LCD industries	2,032.6	N/A	4.61
			Maximum	144.16	21.72
			Minimum	17.65	1.40
			Average	70.41	7.57
			Median	61.86	4.92
			Market capitalization (HK\$'million)		
	The Company	Provision of turnkey solution and trading of parts and used semiconductor manufacturing equipment	245.0	41.53 (Note 5)	1.04 (Note 6)

Notes:

1. Based on the exchange rate of HK\$1:NTD4.05 from Bloomberg as at the Latest Practicable Date (for illustrative purposes only).
2. The P/E ratio was based on the then market capitalization of Comparable Companies as at the Latest Practicable Date, divided by the profit attributable to the owners of the company of the Comparable Companies as stated in their respective latest available annual report.
3. N/A means the Comparable Companies incurred loss for the latest financial year.
4. The P/B ratio was based on the then market capitalization of Comparable Companies as at the Latest Practicable Date, divided by the equity attributable to the owners of the Company as stated in their respective latest available annual, interim or quarterly report.
5. The Implied P/E Ratio of approximately 41.53 times is based on (a) the implied market capitalization of the Company of HK\$245.0 million based on the Cancellation Price and the issued number of Shares as at the Latest Practicable Date; and (b) the audited profit attributable to the owners of the Company of approximately NTD24.28 million (equivalent to approximately HK\$5.90 million based on the exchange rate of HK\$1:NTD4.11 for illustrative purposes) for the year ended 31 December 2025 as extracted from the Annual Report 2024.
6. The Implied P/B Ratio of approximately 1.04 times is based on (a) the implied market capitalization of the Company of HK\$245 million based on the Cancellation Price and the issued number of Shares as at the Latest Practicable Date; and (b) the unaudited net asset value of the Company of approximately NTD888.7 million as at 30 June 2025 (equivalent to approximately HK\$235.7 million based on the exchange rate of HK\$1:NTD3.77 for illustrative purposes) as extracted from the Interim Report 2025.

Based on the Cancellation Price of HK\$0.245 per Scheme Share and the total number of issued Shares of 1,000,000,000 as at the Latest Practicable Date, the Company is valued at HK\$245.0 million. The P/E Ratio of the Company implied by the Cancellation Price is approximately 41.53 times (the “**Implied P/E Ratio**”); and the P/B Ratio of the Company implied by the Cancellation Price is approximately 1.04 times (the “**Implied P/B Ratio**”). As set out in the above table, the P/E Ratios of the Comparable Companies ranged from approximately 17.65 times to 144.16 times; with an average of approximately 70.41 times and median of approximately 61.86 times. The Implied P/E Ratio is within the range of that of the Comparable Companies and below the median of that of the Comparable Companies. We consider the Implied P/E Ratio is justifiable from the perspective of P/E Ratios analysis, having taken into account: (i) the Implied P/E Ratio is within the range of those of the Comparable Companies; (ii) the Cancellation price of HK\$0.245 was consistently well above closing prices of the Shares, which were HK\$0.054 per Share (i.e. the lowest closing price during the Review Period) recorded during the period from 28 November 2024 to 2 December 2024 and HK\$0.241 per Share (i.e. the highest closing price during the Review Period) recorded on 16 January 2026 as quoted on the Stock Exchange as discussed in our analysis under the section headed “(5)(a) Historical price performance of the Shares” above in this letter; and (iii) given the historical thin trading volume of the Shares as discussed in our analysis under the section headed “(5)(b) Historical trading liquidity of the Shares” above in this letter, it is uncertain as to whether there would be sufficient liquidity in Shares for the Disinterested Shareholders to dispose of a significant number of the Shares in the open market without causing an adverse impact on the market price of the Shares and accordingly, the Proposal gives Disinterested Shareholders an opportunity to receive cash for their Scheme Shares at premium over the market prices of the Company.

