

22 June 2026

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

Dear Sirs or Madams,

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

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

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of the Cancellation Price of HK\$0.45 for every Scheme Share in cash, and the listing of the Shares will be withdrawn from the Stock Exchange.

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

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

INDEPENDENCE

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

BASIS OF OUR OPINION

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

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

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

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

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

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

PRINCIPAL TERMS OF THE PROPOSAL AND THE OPTION PROPOSAL

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

1. Terms of the Proposal

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

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

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

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

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

2. Cancellation Price

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

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

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

3. Conditions of the Proposal and the Scheme

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

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

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

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

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

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

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

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

4. The Option Proposal

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

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

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

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

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

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Information on the Group

1.1. Principal businesses and information of the Group

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

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

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

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

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

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

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

1.2. Historical financial information of the Group

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

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

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

Notes:

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

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

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

Review of historical financial information

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

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

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

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

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

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

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

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

Provision/reversal of impairment losses on financial assets

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

In respect of loans to other parties:

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

In respect of trade receivables:

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

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

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

In respect of other receivables:

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

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

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

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

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

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

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

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

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

Uncertainties of the Group's energy storage business

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

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

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

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

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

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

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

1.3. Dividend policy and historical dividend payouts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.1. Information on the Offeror

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

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

2.2. Intention of the Offeror with regard to the Group

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

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

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

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

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

3. Reasons for and benefits of the Proposal

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

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

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

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

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

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

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

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

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

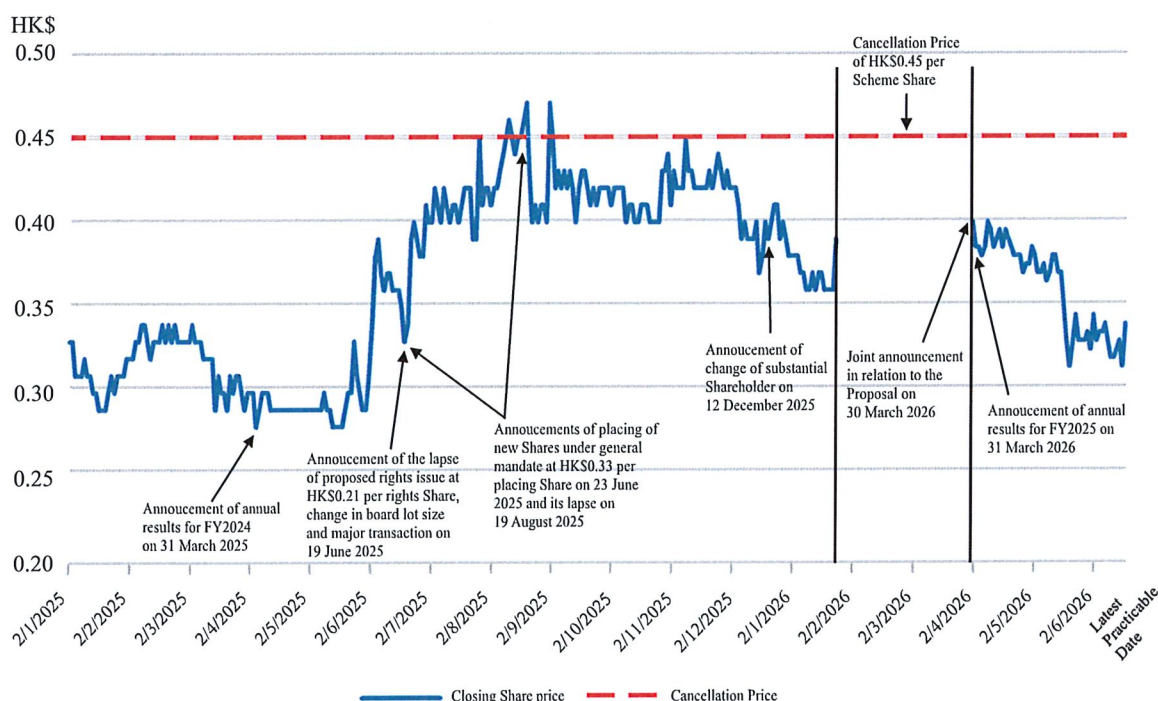
- in the midst of the constraints in equity financing, we have further noted that the Company has turned to debt financing by the issuance of (i) a bond of HK\$5,000,000 on 18 October 2024 at the rate of 4% per annum with a term of 7 years, which will be due by 17 October 2031; (ii) a bond of HK\$20,000,000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

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

4. Analysis of price performance of the Shares

4.1. Historical price performance of the Shares

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



Source: website of the Stock Exchange (www.hkex.com.hk)

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

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

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

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

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

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

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

4.2. Trading liquidity of the Shares

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

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

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

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

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

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

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

4.3. Cancellation Price comparisons

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

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

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

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

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

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

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

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

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

5. Comparable Companies

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

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

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

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

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

Source: Website of the Stock Exchange (www.hkex.com.hk)

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Privatisation precedents

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

7. Overall discussion and assessment on the Cancellation Price

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

From the market perspective:

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

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

From the valuation perspective:

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

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

From the fundamentals perspective:

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

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

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

8. The Option Proposal

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

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

RECOMMENDATIONS

The Proposal

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

The Option Proposal

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

OTHER REMINDERS

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

Yours faithfully,
For and on behalf of
Mango Financial Limited



Andrew Lau
Responsible Officer



Archie Fong
Responsible Officer

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

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