

November 14, 2025

**GENES TECH GROUP HOLDINGS COMPANY LIMITED**

**AND**

**WATLOW ELECTRIC MANUFACTURING COMPANY**

---

**IMPLEMENTATION AGREEMENT**

---

## CONTENTS

Clause	Page
1. INTERPRETATION .....	1
2. ANNOUNCEMENT AND CONDITIONS .....	8
3. IMPLEMENTATION OF THE PROPOSAL .....	8
4. OBLIGATIONS WITH REGARD TO THE SCHEME .....	10
5. ALTERNATIVE PROPOSALS .....	11
6. CONDUCT OF BUSINESS .....	12
7. COMPANY'S WARRANTIES .....	14
8. OFFEROR'S WARRANTIES .....	14
9. STOCK EXCHANGE DELISTING .....	15
10. ANNOUNCEMENTS .....	15
11. CONFIDENTIALITY .....	15
12. TERMINATION .....	16
13. COSTS .....	16
14. NOTICES .....	16
15. GENERAL .....	17
16. GOVERNING LAW AND ARBITRATION .....	18
SCHEDULE 1 COMPANY'S WARRANTIES .....	19
SCHEDULE 2 OFFEROR'S WARRANTIES .....	34

**THIS AGREEMENT** is made on November 14, 2025

**BETWEEN:**

- (1) **GENES TECH GROUP HOLDINGS COMPANY LIMITED**, a company incorporated in the Cayman Islands as an exempted company with limited liability whose registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands (the “**Company**”); and
- (2) **WATLOW ELECTRIC MANUFACTURING COMPANY**, a private limited company with limited liability incorporated in the State of Missouri, USA whose registered office is at 12001 Lackland Road, St. Louis, Missouri 63146 (the “**Offeror**”).

**WHEREAS:**

- (A) The Offeror intends to privatize the Company, the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8257), by way of a scheme of arrangement under section 86 of the Companies Act on the terms and subject to the conditions set out in the Announcement; and
- (B) The Parties wish to set out the terms and conditions of the Proposal,

**NOW THEREFORE**, in consideration of the foregoing recitals and of the mutual agreements and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**1. INTERPRETATION**

- 1.1 In this Agreement, unless the context requires otherwise:

“**Alternative Proposal**” means:

- (a) an offer or possible offer (in either case whether or not subject to pre-conditions) put forward by any third party which is not acting in concert with the Offeror in respect of, or for, the issued ordinary share capital of the Company;
- (b) the sale or possible sale of any direct or indirect interest in all or a substantial part of the assets or undertakings of the Group;
- (c) any other transaction which would, if implemented, result in a change or *de facto* change of Control of the Company;
- (d) any transaction proposed by the Company involving a return of capital or non-routine dividend or any other distribution to the Shareholders, other than approved by the Offeror in writing;
- (e) any other arrangement having an effect similar to any of paragraphs (a) to (c) above;
- (f) a transaction or series of related transactions which would or is reasonably likely to preclude or restrict the Proposal and/or the Scheme,

in each case howsoever it is proposed that such offer, proposal or transaction be implemented (whether, without limitation, by way of scheme of arrangement, merger, business combination, dual listed company structure or otherwise).

“**Announcement**” means the joint announcement to be published by the Offeror and the Company pursuant to Rule 3.5 of the Takeovers Code in respect of the Proposal, substantially in the form agreed

by the Parties (subject to such changes as may be requested by the Executive and/or the Stock Exchange).

**“Anti-Bribery Laws”** means any Applicable Law relating to anti-bribery or anti-corruption (governmental or commercial), including, without limitation, the US Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, the Anti-Corruption Act (貪污治罪條例) of Taiwan, the Criminal Code (刑法) of Taiwan, the Civil Code (民法) of Taiwan, the Company Act (公司法) of Taiwan, the Government Procurement Act (政府採購法) of Taiwan, the Political Donations Act (政治獻金法) of Taiwan, the Act on Recusal of Public Servants Due to Conflicts of Interest (公職人員利益衝突迴避法) of Taiwan, the Act to Implement United Nations Convention against Corruption (聯合國反貪腐公約施行法) of Taiwan, the Public Interest Whistleblower Protection Act (公益揭弊者保護法) of Taiwan, the Organic Statute for Anti-Corruption Administration (法務部廉政署組織法) of Taiwan, the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong), and the Anti-Corruption Act (as amended) of the Cayman Islands;

**“Anti-Money Laundering Laws”** means any Applicable Law relating to anti-money laundering and terrorism financing (including financial recordkeeping and reporting requirements), including, without limitation, the US Currency and Foreign Transactions Reporting Act of 1970, the US Money Laundering Control Act of 1986, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, the UK Proceeds of Crime Act 2002, the UK Terrorism Act of 2000, the Money Laundering Control Act (洗錢防制法) of Taiwan, the Counter-Terrorism Financing Act (資恐防制法) of Taiwan, the Foreign Trade Act (貿易法) of Taiwan, the Regulations Governing the Export and Import of Strategic High-tech Commodities (戰略性高科技貨品輸出入管理辦法) of Taiwan, the Organized and Serious Crimes Ordinance (Cap. 455 of the Laws of Hong Kong), the Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405 of the Laws of Hong Kong), the United Nations (Anti-Terrorism Measures) Ordinance (Cap. 575 of the Laws of Hong Kong), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), and the Proceeds of Crime Act (as amended) of the Cayman Islands, the Terrorism Act (as amended) of the Cayman Islands, and the Proliferation Financing (Prohibition) Act (as amended) of the Cayman Islands;

**“Applicable Laws”** means any statute, law, rule, regulation, treaty, guideline, ordinance, code, policy or rule of common law issued, administered or enforced by any Authority, or any judicial or administrative interpretation thereof, including the Takeovers Code and the GEM Listing Rules.

**“Approvals”** means any approvals, authorizations, rulings, licenses, permits, consents, permissions, waivers, clearances, recordations or registrations which are required under any Applicable Law or by any Authority, in each case excluding any filing or notification to any Authority which does not require such Authority’s approval, acknowledgement, permission, consent or clearance.

**“Authority”** means any of:

- (a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, bureau, instrumentality, court, prosecutors office, central bank, commission or other authority thereof, including any entity directly or indirectly owned (in whole or in part) or controlled thereby;
- (b) any public international organization or supranational body and its institutions, departments, agencies and instrumentalities;
- (c) any quasi-governmental or private body, organization or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, disciplinary, regulatory,

licensing, competition, tax, importing or other governmental or quasi-governmental authority; and

(d) any relevant securities exchange (including the Stock Exchange).

**“Board”** means the board of directors of the Company.

**“Business Day”** means a day (other than a Saturday or Sunday) on which the Stock Exchange is open for the transaction of business and on which the banks are open for business in Hong Kong and the Registrar of Companies is open for business in the Cayman Islands.

**“Cancellation Price”** has the meaning given to it in the Announcement.

**“Claim”** has the meaning given to it in paragraph 10.4 of Schedule 1 to this Agreement.

**“Companies Act”** means the Companies Act (as revised) of the Cayman Islands.

**“Companies Ordinance”** means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**“Company”** has the meaning given to it in the Preamble.

**“Company Confirmation Notice”** means a notice from the Company to the Offeror confirming immediately prior to the Sanction Hearing that all of the Conditions (other than the Conditions set out in paragraphs (a) to (e) (inclusive) of the Announcement under the section headed “3. *Conditions of the Proposal and the Scheme*”) with respect to the Company have been satisfied or waived and that the Company is not aware of any fact, matter or circumstance which makes any Negative Condition incapable of being satisfied.

**“Company’s Warranties”** means the warranties given by the Company and contained in this Agreement as set out in Schedule 1 to this Agreement.

**“Conditions”** means the conditions to the implementation of the Proposal as set out in the Announcement under the section headed “3. *Conditions of the Proposal and the Scheme*” or as set out in any future announcement(s) issued by the Company and **“Condition”** means any one or more of them as the context requires.

**“Confidential Business Information”** has the meaning given to it in Clause 3.2(b).

**“Connected Person”** has the meaning given to it under the GEM Listing Rules.

**“Constitutional Documents”** means, in respect of an entity, its memorandum and articles of association, by-laws or equivalent constitutional documents, and in the case of a company incorporated in Taiwan, includes its Articles of Incorporation and company registration card.

**“Court Meeting”** means a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof.

**“Court Order”** means the order of the Grand Court, to be granted at the Sanction Hearing, sanctioning the Scheme under section 86 of the Companies Act.

**“Disclosed”** means fully, fairly and specifically disclosed in writing with sufficient detail to enable the Offeror to assess the matter in question during the Offeror’s due diligence process for the purpose of the Scheme and the Proposal.

**“Dispatch Date”** means the date of dispatch of the Scheme Document.

**“Effective Date”** means the date on which the Scheme becomes effective in accordance with its terms and the Companies Act.

**“EGM”** means the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Resolutions and includes any adjourned meeting relating thereto.

**“Encumbrance”** means any lien, pledge, encumbrance, charge (fixed or floating), mortgage, third-party claim, debenture, option, right of first refusal, right of pre-emption, right to acquire, assignment by way of security, trust arrangement for the purpose of providing security, third party right or interest, or other security interests of any kind securing any obligation of any person or any agreement or arrangement having a similar effect.

**“Executive”** means the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director.

**“Export Control Laws”** means Applicable Laws relating to export controls, including the International Traffic in Arms Regulations administered by the U.S. Department of State and U.S. Export Administration Regulations administered by the U.S. Department of Commerce.