The P/B Ratios of the Comparable Companies ranged from approximately 1.40 times to 21.72 times, with an average of approximately 7.57 times and a median of approximately 4.92 times. Notwithstanding the Implied P/B Ratio of approximately 1.04 times is below the minimum of that of the Comparable Companies, the Cancellation Price represents a premium over the closing price of the Shares throughout the entire Review Period; and the closing price of the Shares in our view represents a more relevant factor when assessing the fairness and reasonableness of the Cancellation Price, as the net assets value (“NAV”) per Share might not reflect the intrinsic value of the Shares as illustrated in the table below:

	Latest published NAV per Share (Note 1)		Average closing price per Share (Note 2)	Approximate discount to NAV
	NTD	HK\$ equivalent	HK\$	
From 22 March 2024 to 14 August 2024 (i.e. the date the interim results announcement for the six months ended 30 June 2024 was published)	0.81	0.207 (Note 3)	0.058	(72.0)%
From 15 August 2024 to 25 March 2025 (i.e. the date the annual results announcement for the year ended 31 December 2024 was published)	0.83	0.200 (Note 4)	0.069	(65.5)%
From 26 March 2025 to 21 August 2025 (i.e. the date the interim results announcement for the six months ended 30 June 2025 was published)	0.82	0.194 (Note 5)	0.065	(66.5)%
From 22 August 2025 to the Latest Practicable Date	0.89	0.239 (Note 6)	0.150	(37.2)%

Source: website of the Stock Exchange and Bloomberg.

Notes:

1. The audited and unaudited consolidated net asset value per Share as at the respective year/period end date were extracted from the respective annual/interim results announcement published by the Company.
2. Represents the average closing price per Share during the period from the trading day following the publication by the Company of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. Based on the exchange rate of NTD1:HK\$0.2555 as at 31 December 2023 for illustrative purposes.
4. Based on the exchange rate of NTD1:HK\$0.2408 as at 30 June 2024 for illustrative purposes.
5. Based on the exchange rate of NTD1:HK\$0.2369 as at 31 December 2024 for illustrative purposes.
6. Based on the exchange rate of NTD1:HK\$0.2686 as at 30 June 2025 for illustrative purposes.

In view of the Implied P/B Ratio of approximately 1.04 times is below the minimum P/B Ratio of approximately 1.40 times and the average P/B Ratio of approximately 7.57 times of the Comparable Companies, we considered that the Cancellation Price is not fair and not reasonable from the perspective of P/B Ratios analysis. However, having considered that: (i) if the Proposal fails, the Disinterested Shareholders may not be able to dispose their Shares on-market at a premium in view of the thin trading volume of Shares and relatively low closing prices prior to the release of the Announcement; (ii) the Cancellation price represents a premium of approximately 87.0% and a premium of approximately 1.66% over the closing price as at the Last Trading Date and the Latest Practicable Date, respectively; and (iii) the Shares had been traded at discount to the NAV per Share for a prolonged period of time, we consider that the NAV per Share is not a meaningful benchmark to assess the Cancellation Price. The current market price of the Shares in general reflects the value of the Shares that is generally perceived by the market, we concurred with the management of the Group that it would be appropriate to make reference to other factors in determining the Cancellation Price. Other factors, which include but not limited to (i) the financial performance and business prospects of the Group; (ii) the Cancellation Price as compared to the historical prevailing closing prices of the Shares; (iii) the Implied P/E ratio as compared to the P/E Ratios of the Comparable Companies; (iv) the trading liquidity of the Shares and (v) the privatization precedents as set out in this letter below, form a more comprehensive analysis from the perspective of the Disinterested Shareholders in considering whether or not the Cancellation Price is fair and reasonable.

(7) Privatisation precedents

We have reviewed privatisation precedents of companies listed on the Stock Exchange that were announced and completed (i.e. the company being delisted from the Stock Exchange) since 1 July 2024 and up to the Latest Practicable Date (the “Privatisation Precedents”). In view of the aforesaid criteria, we identified an exhaustive list of 22 comparable Privatisation Precedents. Details of the Privatisation Precedents are summarized below:

Date of the first Rule 3.5/3.7 announcement	Company (stock code)	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 10 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 30 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 90 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 180 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/(to) latest NAV/ adjusted NAV attributable to owners of the company per share
26-Aug-2025	Shengjing Bank Co., Ltd. (2066)	15.8%	16.40%	4.4%	17.3%	(84.0)%
12-Aug-2025	Kangji Medical Holdings Limited (9997)	9.9%	11.5%	17.4%	21.2%	293.6%
31-Jul-2025	Joy City Property Limited (207)	67.6%	80.5%	129.7%	166.6%	(71.8)%
3-Jul-2025	Jilin Jiutai Rural Commercial Bank Corporation Limited (6122)	70.7%	62.2%	60.9%	8.8%	(16.3)%
17-Jun-2025	Beijing Properties (Holdings) Limited (925)	250.0%	247.4%	222.1%	183.9%	17.4%
9-Jun-2025	Perfect Group International Holdings Limited (3326)	61.3%	62.3%	58.2%	44.0%	(50.7)%
28-May-2025	LIPPO Limited (226) (“Lippo”) (Note 1)	53.0%	63.0%	71.2%	64.2%	(56.9)%
9-May-2025	Thing On Enterprise Limited (2292)	30.0%	30.0%	30.0%	32.2%	(49.3)%
11-Apr-2025	Shandong Fengxiang Co., Ltd. (9977)	33.3%	35.5%	39.9%	62.6%	(15.3)%
3-Mar-2025	OneConnect Financial Technology Co., Ltd. (6638)	23.1%	26.8%	29.6%	61.1%	(10.66)%
17-Feb-2025	Tam Jai International Co. Limited (2217)	75.6%	88.3%	96.3%	98.2%	44.7%
27-Dec-2024	Vesync Co., Ltd (2148)	33.3%	37.3%	44.4%	36.4%	122.3%
19-Dec-2024	Pentamaster Corporation Berhad (1665) (“Pentamaster”) (Note 2)	56.3%	58.5%	53.4%	51.5%	(32.6)%
10-Dec-2024	Fosun Tourism Group (1992)	95.0%	112.7%	111.2%	112.5%	(27.4)%
22-Nov-2024	Ronshine Service Holding Co., Ltd (2207)	15.4%	1.7%	(6.3)%	(6.5)%	(53.5)%
6-Nov-2024	Hang Chi Holdings Limited (8405)	14.8%	16.7%	16.7%	20.7%	45.8%

Date of the first Rule 3.5/3.7 announcement	Company (stock code)	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 10 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 30 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 90 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/to average closing price per share for the 180 trading days up to and including the last trading date	Premium/ (discount) of the offer/ cancellation price over/(to) latest NAV/ adjusted NAV attributable to owners of the company per share
28-Oct-2024	Beijing Capital Grand Limited (1329)	46.6%	55.1%	41.8%	65.4%	53.5% (53.8)%
14-Oct-2024	CM Hi-Tech Cleanroom Limited (2115)	25.0%	26.9%	30.2%	41.7%	38.1% (3.2)%
2-Sept-2024	Doyen International Holdings Limited (668)	78.6%	82.3%	81.4%	112.9%	92.3% (39.3)%
29-Aug-2024	Eggriculture Foods Ltd. (8609)	125.1%	125.6%	129.8%	186.5%	233.2% 30.5%
16-Jul-2024	Samson Holding Ltd. (531)	77.8%	105.4%	150.1%	184.5%	150.6% (47.1)%
7-Jul-2024	Canvest Environmental Protection Group Company Limited (1381)	20.7%	17.0%	20.9%	21.8%	23.5% 21.6%
	Maximum	250.0%	247.4%	222.1%	186.5%	233.2% 293.6%
	Minimum	9.9%	1.7%	(6.3)%	(6.5)%	(16.3)% (84.0)%
	Average	58.1%	62.0%	65.1%	72.2%	70.0% (4.6)%
	Median	49.8%	56.8%	48.9%	56.3%	48.5% (30.0)%
14-Nov-2025	The Company	87.0%	160.6%	169.2%	214.1%	240.3% 12.4%

Source: Bloomberg and the website of the Stock Exchange

Notes:

1. The cancellation price for Lippo represents the total cash entitlement under the cash alternative scenario, and the prices of the shares have been adjusted to reflect the distribution of 1,193,432,757 shares of Hongkong Chinese Limited (stock code: 655) with the ex-entitlement date on 13 January 2025 as sourced from the website of the Hong Kong Stock Exchange.
2. The cancellation price of Pentamaster includes special dividend of HK\$0.07 per share.