**“FY2024 Financial Statements”** means the consolidated audited financial statements of the Group for the financial year ended December 31, 2024.

**“FY2024 Financial Statements Date”** means December 31, 2024.

**“FY2025 Interim Financial Statements”** means the consolidated unaudited financial statements of the Group for the six months ended June 30, 2025.

**“GEM Listing Rules”** means the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

**“Grand Court”** means the Grand Court of the Cayman Islands.

**“Group”** means the Company, its direct and indirect subsidiaries and subsidiary undertakings (including without limitation GENES TECH CO., LTD. (靖洋科技股份有限公司) and Astro Thermal Technology Corporation (崇濬科技股份有限公司) (each, a “**Taiwanese Subsidiary**”)) and “**a member of the Group**” shall be construed accordingly.

**“HKD”** means Hong Kong dollar, the lawful currency of Hong Kong.

**“Hong Kong”** means the Hong Kong Special Administrative Region of the PRC.

**“Intellectual Property”** means: (i) patents, trademarks, logos, get-up, service marks, designs, trade, business and company names, internet domain names and e-mail addresses, copyrights, moral rights, database rights, semi-conductor topography rights, utility models, rights in software, knowhow, rights in designs and inventions, and other intellectual property rights, in each case whether registered or unregistered, all rights or forms of protection having equivalent or similar effect anywhere in the world and all applications and rights to apply for the protection of any of the foregoing rights; and (ii) rights under licenses, consents, orders, statutes or otherwise in relation to a right in respect of (i).

**“IT System”** means all computer hardware (including network and telecommunications equipment) and software (including associated preparatory materials, user manuals and other related documentation) owned, used, leased or licensed by or to any member of the Group.

**“Licenses”** has the meaning given to it in paragraph 5.7.1 of Schedule 1 to this Agreement.

“**Long Stop Date**” has the meaning given to it in the Announcement.

“**Meetings**” means the Court Meeting and the EGM.

“**Negative Condition**” means each Condition which is contained in paragraphs (e) to (k) (inclusive) under the section headed “3. *Conditions of the Proposal and the Scheme*” of the Announcement.

“**Notice**” has the meaning given to it in Clause 14.1.

“**Offeror**” has the meaning given to it in the Preamble.

“**Offeror Confirmation Notice**” means a notice in writing from the Offeror to the Company, immediately following the receipt of the Company Confirmation Notice from the Company, confirming that in the case of the Sanction Hearing, all of the Conditions (other than the Conditions set out in paragraphs (a) to (e) (inclusive) of the Announcement under the section headed “3. *Conditions of the Proposal and the Scheme*”) have been satisfied or waived and that having consulted with the Company, the Offeror is not aware of any fact, matter or circumstance indicating that any of the Negative Conditions is not satisfied.

“**Offeror’s Warranties**” means the warranties given by the Offeror and contained in this Agreement as set out in Schedule 2 to this Agreement.

“**Parties**” means the named parties to this Agreement and “**Party**” means any one of them.

“**Policies**” has the meaning given to it in the paragraph 11.3.1 of Schedule 1 to this Agreement.

“**PRC**” means the People’s Republic of China (for the purpose of this Agreement, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan).

“**Proposal**” means the proposal or, as applicable, the Revised Proposal, for the privatization of the Company by the Offeror to be effected by way of the Scheme, on the terms and subject to the conditions set out in the Announcement and the Scheme Document.

“**Properties**” means all real properties used, occupied or owned by the Group or in which any member of the Group has any other interest for the purpose of conducting the business.

“**Reduction**” means the proposed reduction (if any) of the issued share capital of the Company as a result of the Scheme under the Companies Act,

“**Registrar of Companies**” means the Registrar of Companies in the Cayman Islands.

“**Related Persons**” means any person or entity connected or related to a person or having any relationship with the person, including the first-named person’s family members (that is the first-named person’s spouse, sibling, child (natural or adopted), parent, step-parent, step-child or step-siblings), any director, management, officer, partner or advisor accustomed to act in accordance with the first-named person’s wishes, or any person or entity who directly or indirectly through one or more entities, controls or is controlled by or is under common control with the first-named person or his family member(s). For the purposes of this definition only, “control” means direct or indirect ownership or control of more than 25% of the voting interests of such person or entity.

“**Resolutions**” means such resolutions as are necessary to give effect to the Reduction, to implement the Scheme and/or otherwise necessary for the Scheme to become effective.

“**Restricted Person**” means a person or entity that is, or is acting on behalf of or at the direction of a person that is, (i) organized, located, or resident in a Sanctioned Jurisdiction; (ii) the target of (x)

Sanctions, including a person or entity listed on any Sanctions-list, or (y) Export Controls, including a person or entity that is listed on the U.S. Department of Commerce’s Entity List or Military End User List; or (iii) is owned (in whole or in part) or controlled (as such term is defined by the relevant Sanctions or Export Controls) by person(s) that is described in clauses (i) and/or (ii).

“**Revised Proposal**” has the meaning given to it in Clause 5.6.

“**Sanctioned Jurisdiction**” means any country or territory that is subject to comprehensive Sanctions (as of the date of this Agreement, Cuba, Iran, North Korea, Crimea, the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic, the Kherson and Zaporizhzhia regions (and such other regions) of Ukraine over which any Sanctions authority imposes comprehensive Sanctions), Syria, a country whose government is the target of Sanctions (as of the date of this Agreement, including Venezuela), or a country that is the target of broad Sanctions (as of the date of this Agreement, Russia, Belarus or Afghanistan).

“**Sanctions**” means economic, financial or trade sanctions imposed, administered or enforced by the United States (including the U.S. Department of Treasury’s Office of Foreign Assets Control, U.S. Department of State and U.S. Department of Commerce), the European Union and its member states, the United Kingdom (including His Majesty’s Treasury), the Cayman Islands and the United Nations Security Council.

“**Sanction Hearing**” means the hearing of the petition by the Grand Court for the sanction of the Scheme and to confirm the Reduction.

“**Scheme**” means a scheme of arrangement under section 86 of the Companies Act, with or subject to any modification, addition or condition approved or imposed by the Grand Court and agreed by the Company and the Offeror.

“**Scheme Document**” means the composite scheme document (which shall contain, among other things, further details of the Proposal and the Company’s Board circular, including an explanatory statement required under the Applicable Laws, the accompanying proxy forms, and notices of the Meetings), to be dispatched by the Offeror and the Company to all Scheme Shareholders on the Dispatch Date as required by the Takeovers Code, as may be amended or supplemented from time to time.

“**Scheme Documentation**” means the Scheme Document and any other document required to be published in connection with the Scheme.

“**Scheme Shareholders**” has the meaning given to it in the Announcement.

“**SFC**” means the Securities and Futures Commission of Hong Kong.

“**Shareholder**” means a person entered in the register of members of the Company as holder from time to time of the Shares.

“**Share Option Scheme**” means the share option scheme of the Company conditionally adopted by the Shareholders on June 20, 2017.

“**Shares**” means the ordinary shares of HK\$0.01 each in the share capital of the Company.

“**SIAC**” means the Singapore International Arbitration Centre;

“**SIAC Rules**” has the meaning given to it in Clause 16 (*Governing law and arbitration*);

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited.

“**Supplemental Document**” has the meaning given to it in Clause 4.6.

“**Takeovers Code**” means, at any relevant time, the Hong Kong Code on Takeovers and Mergers in force at that time.

“**Taxation**” or “**Taxes**” includes all forms of taxation and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, including without limitation income, withholding, deduction, stamp, goods and services tax, tariff, anti-dumping duties, and any other form of value-added tax, excise, property, use, occupation, transfer, franchise or payroll taxes and any social security or social fund contributions (including without limitation the old pension system under the Labor Standards Act of Taiwan, the new pension system under the Labor Pension Act of Taiwan, labor insurance under the Labor Insurance Act of Taiwan, and national health insurance under the National Health Insurance Act of Taiwan), in each case whether of Hong Kong or elsewhere in the world whenever imposed and whether chargeable directly or primarily against or attributable directly or primarily to a member of the Group or any other person, and all penalties, charges, costs and interest relating thereto.

“**Tax Return**” shall mean any payments, return (including any information return), report, statement, submissions, reports, claims or filings for refund or payment, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information that is, has been or may in the future be filed with or submitted to, or required to be filed with or submitted to, any Authority in connection with the determinative, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any requirement relating to any Tax imposed by any Applicable Law;

“**Termination Date**” means the date on which this Agreement terminates in accordance with Clause 12.1.

1.2 In this Agreement, unless otherwise specified:

- (a) references to Preamble, Recital, Clauses and Schedules are to preamble, recital, clauses in and schedules to this Agreement (unless the context otherwise requires);
- (b) use of any gender includes the other genders and use of the singular includes the plural and vice versa unless the context requires otherwise;
- (c) references to a “person” shall be construed so as to include any individual, firm, company, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality);
- (d) words and expressions defined in the Companies Ordinance shall bear the same respective meanings when used in this Agreement;
- (e) a reference to any party to this Agreement or any other agreement or document includes the party’s successors and permitted assigns;
- (f) the *ejusdem generis* principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;
- (g) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

- (h) references in this Agreement to statutory provisions shall be construed as references to those provisions as respectively amended, consolidated, extended or re-enacted from time to time and any orders, regulations, instruments or other subordinate legislation made from time to time under the statute concerned;
- (i) any reference to a “day” (including within the phrase “Business Day”) shall mean a period of twenty-four (24) hours running from midnight to midnight;
- (j) references to times are to Hong Kong time;
- (k) a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and
- (l) references to “acting in concert” and “Control” are to be construed in accordance with the Takeovers Code.

1.3 The headings and titles are inserted for convenience only and shall not affect the construction of this Agreement.

1.4 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.

## **2. ANNOUNCEMENT AND CONDITIONS**

2.1 Each Party shall use all reasonable endeavors to release the Announcement on the website of the Stock Exchange and the Company as soon as practicable after obtaining the approval of the SFC and the Stock Exchange, and, provided that such approval has been obtained, no later than November 14, 2025. All rights and obligations in this Agreement (other than the rights and obligations in this Clause 2.1 and in Clauses 5, 6, 7, 10, 11, 12, 13, 14 and 15) shall be conditional upon such release of the Announcement.

2.2 The Offeror and the Company agree that the Proposal and the implementation of the Scheme are subject to the satisfaction or, where applicable, the waiver of the Conditions.

2.3 Subject to the requirements of the Executive, the Offeror reserves the right (but is in no way obliged) to waive in whole or in part all or any of the Negative Conditions.

## **3. IMPLEMENTATION OF THE PROPOSAL**

3.1 Each Party shall use all reasonable endeavors to:

- (a) do and execute, or procure the doing and executing of, each necessary act, document and thing within its power to implement the Proposal on the terms and subject to the conditions referred to in this Agreement and the Conditions and to give effect to the matters specified in, and to act in accordance with, the Announcement and the Scheme Documentation;
- (b) without requiring the Offeror to waive any Condition or to treat any Condition as satisfied, achieve satisfaction of the Conditions as promptly as reasonably practicable and in any event by no later than the Long Stop Date (or such other date as the Parties may agree from time to time), save that nothing in this Clause 3.1 shall oblige the Offeror to waive any of the Conditions or treat them as satisfied; and
- (c) not to cause any occurrence that would prevent the Conditions from being satisfied. For the avoidance of doubt, the Company shall be responsible for the satisfaction of all the Conditions (other than paragraphs (i), (j) and (to the extent outside of the Group’s control) (k)) of the Announcement under the section headed “3. *Conditions of the Proposal and the Scheme*”.

3.2 Without limiting the generality of Clause 3.1, the Company shall promptly apply or procure the application for all relevant Approvals and consents, and the Parties shall co-operate with a view to all necessary statutory or regulatory clearances or obligations (including, without limitation, under the GEM Listing Rules, the Takeovers Code and the Companies Act) or other contractual obligations (including necessary third-party approvals) in connection with the Proposal being obtained or complied with in a timely manner. In particular, without limiting the generality of Clause 3.1:

- (a) the Parties shall co-operate to the extent reasonably practicable to prepare and make all notifications or filings necessary to obtain the relevant Approvals or consents and ensure that all information necessary or desirable for the making of (or responding to any requests for further information consequent upon) any notifications or filings (including draft versions) in respect of the Proposal is supplied promptly to the Party dealing with such notifications and filings and that they are properly, accurately and promptly made;
- (b) each Party shall provide the other Party (or their respective nominated advisers) with copies (including draft copies) of all notifications and communications (subject to any redaction as may be required in order to avoid the disclosure of information which would adversely affect such Party's business interests ("Confidential Business Information")) to and from relevant Authorities or third parties in relation to obtaining any relevant Approvals or consents in such time as will allow the other Party a reasonable opportunity to provide comments on such draft notifications and communications before they are submitted to such relevant Authorities or third parties and take into account any such comments as are reasonable and provide the other Party (or its nominated advisers) with copies of all such notifications and communications in the form submitted (save that Confidential Business Information may be redacted);
- (c) each Party will, where permitted by the relevant Authorities concerned, inform the other Party in advance of, and allow persons nominated by the other Party to attend, all meetings and discussions relating to the implementation of the Scheme with such relevant Authorities and, where appropriate, to make oral submissions at such meetings and discussions, save for any portion of such meeting or discussion during which legally privileged information or Confidential Business Information is being conveyed;
- (d) each Party will keep the other Party and its external counsel informed as to (i) the progress of the relevant notifications or filings with respect to the relevant Approvals and consents and (ii) any material communications from or with any relevant Authority or third party relating to any notifications, filings, Approvals or consents; and
- (e) each Party will provide the other Party and its external counsel with a copy of all such relevant Approvals or consents as and when obtained.

3.3 If at any time a Party becomes aware of anything that might reasonably be expected to prevent any of the Conditions from being satisfied, it shall immediately inform the other Party in writing.

3.4 Each Party must promptly notify the other Party in writing of any change, matter, event or circumstance that it becomes aware of that causes, results in or, insofar as can reasonably be foreseen, would cause or result in:

- (a) a Company's Warranty or an Offeror's Warranty, as the case may be, provided by it, being untrue, inaccurate or misleading as at the Effective Date (as though made on and as at that date except to the extent any such Company's Warranty or Offeror's Warranty expressly relates to an earlier date, in which case as at such earlier date);
- (b) a reasonable likelihood that it would not be able to perform and comply with its obligations under this Agreement; or

- (c) any of the Conditions to be unsatisfied or incapable of being satisfied.

Any notification made pursuant to this Clause 3.4 shall not operate as a disclosure against the Company's Warranties or Offeror's Warranty, as applicable, and the Company's Warranties or the Offeror's Warranty, as applicable, shall not be subject to or deemed qualified by such notification.

#### **4. OBLIGATIONS WITH REGARD TO THE SCHEME**

- 4.1 The Company shall use all reasonable endeavors to implement the Scheme and the Offeror will provide such co-operation and assistance to the Company as the Company may reasonably request in writing in connection therewith.
- 4.2 Without limit to the Company's obligations under Clause 4.1, the Company undertakes to:
  - (a) use all reasonable endeavors to take all steps and actions necessary, proper or advisable to give effect (in a timely manner) to the Scheme (including but not limited to the obtaining of all necessary approvals, authorizations, rulings, licenses, permits, consents, permissions, waivers, clearances or registrations from contracting parties of the Group in connection with the contemplated change in ownership and privatization of the Company following the implementation of the Scheme);
  - (b) not take any action or fail to take any action that would be reasonably likely to prevent the performance in any respect of any covenant or the satisfaction of any Condition unless otherwise required by any Applicable Laws;
  - (c) promptly appoint an independent financial adviser to advise the Independent Board Committee and the Disinterested Shareholders (as defined in the Announcement) in respect of the Proposal and the Scheme and provide its advice on the Scheme for inclusion in the Scheme Document in accordance with all Applicable Laws;
  - (d) promptly prepare or, as applicable, assist on the preparation of, the Scheme Document in accordance with all Applicable Laws;
  - (e) consult with the Offeror as to the form and content of the Scheme Documentation, and not to finalize, publish or post any Scheme Documentation or any amendment thereto without the Offeror's prior written consent and to provide copies to the Offeror of all of the Scheme Documentation prior to any publication of the same;
  - (f) provide the Offeror with a Company Confirmation Notice (to the extent the statements in such notice are true);
  - (g) cause a copy of the Court Order to be filed or registered (as applicable) with the Registrar of Companies as soon as practicable after consulting with the Offeror (and in any event no later than the Business Day following the Sanction Hearing); and
  - (h) procure the resignation of all the directors of the Group (unless otherwise notified by the Offeror in writing to the Company) with effect from the earliest time permitted under the Takeovers Code or such later time as directed by the Offeror.
- 4.3 Except as otherwise required by Applicable Laws, the Company undertakes not to withdraw the Scheme or take any action or omission (to the extent which is within its power and control) to allow the Scheme to lapse or procure the withdrawal or lapse of the Scheme without the prior written consent of the Offeror.

4.4 The Offeror may request the Company to vary, extend, renew or amend the Scheme. The Company agrees that, upon a request by the Offeror to vary, extend, renew or amend the Scheme, it will, subject to compliance with any Applicable Laws, comply with any such request and do all things necessary, proper or advisable to give effect to such variation or amendment, including amending any Scheme Documentation to the extent applicable, giving written notice of such variation or amendment to the Shareholders or making an application to the Grand Court (if required). If the Company wishes to seek the approval of the Grand Court to, or agree to, make any material variation of, or amendment to, the Scheme or any Scheme Documentation, it will only do so after receiving the prior written consent of the Offeror (unless such variation or amendment is required by the Grand Court).

4.5 The Offeror undertakes that it will, immediately prior to the Sanction Hearing, provide to the Company an Offeror Confirmation Notice upon receipt of the Company Confirmation Notice if, at that time, having consulted with the Company, the Offeror is not aware of any fact, matter or circumstance indicating that any of the Negative Conditions is not satisfied. An Offeror Confirmation Notice will cease to be of any effect (and will be deemed to have been revoked) if the Grand Court has not sanctioned the Scheme by the end of the Sanction Hearing.

4.6 If a supplemental circular or announcement is required to be published or submitted to the Grand Court in connection with any variation or amendment to the Scheme (a “**Supplemental Document**”), the Parties will, as soon as reasonably practicable, provide such co-operation and information (including such information as is necessary for the Supplemental Document to comply with all applicable legal and regulatory provisions and to make any further application to the Grand Court) as the other may reasonably request and is necessary to finalize and publish promptly such Supplemental Document.

## 5. ALTERNATIVE PROPOSALS

5.1 The Company undertakes that it will not, and will procure that no member of the Group shall, directly or indirectly:

- (a) solicit, encourage, or otherwise seek to procure the submission of proposals, indications of interests or offers of any kind from any person other than the Offeror, which are reasonably likely to lead to an Alternative Proposal; and
- (b) enter into, or participate in, any discussions or negotiations (other than as provided in Clause 5.7) with any such person in relation to an Alternative Proposal or provide any due diligence information and non-public information on the Company and the Group to any third party in connection with an Alternative Proposal.