Although the companies listed above may have different principal activities, market capitalisation, financial performance and position as compared with those of the Company, we consider that the Privatisation Precedents, involving companies listed on the Stock Exchange, can provide a comprehensive overview of the market trend of the pricing of this type of transaction in Hong Kong equity capital market and of the acceptable premium range that disinterested shareholders are willing to accept for tendering their shares in a privatisation transaction.

The premium represented by the Cancellation Price over the closing price of the Shares on the Last Trading Date and 10-, 30-, 90- and 180-trading days up to and including the Last Trading Date, are higher than the corresponding average and median represented by Privatisation Precedents, within the range of the premiums or discounts of the Privatisation Precedents, or higher than the maximum of those of the Privatisation Precedents. Furthermore, the premium of the Cancellation Price over the unaudited net asset value attributable to Shareholders is well within the range of the corresponding premium or discount of the Privatisation Precedents and is better than the average and median of the Privatisation Precedents.

Given (i) the premiums represented by the Cancellation Price over the closing price of the Shares on the Last Trading Date and average closing prices of the Share for various trading periods are in line with (or better than) those under the Privatisation Precedents; and (ii) if the Proposal fails, other things being equal, the market price of the Shares may return to the previous low levels before the date of the Announcement and below the Cancellation Price of HK\$0.245 per Share, we are of the view that the Cancellation Price is reasonable.

(8) Dividends

We have observed that the Company did not declare any dividends for about five years from the year ended 31 December 2021 to the year ended 31 December 2024 and the six months ended 30 June 2025. As the Company has refrained from distributing dividends over the past consecutive years, Disinterested Shareholders who favour dividend-paying listed issuers providing dividend yield and/or growth may consider reallocating their investments to other listed issuers that offer dividend yields. While historical payment patterns do not guarantee future performance, the Disinterested Shareholders should take note of such historical trends when evaluating the reasonableness and fairness of the Proposal.

RECOMMENDATION

Based on the above principal factors and reasons, in particular, having considered the following key factors:

- (i) the Cancellation Price of HK\$0.245 was consistently well above the closing prices of the Shares during the Review Period;
- (ii) the Cancellation Price represents premium of approximately 87.0% over the closing price of the Shares as at the Last Trading Date and a premium of approximately 160.6%, 169.2%, 214.1% and 240.3% to the respective average closing price of the Shares for the 10, 30, 90 and 180 trading days up to and including the Last Trading Date;
- (iii) if the Proposal fails, other things being equal, the market price of the Shares may return to the previous low levels before the date of the Announcement and below the Cancellation Price;
- (iv) the Company did not declare any dividends for about five years from the year ended 31 December 2021 to the year ended 31 December 2024 and the six months ended 30 June 2025. While historical payment patterns do not guarantee future performance, Disinterested Shareholders should take note of such historical trends when evaluating the reasonableness and fairness of the Proposal;


- (v) the premiums represented by the Cancellation Price over the closing price of the Shares on the Last Trading Date and average closing prices of the Share for various trading periods are in line with (or better than) those under the Privatisation Precedents, thus the level of premium of the Cancellation Price over the closing price of the Shares is reasonable;
- (vi) the trading liquidity of the Shares was generally thin during the Review Period. The Proposal enables the Disinterested Shareholders to receive immediate cash proceeds from a fixed Cancellation Price amidst low trading liquidity of the Shares without exerting downward pressure on the market price of the Shares;
- (vii) it remains uncertain as to whether the improvement in profitability of the Group for the six months ended 30 June 2025 can be sustained in the long run, as the Group has just recovered from the decline in its financial results for the year ended 31 December 2024. The Scheme represents an assured exit for the Scheme Shareholders; and
- (viii) as the Group operates in the semiconductor industry, which is facing various challenges as mentioned in the paragraph headed “Future prospects” under “(1) Financial information and prospects of the Group” in this letter, it remains uncertain as to whether its business performance can be sustained in the long run,

we consider the Proposal and Scheme to be fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the resolution(s) in connection with the implementation of the Proposal and the Scheme at the EGM.

Yours faithfully,
For and on behalf of
SBI China Capital Hong Kong Securities Limited



Ringo Kwan
Managing Director



Evelyn Fan
Executive Director

Mr. Ringo Kwan and Ms. Evelyn Fan have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2012, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.