5.2 The Company shall notify the Offeror promptly or, if later, as soon as permitted under Applicable Laws if:

- (a) an approach is made to it or to any other member of the Group or to any of their respective directors, employees, advisers or agents after the date of this Agreement in relation to any Alternative Proposal and shall keep the Offeror informed at appropriate times as to the general progress of any such approach; and
- (b) it receives (or any of its directors, employees, advisers or agents receives) a request for information under Rule 6 of the Takeovers Code.

5.3 The Company agrees, if requested by the Offeror, to disclose to the Offeror as soon as practicable, the price, form of consideration and identity of the relevant parties (including the details of any subsequent changes of such information), in relation to any approach made relating to an Alternative Proposal and whether or not the Board (or any committee thereof) is considering such an Alternative Proposal, provided that any such disclosure would not be reasonably likely to be inconsistent with any duties of the Board or any director of the Company owed to the Company.

5.4 The Company shall, as soon as reasonably practicable, deliver to the Offeror any information (not already provided to the Offeror) which the Company delivers to another offeror or potential offeror whether or not a request is made under Rule 6 of the Takeovers Code.

5.5 The Company shall not withdraw the Scheme or permit any recommendation to be withdrawn or (subject to Clause 5.6) modified for a period of five Business Days following the announcement of an Alternative Proposal, and during such period the Company agrees not to, and shall procure that the Board will not, make any recommendation as to the Alternative Proposal.

5.6 The Company agrees and shall procure that if the Offeror communicates to the Company, within the five Business Day period referred to in Clause 5.5, a revision of the terms of the Proposal such that the terms of the Proposal (as so revised) (the “**Revised Proposal**”) are no less favorable to the Shareholders than the terms of the Alternative Proposal, the Board will, if it had recommended the Proposal, continue to provide an unqualified recommendation of the Revised Proposal and shall make an announcement to this effect.

5.7 Notwithstanding anything to the contrary under this Clause 5, none of the provisions of this Agreement shall be construed to prevent or deprive: (i) the Shareholders from having the opportunity to consider; or (ii) the Company from considering, in each case, any Alternative Proposal from any person other than the Offeror that does not arise in breach of clause 5.1(a).

5.8 The Company represents and warrants to the Offeror that, as at the date of this Agreement, the Company is not aware of any proposed or ongoing discussions, negotiations or arrangements with any party other than the Offeror regarding an Alternative Proposal.

## 6. CONDUCT OF BUSINESS

6.1 The Company undertakes to the Offeror that, save for any action required to give effect to the Proposal or otherwise as required by the terms of the Scheme Documentation or this Agreement or by Applicable Laws, it will not, and will procure that each member of the Group will not, without the prior written consent of the Offeror (not to be unreasonably withheld or delayed), prior to the earlier of: (i) the Effective Date; and (ii) the Termination Date:

- (a) carry on its respective businesses, other than in the ordinary and usual course of business in the same manner as previously conducted and in compliance with all Applicable Laws;
- (b) create, allot, issue, redeem or repurchase any shares or other securities convertible into equity securities, create, issue, grant, redeem or repurchase any option or right to subscribe in respect of any of its share capital, make any other changes to its share capital or authorize or propose to do any of the foregoing;
- (c) in respect of the Company only, recommend, propose, declare, pay or make any bonus issue, dividend or other distribution whether payable in cash or otherwise. For the avoidance of doubt, in the event that any dividend, distribution 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, as the case may be, return of capital after consultation with the Executive and subject to compliance with the Takeovers Code;
- (d) (i) merge or consolidate with any body corporate, (ii) acquire or dispose of any assets (including without limitation, shares, cash, contracts, employees or other interests in any member of the Group or in any other entity in which it has an interest) or conduct any acquisition, division, share swap or share exchange, other than in the ordinary and usual course of business of the Group, or (iii) authorize, propose or announce any intention to propose any such merger, consolidation, demerger, acquisition, division, share swap, share exchange or disposal;

- (e) other than in the ordinary and usual course of business, issue, authorize or propose the issue of any debentures or incur or increase any borrowings, indebtedness or contingent liability, save for (i) drawdowns on existing debt facilities, (ii) refinancing of any debt obligations prior to their due date, or (iii) any borrowing or indebtedness incurred in the ordinary course of business in relation to working capital requirements not exceeding US\$150,000;
- (f) make or incur, or agree to make or incur, any expenditure or liability (including contingent liability) or acquire or agree to acquire any asset or real property or incur or agree to incur a commitment or commitments involving capital expenditure or the acquisition of any asset or real property, other than in the ordinary and usual course of business;
- (g) initiate, compromise, settle, make any offer to compromise, settle or pay any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration, in excess of US\$150,000 in aggregate;
- (h) enter into contracts, including service contracts and/or employment contracts (and including making any amendment to terms and conditions of employment of employees, provision of gratuitous payment or benefits or hire or dismiss any employees of the Group), otherwise than in the ordinary and usual course of business of the Group (except service contracts and/or employment contracts with directors, officers and senior management members of the Group) and made in accordance with the Applicable Laws;
- (i) enter into, vary, extend, renew or amend any contracts or terms of any agreement or otherwise engage in any transactions or dealings with any Restricted Person(s), except to the extent that such action is in connection with suspension or termination of any of the foregoing, and/or compliance with Sanctions and/or applicable Export Control Laws;
- (j) enter into, vary, extend, renew or amend terms of any agreement which restricts or limits the Group's freedom to engage in or carry on any business in any part of the world or to compete or do business with any person;
- (k) enter into, vary, extend, renew or amend terms of transaction with the Connected Persons, except in the ordinary and usual course of business of the Group and on arm's length terms;
- (l) create, or agree to create, any Encumbrance over its business or any assets, or entering into any guarantee, indemnity or other agreement to secure an obligation of any third party that is not a member of the Group;
- (m) transfer, license or assign to any third party any Intellectual Property which it owns or has the right of use as at the date of this Agreement as well as any other Intellectual Property which it subsequently acquires or obtains the right of use of;
- (n) make amendments to the Constitutional Documents;
- (o) apply changes to accounting policies or practices;
- (p) wind up, or approve the winding up, any member of the Group, or appoint, or approve the appointment of, a liquidator, provisional liquidator, judicial manager, provisional judicial manager, administrator, receiver, and/or other similar officer for any member of the Group;
- (q) conduct any other actions that would constitute a frustrating action pursuant to Rule 4 of the Takeovers Code; or

- (r) amend, or agree to amend, any terms of any agreement or arrangement to which any member of the Group is a party or by which any member of the Group is bound which would have a material adverse effect on the financial position of the Group as a whole.

6.2 The Company undertakes to the Offeror that:

- (a) it shall, and shall procure each member of the Group to, (i) maintain all Licenses necessary for the carrying on of the businesses and operations of each member of the Group and shall not permit or suffer any of such Licenses to lapse, (ii) not terminate the services of its current key officers and employees (other than due to misconduct), and (iii) not adversely change or affect its relationships with key customers, suppliers, licensors, licensees, regulators and other third parties with business dealings with the Group.
- (b) it shall not grant any options under the Share Option Scheme prior to the earlier of: (i) the Effective Date; and (ii) the Termination Date;
- (c) it shall, subject to the Scheme taking effect, terminate the Share Option Scheme;
- (d) subject to compliance with Applicable Laws, it shall keep the Offeror informed of any material developments relating to the business and financial affairs of the Group;
- (e) subject to compliance with Applicable Laws, it shall promptly notify the Offeror in the event that the Company becomes aware of any fact, matter or thing inconsistent with the obligations contained in Clause 6.1 above; and
- (f) subject to compliance with Applicable Laws, it shall, and shall procure each member of the Group to, cooperate with the Offeror (including furnishing to the Offeror such information, documents and assistance as the Offeror may request) in connection with the Offeror's ongoing diligence and preparation of amended policies and procedures with respect to Sanctions and Export Control Laws to be placed in effect on or about the Effective Date.

## 7. COMPANY'S WARRANTIES

7.1 The Company warrants to the Offeror that the Company's Warranties are true and accurate and not misleading, as at the date of this Agreement and at all times during the period from the date of this Agreement until the Effective Date (both dates inclusive) as if repeated on each day during such period and by reference to the facts and circumstances existing at all such times. For this purpose only, where in a Company's Warranty there is an express or implied reference to the "date of this Agreement", that reference is also to be construed as a reference to each date during the period from the date of this Agreement until the Effective Date (both dates inclusive). Unless otherwise specified, the Company's Warranties are qualified by the information Disclosed.

7.2 Each of the Company's Warranties shall be construed as a separate and independent warranty and (save where expressly provided to the contrary) shall not be limited or restricted by reference to, or inference from the terms of any other term of this Agreement or any other Company's Warranty.

7.3 Between the date of this Agreement and the Effective Date (both dates inclusive), the Company will not take any action which is within its power or control, unless required by any Applicable Laws, that would make any of the Company's Warranties untrue or inaccurate.

## 8. OFFEROR'S WARRANTIES

The Offeror warrants to the Company that the warranties set out in Schedule 2 of this Agreement are true and accurate and not misleading, as at the date of this Agreement, and at all times during the period from the date of this Agreement until the Effective Date (both dates inclusive) as if repeated on each

day during such period and by reference to the facts and circumstances existing at all such times. For this purpose only, where in a warranty there is an express or implied reference to the “date of this Agreement”, that reference is also to be construed as a reference to each date during the period from the date of this Agreement until the Effective Date (both dates inclusive).

## **9. STOCK EXCHANGE DELISTING**

Prior to the Effective Date, the Company shall co-operate with the Offeror and use all reasonable endeavors to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under Applicable Laws to enable the delisting of the Shares from the GEM of the Stock Exchange as promptly as practicable after the Effective Date.

## **10. ANNOUNCEMENTS**

10.1 No Party shall make any announcement about the implementation of the Scheme or any matters arising in relation to or in connection with the Proposal or the Scheme or regarding any discussions between the Parties concerning any of the foregoing, without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed), unless the announcement is required by Applicable Laws, by legal process or by a governmental or regulatory authority (including, without limitation, the SFC and the Stock Exchange), in which case the Party required to make the announcement must, to the extent permitted by Applicable Laws and to the extent reasonably practicable, consult with the other Party first and take into account the other Party’s reasonable requirements as to its timing, content and manner of making or dispatch. If the Party required to make the announcement is unable to consult with the other Party before the announcement is made, it must inform the other Party of the circumstances, timing, content and manner of making of the announcement immediately after such announcement is made.

## **11. CONFIDENTIALITY**

Subject to Clause 10, each Party undertakes to keep confidential, and shall not disclose to any person (except to its professional advisers, directors, officers, employees, or agents on a need-to-know basis), the existence of this Agreement, the Proposal, any other agreement entered into pursuant to this Agreement, the negotiations relating to this Agreement and such other agreement, any information relating to the terms of the Proposal or the transactions contemplated by this Agreement or such other agreement, the business, financial or other affairs (including future plans and targets) of the other Party, its shareholders, partners and/or subsidiaries (where applicable) or any information provided pursuant to the terms of this Agreement (in each case except for such information which is in the public domain at the time of disclosure) without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed) unless and to the extent such information:

- (a) is required to be disclosed pursuant to any Applicable Laws or in connection with a judicial or administrative proceeding;
- (b) is in communications with, or required to be disclosed pursuant to the requirements of, the SFC or the Stock Exchange or any other Authority;
- (c) is required to be disclosed pursuant to the written opinion of its external legal counsel that it is required to make such disclosure in order to avoid violating Applicable Laws;
- (d) was, or became available (as can be demonstrated by written records or other reasonable evidence) to the disclosing Party on a non-confidential basis from a person which or who, has, to such Party’s knowledge, the lawful right to disclose such information without the breach of any obligation of confidentiality;
- (e) is required to vest the full benefit of this Agreement in either Party; or

(f) is disclosed by either Party to its financing sources or to its or any of its affiliate's employees, representatives, bankers, financial advisers, consultants and legal or other advisers for the purpose of this Agreement,

provided that, to the extent legally permissible and reasonably practicable, it shall notify the other Party prior to making any such disclosure, and shall seek to narrow the intended disclosure to the extent the other Party reasonably so requests.

## **12. TERMINATION**

12.1 Subject to Clauses 12.2 to 12.4, this Agreement shall terminate upon the Scheme being withdrawn by the Offeror in circumstances permitted under the Takeovers Code (the "**Termination Date**").

12.2 The Offeror may terminate this Agreement if any of the Conditions (which cannot be waived in accordance with the terms set out in the Announcement) have not been or cannot be satisfied by the Long Stop Date. Such termination shall be effected by the Offeror serving notice in writing of such termination on the Company.

12.3 The Offeror may terminate this Agreement by serving notice in writing on the Company if the recommendation of the Board (excluding the independent board committee) contained in the Announcement or the recommendation of the Board contained in the Scheme Document is withdrawn at any time prior to the Grand Court's sanction of the Scheme.

12.4 If this Agreement (or any Clause of this Agreement) terminates or is terminated, then each Party's rights and obligations hereunder (or thereunder, as the case may be) will terminate immediately, subject to the following:

(a) termination of this Agreement (or any Clause of this Agreement) does not affect a Party's accrued rights and obligations hereunder (or thereunder, as the case may be) at the time of termination; and

(b) Clauses 1 and 10 to 16 (inclusive) will survive termination.

## **13. COSTS**

13.1 Subject to Clause 13.2, each Party shall bear and pay its own costs (including professional fees of the respective advisers appointed by each Party) in connection with the implementation or proposed implementation of the Proposal and the Scheme, including but not limited to all costs relating to the preparation, translation, publication, issuance and filing of the Announcement, the Scheme Document and this Agreement or documents relating to general meeting of the Shareholders to be convened in connection with the Proposal and the Scheme, the Court Meeting and the Sanction Hearing.

13.2 If the Proposal and the Scheme are not implemented as a result of the Company's acceptance of an Alternative Proposal, the Company shall, within five Business Days of the written notice of the Offeror, reimburse and pay the Offeror an amount which represents the sum of all costs, expenses and fees incurred by the Offeror in relation to the preparation for and implementation of the Proposal and the Scheme, including but not limited to, all professional fees incurred for the due diligence on the Group and the valuation of the Group.

## **14. NOTICES**

14.1 A notice under or in connection with this Agreement (a "**Notice**"):

(a) must be in writing and in the English language; and

(b) must be delivered personally or sent by courier or by email to the Party due to receive the Notice to the address specified in Clause 14.2 or to an alternative address or person or email address specified by that receiving Party by written notice to the notifying Party received before the Notice was despatched.

14.2 The addresses referred to in Clause 14.1(b) are:

(a) in the case of the Company:

Address: No. 80, Baotai 3rd Road, Zhubei City, Hsinchu County 30244, Taiwan  
Email: eric@genestech.com; momo.wei@genestech.com  
Marked for the attention of: Mr. Eric Yang / Ms. Momo Wei

and

(b) in the case of the Offeror:

Address: 12001 Lackland Road, St. Louis, Missouri 63146, the United States of America  
Marked for the attention of: General Counsel

14.3 A Notice is deemed given if:

- (a) delivered personally, on delivery at the address referred to in Clause 14.1(b);
- (b) sent by a recognized international courier, three (3) Business Days after posting it;
- (c) sent by email, at the time the email enters into and is accepted by the electronic mail server of the recipient.

## **15. GENERAL**

15.1 The obligations, consents and agreements of the Parties hereunder shall be subject to and shall not prevent any Party from discharging its obligations under the Companies Act, the Takeovers Code and the GEM Listing Rules.

15.2 This Agreement constitutes the whole and only agreement between the Parties relating to the subject matter of this Agreement and no Party has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other person which is not set out expressly in this Agreement. Nothing in this Clause 15 shall have the effect of limiting or restricting the liability of any Party arising as a result of any fraud.

15.3 This Agreement may be executed in any number of counterparts but shall not be effective until each Party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all of the counterparts shall together constitute one and the same instrument.

15.4 No Party shall assign, transfer or create any trust in respect of, or purport to assign, transfer or create any trust in respect of, a right or obligation under this Agreement.

15.5 Except as otherwise expressly provided, time is of the essence under this Agreement.

15.6 No delay or omission by any Party in exercising any right, power or remedy provided by Applicable Laws or under this Agreement shall affect that right, power or remedy or operate as a waiver of it. The single or partial exercise of any right, power or remedy provided by Applicable Laws or under this

Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.

- 15.7 Nothing in this Agreement and no action taken by the Parties shall constitute a partnership, association, joint venture or other co-operative entity between any of the Parties.
- 15.8 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each Party.
- 15.9 The invalidity, illegality or unenforceability of a provision of this Agreement does not affect or impair the continuation in force of the remainder of this Agreement.
- 15.10 A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act (as amended) of the Cayman Islands to enforce or to enjoy the benefit of any term of this Agreement.

## **16. GOVERNING LAW AND ARBITRATION**

- 16.1 This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of the Cayman Islands.
- 16.2 Any dispute, controversy or claim arising out of, in connection with or relating to this Agreement, including the existence, interpretation, performance, invalidity, breach or termination thereof, or any dispute regarding non-contractual obligations arising out of or relating to it (a “**Dispute**”) shall first be referred to the Singapore International Mediation Centre for mediation in accordance with the Singapore International Mediation Centre Mediation Rules for the time being in force, without prejudice to any recourse to apply to any tribunal or court of law of competent jurisdiction for any form of interim relief. If the Dispute cannot be resolved through mediation within 30 days after commencement of mediation at the Singapore International Mediation Centre, or within such extended period as may be agreed by the Parties in writing, any Party may submit the Dispute for final resolution to arbitration in Singapore administered by SIAC under the SIAC Administered Arbitration Rules in force when Notice of Arbitration is submitted in accordance with those rules (“**SIAC Rules**”), which SIAC Rules (save as modified in this Agreement) are deemed to be incorporated by reference in this Clause 16.2.
- 16.3 The tribunal shall consist of three arbitrators, who shall be nominated in accordance with the SIAC Rules. The seat, or legal place, of arbitration shall be Singapore. The language to be used in the arbitral proceedings and in all written communications and statements shall be English only. Judgment on any arbitral award may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the arbitral award and an order of enforcement, as the case may be. It is agreed that nothing in this Clause 16 shall prevent any party from applying at any time to the courts of any country for injunctive or other interim relief.
- 16.4 The arbitral award shall be final and binding on the parties to the arbitration. The parties to the arbitration agree to be bound by and to act in accordance with the arbitral award. Unless otherwise specified in the arbitral award, the expenses of the arbitration (including witness fees and reasonable legal expenses) shall be borne by the losing party.
- 16.5 Process by which any proceedings are begun may be served on each Party by being served to the addresses set forth in Clause 14.2.

## SCHEDULE 1 COMPANY'S WARRANTIES

### 1. CORPORATE MATTERS

- 1.1 Each member of the Group is duly incorporated or established under the laws of its respective jurisdiction of incorporation, and has been validly existing and (where relevant to such jurisdiction) in good standing since incorporation.
- 1.2 The Company is duly authorized, has the requisite power and authority and has obtained or satisfied all corporate and regulatory Approvals necessary to execute and deliver this Agreement and exercise its rights and perform its obligations under this Agreement in accordance with its terms.
- 1.3 The Company's obligations under this Agreement constitute valid, legal and binding obligations of it enforceable in accordance with its terms.
- 1.4 Other than in compliance with the applicable requirements under the Takeovers Code, the GEM Listing Rules and the Companies Act in respect of the Proposal and the Scheme, neither the execution nor performance of this Agreement nor the implementation and completion of the Proposal and the Scheme will result in or constitute:
  - 1.4.1 a violation or breach by the Company or a member of the Group of any Applicable Laws;
  - 1.4.2 a breach by the Company or a member of the Group of the terms of its Constitutional Documents; or
  - 1.4.3 a breach by the Company or a member of the Group of any contract, undertaking, commitment, agreement or instrument to which the Company or any member of the Group is a party, or any loan to or mortgage created by any member of the Group, or relieve any other party to a contract with any member of the Group of its obligations under such contract, or entitle such party to terminate, rescind, revoke, amend or modify such contract, whether summarily or by notice, or result in the creation of any Encumbrance under any agreement, license or other instrument, or result in a breach of any order, ruling, Licenses, judgment or decree of any court, Authority or regulatory body to which any member of the Group is a party or by which any member of the Group or any of their respective assets is bound.
- 1.5 No injunction or other order has been issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Proposal or the Scheme or any part thereof.
- 1.6 All directors, auditors and other officers of any member of the Group have been duly appointed in accordance with the Constitutional Documents of such member of the Group and the Applicable Laws.
- 1.7 Save as Disclosed, no member of the Group owns or has any interest of any nature whatsoever in any share, debenture or other security of any kind issued by any undertaking.
- 1.8 No member of the Group is, nor has agreed to become, a member of or party to any partnership, joint venture, consortium or other unincorporated association, body or undertaking or profit or loss sharing arrangement with any other entity or business.
- 1.9 Save as Disclosed, no member of the Group has any branch, agency, place of business or permanent establishment.
- 1.10 No member of the Group has given any power of attorney or other authority by which a person may enter into an agreement, arrangement or obligation on behalf of such member of the Group (other than

an authority for a director, other officer or employee to enter into an agreement in the ordinary and usual course of that person's duties).

## 2. SECURITIES OF THE GROUP

- 2.1 The relevant securities of the Company in issue as at the date of this Agreement comprise 1,000,000,000 Shares (which have been properly and validly allotted and issued, are fully paid up and rank *pari passu* with each other) and, save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or rights to acquire (whether by purchase, grant, conversion, exchange, exercise or otherwise) any securities issued by the Company.
- 2.2 The Company is the legal and beneficial owner of 100% of the equity interests or issued share capital (as the case may be) of all other members of the Group and has the right to exercise all voting and other rights over such equity interests or shares. There are no Encumbrances on the equity interests or shares (as the case may be) of any member of the Group, and all transfers of equity interests or shares (as the case may be) of any member of the Group have been transferred, effected and registered in accordance with the Constitutional Documents of such member of the Group and Applicable Laws (including without limitation, with respect to each Taiwanese Subsidiary, the foreign investment approval and reinvestment approval having been duly obtained, the share certificates representing all the shares of each Taiwanese Subsidiary having been duly endorsed and delivered and the share transfer having been duly registered with the company in the shareholder roster).
- 2.3 All the relevant securities of any member of the Group have been duly authorized and validly allotted and issued, are fully paid-up and rank *pari passu* in all respects with each other. The Shares, shares and equity interests in other members of the Group are freely transferable (save for any applicable restrictions under Applicable Law and the Constitutional Documents of the relevant member of the Group).
- 2.4 No member of the Group has any outstanding warrants, convertible securities or options in issue and is not subject to any actual or contingent obligation to issue or convert securities except as required or contemplated by this Agreement, and it will not announce, declare, pay or make any dividend or any distribution (in cash or in kind) to the Shareholders.

2.5 As at the date of this Agreement:

- 2.5.1 there are no unexercised options and no obligation to grant any options to any employees of the Group;
- 2.5.2 no share options have been granted since the adoption of the Share Option Scheme;
- 2.5.3 save for the Share Option Scheme, there are no other share option scheme or similar equity incentive schemes for the granting of options and/or incentives to any employees of the Group.

- 2.6 No member of the Group has (or has agreed to acquire) interest in any other person or has agreed to merge, amalgamate or consolidate with any other person.

## 3. INSOLVENCY

- 3.1 No member of the Group is or has been, or is or has been deemed by law or a court to be, insolvent or bankrupt, nor is any member of the Group unable to pay its debt as they fall due.
- 3.2 No petition has been presented, no order has been made or resolution passed for the winding up of any member of the Group or for the appointment of a liquidator or a provisional liquidator to any member of the Group. So far as the Company is aware, there are no grounds on which any person would be entitled to have any member of the Group wound-up, nor has any person threatened to present such

petition or convened or threatened to convene a meeting of any member of the Group to consider a resolution to wind up such member of the Group.

3.3 No receiver, administrative receiver, bankruptcy administrator or similar officer has been appointed, nor any written notice given of the appointment of any such person, over the whole or part of any member of the Group's business or assets and so far as the Company is aware there are no grounds on which any person would be entitled to have any member of the Group to be declared bankrupt or placed in administration or judicial management, nor has any person threatened to present such a petition.

#### **4. INTELLECTUAL PROPERTY**

4.1 The Group owns or otherwise holds the rights to use all Intellectual Property of the Group which are necessary for its business as currently conducted. All Intellectual Property owned or used by the Group is valid, subsisting, enforceable and free from any license, Encumbrance and restriction on use or disclosure obligation. So far as the Company is aware, nothing has been done or omitted to be done by which any of the Intellectual Property owned or used by the Group which is necessary for its business as currently conducted may cease to be valid and enforceable.

4.2 So far as the Company is aware, none of the operations of any member of the Group infringe upon any Intellectual Property held by any third party in any material respects and, so far as the Company is aware, there is not, and has not been, an actual or alleged infringement or unauthorized use of any of the Intellectual Property used by any member of the Group.

4.3 All application and renewal fees, costs and charges relating to the Intellectual Property of the Group necessary for its business as currently conducted have been duly paid on time and no payments have been made in excess of the rates specified under the relevant applications, contracts, agreements and/or licenses (as the case may be).

4.4 All actions required to be taken to protect and maintain the Intellectual Property owned by the Group have been taken by the relevant deadline, and nothing is due to be done, the omission of which would jeopardize the maintenance or registration of any Intellectual Property owned by the Group.

4.5 All confidential information of the Group is adequately and properly documented to enable the Offeror to acquire and retain its full benefit. The carrying on of the business and operations of each member of the Group does not involve the unlicensed use of any confidential information disclosed to any member of the Group by any person in circumstances which might entitle that person to a claim against any member of the Group.

#### **5. GENERAL REGULATORY MATTERS**

5.1 Each member of the Group has conducted its business and dealt with its assets in all material respects in accordance with the Applicable Laws. So far as the Company is aware, there is and has been since the Company became listed on GEM of the Stock Exchange, no governmental, quasi-governmental, criminal, regulatory or stock exchange or other investigation or disciplinary proceeding concerning a member of the Group or any of its directors, officers and employees, and there is no such investigation or proceeding pending or threatened. So far as the Company is aware, no fact or circumstance exists which might reasonably be expected to give rise to an investigation, enquiry or proceeding of that type.

5.2 All corporate actions taken by each member of the Group have been duly authorized, and no member of the Group has taken any action that breaches, in any material aspect, any provision of, its Constitutional Documents.

5.3 Within the preceding three (3) years, the operations of all members of the Group are and have been conducted at all times in compliance with applicable Anti-Bribery Laws and Anti-Money Laundering Laws and no investigation, action, suit, sanction or proceeding by or before any court or governmental

or regulatory agency, Authority or body or any arbitrator involving any members of the Group with respect to the Anti-Bribery Laws or Anti-Money Laundering Laws is pending or threatened.

5.4 Within the preceding three (3) years, no member of the Group and none of the Group's director, officer, agent, employee, affiliate or any other person acting for or on behalf of the foregoing, has violated and has been investigated by relevant Authorities in respect of a violation of, any applicable Anti-Bribery Laws or Anti-Money Laundering Laws, has not been investigated regarding any unlawful payment of money or anything of value (including, without limitation, any unlawful contribution, gift, entertainment or other unlawful inducement), directly or indirectly, to any person or a government official or to a political party, or any promise, agreement or offer to make such payment or provide such benefit, in each case, for the purpose of: (a) influencing any act or decision of a government official in his/her official capacity; (b) inducing such person to act (including through action or omission) in violation of the lawful duty of such person, or to enter into an agreement or arrangement with any member of the Group; (c) securing any improper advantage; or (d) inducing such person to use his/her influence to affect or influence any act or decision of a Authority in order to assist any member of the Group in obtaining or retaining business for or with, or directing business to, any person.

5.5 Since April 24, 2019, no member of the Group and none of the Group's director, officer, agent, employee, affiliate or any other person acting for or on behalf of the foregoing (a) has been or is a Restricted Person, (b) has had or has any assets located in, or has been or is otherwise engaged in, any activity, dealing, transaction or business in a Sanctioned Jurisdiction, or (c) has been or is in breach of any applicable Sanctions or Export Controls.

5.6 The Group has not conducted or initiated any internal investigation or made any voluntary, directed or involuntary disclosure to any Authority with respect to any alleged or suspected act or omission arising under or relating to any non-compliance with or offence under any Anti-Bribery Laws, Anti-Money Laundering Laws, Export Control Laws or Sanctions.

## 5.7 **Licenses and Consents**

5.7.1 All statutory, municipal and other plan, licenses, permits, consents, authorizations, rulings, waivers, clearances, recordation, reporting, registrations, orders, warrants, confirmations, permissions, certificates, approvals and authorities (the “**Licenses**”) necessary for or material to the carrying on of the businesses and operations of each member of the Group (including without limitation, the Licenses required under the Waste Disposal Act (廢棄物清理法) of Taiwan, the Air Pollution Control Act (空氣污染防治法) of Taiwan, the Water Pollution Control Act (水污染防治法) of Taiwan, the Soil and Groundwater Pollution Remediation Act (土壤及地下水污染整治法) of Taiwan, the Toxic and Concerned Chemical Substances Control Act (毒性及關注化學物質管理法) of Taiwan and the Foreign Trade Act (貿易法) of Taiwan) have been obtained, are in full force and effect and all conditions applicable to any such Licenses of the Group have been and are being complied with in all material respects.

5.7.2 All actions required for the renewal or extension of each License (if any) as required that is necessary or material to the operation of the operation of the business of a member of the Group have been taken in a timely manner.

5.7.3 There is no investigation, enquiry or proceeding outstanding which is likely to result in the suspension, cancellation, modification, recission or revocation of any of the Group's Licenses. So far as the Company is aware, none of the Group's Licenses is likely to be suspended, cancelled, refused, modified, rescind or revoked (whether as a result of entering into this Agreement, implementing the Proposal or the Scheme or otherwise).

## 6. **CONNECTED TRANSACTIONS**

- 6.1 There are no subsisting connected transactions (as defined under the GEM Listing Rules) of the Group other than those which are exempted from the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.
- 6.2 All transactions which have been undertaken by any member of the Group with any of the Connected Persons, any related persons (as defined under applicable Taxation law) or directors of any member of the Group or his/her Related Person:
  - (a) were undertaken on arm's length terms; and
  - (b) in accordance with transfer pricing requirements under Applicable Laws.

## 7. INFORMATION

- 7.1 As at the date of this Agreement, no member of the Group is in possession of information, which would be regarded as "inside information" (as such term is defined in the SFO) which has not been disclosed in the Announcement or by the Company through public announcements or other documents published on the website of the Stock Exchange unless otherwise permissible under the SFO.
- 7.2 All publicly available information and records of the Company on the website of the Stock Exchange released or produced by any member of the Group within the 3 years immediately preceding the date of this Agreement was, when supplied or published, true and accurate and not misleading in any material respects with reference to the facts and circumstances existing at the time at which the relevant information was disclosed.
- 7.3 All information contained in this Agreement and all other information which has been given by or on behalf of any member of the Group to the Offeror or any of its agents, directors, officers, representatives and advisers in the course of the due diligence or other investigation carried out by or on behalf of the Offeror prior to entering into this Agreement was when given, so far as the Company is aware, true, complete, accurate and not misleading in all material respects, and as at the date of this Agreement, the Company is not aware of any fact or matter or circumstance which renders or will render any such information untrue or inaccurate in any material respect.
- 7.4 All information relating to the Group which have been disclosed to the Offeror for the purposes of informing the Offeror about the Group and its assets and the Company have been prepared in good faith by the Company and its agents, directors, officers, representatives and advisers, after reasonable enquiry, and the Company has not knowingly omitted any fact and is not aware of any such information being inaccurate or misleading.

## 8. ACCOUNTS

### 8.1 Books and records

- 8.1.1 The account, statutory books, ledgers, financial and other records of each member of the Group have been maintained on a consistent basis in accordance with Applicable Laws in all material respects, are and will at the Effective Date be up-to-date and contain true records of all material aspects of the Group's business and assets to which they relate and of all matters required by Applicable Law to be entered therein.
- 8.1.2 No member of the Group has received any notice of any application or intended application under any Applicable Laws for the rectification of its statutory records, registers and/or books.

### 8.2 Latest Audited Accounts and Unaudited Accounts

- 8.2.1 The FY2024 Financial Statements have been properly drawn up in accordance with the Hong Kong Financial Reporting Standards and the disclosure requirements of the Companies Ordinance.
- 8.2.2 The FY2024 Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Hong Kong Financial Reporting Standards and the Companies Ordinance.
- 8.2.3 The FY2024 Financial Statements make adequate provision or reserve for, or disclose, all liabilities, capital commitments, Taxation in accordance with the Hong Kong Financial Reporting Standards.
- 8.2.4 The FY2025 Interim Financial Statements were prepared in accordance with the basis of preparation set out in such documents.
- 8.2.5 The FY2025 Interim Financial Statements fairly present, and do not materially misstate the assets and liabilities of the Group, nor the profits and losses of the Group, for the relevant financial period.

### 8.3 **Changes since the FY2024 Financial Statements Date**

There have been no material changes in the financial position of the Group, and without limiting the generality of the foregoing, in particular:

- 8.3.1 its business has been carried on solely in the ordinary and usual course, without any material interruption or alteration in its nature, scope or manner, and so as to maintain the same as a going concern;
- 8.3.2 it has not entered into any transaction or assumed or incurred any liabilities (including contingent liabilities) or made any payment or given any guarantee, indemnity or suretyship not provided for in the FY2024 Financial Statements, otherwise than in the ordinary and usual course of carrying on its business;
- 8.3.3 its cash and bank balances have not been affected by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms and in the ordinary and usual course of carrying on business;
- 8.3.4 its profits have not been affected by changes or inconsistencies in accounting treatment, by any non-recurring items of income or expenditure, or by transactions of an abnormal or unusual nature or entered into otherwise than on normal commercial terms;
- 8.3.5 it has not entered into any unusual, long term and onerous commitments and contracts;
- 8.3.6 none of the members of the Group has entered into or proposed to enter into any capital, operating lease or contingent commitments, other than in the ordinary and usual course of business; and
- 8.3.7 there has not been:
  - (a) any waiver or compromise by any member of the Group of any material obligation owed to the Group taken as a whole;
  - (b) any change to a contract or agreement by which any member of the Group or any of its assets is bound or subject that is material in the context of the Group as a whole;

- (c) any material change in any compensation arrangement or agreement with any employee, officer, director, consultant, contractor or shareholder of any member of the Group taken as a whole; or
- (d) any change in the accounting policies and principles adopted for the preparation of the consolidated unaudited financial statements of the Group for the half year ended June 30, 2025 or the consolidated audited financial statements of the Group for the financial year ended December 31, 2025.

#### 8.4 **Absence of Undisclosed Liabilities**

There are no material liabilities (including material contingent liabilities) of any member of the Group which are outstanding on the part of each member of the Group, other than:

- 8.4.1 liabilities publicly disclosed and to the extent provided for in the FY2024 Financial Statements or otherwise publicly announced by the Company on the Stock Exchange thereafter;
- 8.4.2 liabilities disclosed elsewhere in this Agreement; or
- 8.4.3 liabilities incurred in the ordinary and usual course of business since the FY2024 Financial Statements Date.

#### 8.5 **Trade and Other Receivables**

- 8.5.1 The trade and other receivables, including accrued revenue in the FY2024 Financial Statements and the FY2025 Interim Financial Statements are stated at figures not exceeding the amounts which could, in the circumstances existing at the date of the FY2024 Financial Statements and the FY2025 Interim Financial Statements, respectively, reasonably be expected to be realized in the ordinary and usual course of carrying on the business of the Group.
- 8.5.2 No new adverse events have occurred that would give doubt as to the ability to realize all current trade and other receivables in the ordinary and usual course of business after taking into account any provision for bad and doubtful debts made in the FY2024 Financial Statements.

#### 8.6 **Indebtedness**

- 8.6.1 No material outstanding indebtedness of any member of the Group has become payable or repayable by reason of any default of any member of the Group and no event has occurred or is impending or fact or circumstance exists which may result in such material indebtedness becoming payable or repayable prior to its maturity date, in a demand being made for such indebtedness to be paid or repaid or in any step being taken to enforce any security for any such indebtedness of any member of the Group.
- 8.6.2 No event has occurred or is impending and no fact or circumstance exists which, whether or not with the giving of notice or lapse of time or both:
  - (a) will lead to an Encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing or any obligation or security of any member of the Group becoming enforceable; or
  - (b) would entitle a provider of finance to any member of the Group to terminate, withdraw, reduce or not renew any existing facilities to any member of the Group or alter any terms thereof to the disadvantage of any member of the Group.

## 8.7 **Inventory**

8.7.1 Inventory (whether raw materials, work-in-process, or finished goods) that are reflected in the FY2024 Financial Statements and the FY2025 Interim Financial Statements are:

- (a) stated at figures not exceeding the amounts which could, in the circumstances existing at the date of the FY2024 Financial Statements and the FY2025 Interim Financial Statements, respectively, reasonably be expected to be utilized or realized in the ordinary and usual course of carrying on the business of the Group; and
- (b) free from defects in materials and workmanship, of normal merchantable quality, capable of being utilized or sold in the ordinary course of business of the Group and sufficient to conduct business in the same manner as conducted in the immediate 12 months prior to the date of this Agreement.

8.7.2 The Company has obtained all of the licenses, permits and authorizations from the Authority and suppliers to utilize or sell such inventories that are reflected in the FY2024 Financial Statements and the FY2025 Interim Financial Statements.

8.7.3 All inventories of the Group have been properly recorded and valued in accordance with the Hong Kong Financial Reporting Standards.

## 9. **CONTRACTUAL ARRANGEMENTS**

### 9.1 **Contracts**

9.1.1 Saved as Disclosed, no member of the Group is, or has been, a party to any contract or transaction with a third party which:

- (a) is outside the ordinary and usual course of business;
- (b) is not wholly on an arm's length basis;
- (c) is of an unusual or unduly onerous nature; or
- (d) is of a loss-making nature, resulting in losses exceeding US\$100,000 per contract or transaction.

9.1.2 Except in the ordinary and usual course of business, no member of the Group:

- (a) is, or has agreed to become a party to any agency, distributorship, marketing, purchasing, manufacturing, or licensing agreement or arrangement or any agreement or arrangement which restricts its freedom to carry on its business in any part of the world in such manner as it thinks fit;
- (b) is, or has agreed to become, a member of any joint venture, consortium, partnership or other unincorporated association; or
- (c) is, or has agreed to become, a party to any agreement or arrangement for participating with others in any business, sharing commissions or other income.

### 9.2 **Compliance with Agreements**

All the contracts and all leases, tenancies, licenses, concessions, financings, orders and agreements to which any member of the Group is a party are valid, binding and enforceable obligations of the relevant members of the Group, and the terms thereof have been complied with in all material respects by the relevant members of the Group. So far as the Company is aware, there are no circumstances likely to

give rise to any breach or default of such contracts, leases, tenancies, licenses, concessions, financings, orders or agreements and no notice of termination or rejection of renewal or extension or of intention to terminate or reject the renewal or extension has been received in respect of any thereof.

## 10. TAXATION MATTERS

### 10.1 Returns, information and Clearances

- 10.1.1 All returns, accounts, computations, notices and information which are or have been required to be made, given or delivered by any member of the Group for any Taxation purpose (a) have been made, given or delivered within the requisite periods or within permitted extensions of such periods; (b) are up-to-date, complete and accurate in all material respects and made on a proper basis; and (c) none of them is the subject of any dispute with the Taxation authority.
- 10.1.2 All Taxes assessed or imposed by any Taxation authority which have been assessed upon the Group which are due and payable on or before the Effective Date have been paid and were paid on or before the relevant due date for payment or will be paid before the relevant due date for payment. There are no Tax liens on any of the assets of the Group.

### 10.2 General

- 10.2.1 Other than stamp duties in Hong Kong, each member of the Group is and has at all times been resident only in its country of incorporation for all Taxation purposes. Each member of the Group is not liable to pay and has at no time incurred any liability to Taxation chargeable under the laws of any jurisdiction other than its country of incorporation.
- 10.2.2 No member of the Group is or will become liable to pay, reimburse or indemnify any Taxation (or amounts corresponding thereto) as a consequence of the failure by any other person to discharge that Taxation.
- 10.2.3 Each member of the Group has properly and punctually filed with the appropriate Tax Authority all Tax Returns required to be filed in all jurisdictions in which such Tax Returns are required to be filed, and all such Tax Returns and the information contained therein are true and correct in all material respects for the periods covered thereby.
- 10.2.4 All members of the Group have fully accounted for any deferred Tax liabilities in the FY2024 Financial Statements and the FY2025 Interim Financial Statements.
- 10.2.5 Each member of the Group has timely complied in all material respects with Applicable Law imposing Tax withholding or deduction obligations and accounted for all Tax due to the relevant Tax Authorities.
- 10.2.6 There is no fact or circumstance that has arisen, and each member of the Group has not taken any action, which has had, or will have, the result of altering, prejudicing or in any way disturbing any arrangement or agreement between each such member of the Group and the Tax Authority.
- 10.2.7 No member of the Group has paid, or is liable to pay, any material penalty, fine, surcharge or interest in connection with any Tax and, to the best of the Company's knowledge, there are no circumstances by reason of which any member of the Group may become liable to pay any material penalty, fine, surcharge or interest in connection with Tax.
- 10.2.8 No member of the Group has engaged in, or been a party, to transaction, series of transactions or scheme or arrangement of which the main purpose, or one of the main purposes, was or could be said to be the avoidance of, deferral of, or a reduction in the liability to, Taxation.

### 10.3 Tax Incentives

- 10.3.1 All the tax incentives and preferential tax treatment enjoyed by the Group as at the date of this Agreement will not be affected, varied, withdrawn or revoked as a result of the Proposal or the implementation of the Scheme. Each member of the Group has complied with all the conditions subject to which tax incentives have been granted to such member of the Group.
- 10.3.2 No relief (whether by way of deduction, reduction, set-off, exemption, postponement, roll-over, repayment or allowance or otherwise) from, against or in respect of any Taxation has been claimed and/or given to any member of the Group which could be effectively withdrawn, postponed, restricted, clawed back or otherwise lost as a result of any act or omission by such member of the Group.
- 10.3.3 No member of the Group has done or omitted to do anything since any application for any concession, consent or clearance from any Tax Authority that was made which might reasonably be expected to cause such concession, consent or clearance to be or become invalid, or to be withdrawn by the relevant Tax Authorities.

### 10.4 Tax Claims

No single Claim for Taxation has been made:

- 10.4.1 in respect of or arising from any transaction effected or deemed to have been effected on or before the Effective Date; or
- 10.4.2 by reference to any income, profits or gains earned, accrued or received on or before the Effective Date,

except:

- (1) to the extent that Taxation was paid, provided for or accrued in respect thereof in the FY2024 Financial Statements or to the extent that Taxation was paid, provided for or accrued in respect thereof in any of the audited accounts or unaudited accounts or management accounts of a member of the Group or the Company on a consolidated basis up to the Effective Date; and
- (2) to the extent that such Claim arises as a result only of any provision or reserve in respect thereof being insufficient by reason of any increase in rates of Taxation made after the date hereof with retrospective effect.

For the purposes of this warranty, “**Claim**” means any notice, demand, assessment, letter or other document issued or action taken by the Taxation Authority or other statutory or governmental authority, body or official whosoever whereby a member of the Group is placed under a liability to make a payment on any Taxation or deprived of any relief, allowance, credit or repayment otherwise available for Taxation purposes.

### 10.5 Tax Audits

- 10.5.1 There is no investigation by any Taxation Authority in process or, as far as the Company is aware, pending with respect to any Tax Returns of any member of the Group, other than queries raised by a Taxation authority in its usual review of such Tax Returns by a member of the Group.
- 10.5.2 There are no ongoing or, so far as the Company is aware, anticipated Taxation disputes involving or against any member of the Group.

## 11. ASSETS

### 11.1 Title to and Condition of Assets

- 11.1.1 All assets (including the Properties) which are included in the FY2024 Financial Statements are the absolute property of such member of the Group and (save for those subsequently disposed of or realized in the ordinary and usual course of business) all such assets and properties and all debts which have subsequently been acquired or arisen are the absolute property of such member of the Group.
- 11.1.2 Save as Disclosed, each member of the Group is the owner of legally and beneficially of all assets (including the Properties) used by or in connection with the Group's business or necessary for the operation of the Group's business, and each member of the Group has good and marketable title to all such assets, free from Encumbrances, save for Encumbrances in the ordinary and usual course of carrying on its business. All such assets (including the Properties) are, where capable of possession, in the possession of or under the control of the relevant member of the Group, or the relevant member of the Group is entitled to take possession or control of such assets.
- 11.1.3 All assets owned, possessed or used by each member of the Group are in good and safe repair and condition having regard to their respective ages, have been regularly and properly maintained, are suitable for the purposes for which they are used and intended and are in working order, and none is in a dangerous condition or in need of renewal or replacement (fair wear and tear excepted).

### 11.2 Properties

- 11.2.1 The relevant Properties which are held under lease by a member of the Group, are held under a valid, subsisting and enforceable lease/tenancy agreement with such exceptions as do not materially interfere with the use or proposed use of such property and buildings, and there have been no past or present breaches under any of such leases.
- 11.2.2 The Properties are not, and no part thereof is, affected by any of the following matters or (so far as the Company is aware) is likely to become so affected:
  - (a) any outstanding order, dispute, notice or complaint or any exception, reservation, right, covenant, restriction or condition which is of an unusual nature or which affects or might in the future affect the use of the Properties for the purpose for which it is now used; or
  - (b) any notice, order, demand, requirement or proposal made or issued by or on behalf of any Authority for compulsory acquisition, requisition, clearance, demolition, closing or otherwise, the carrying out of any work upon any building, the modification of any planning permission, the discontinuance of any use, the imposition of any building or improvement line or any other circumstances which may result in any such order or notice being made or served or which may otherwise adversely affect the Properties.
- 11.2.3 Without prejudice to the generality of the foregoing, there have been no past or present breaches or outstanding reinstatement works to be completed under the Properties.

### 11.3 Insurance

- 11.3.1 Each of the current insurance and indemnity policies in respect of which any member of the Group has an interest (including any active historic policies which provide cover on a losses occurring basis but excluding insurances relating to the payment of hospital and other medical expenses) (the "Policies") is valid, binding and enforceable and is not void or voidable.

- 11.3.2 In respect of all Policies, all premiums and any related insurance premium taxes have been duly paid to date.
- 11.3.3 No claims have been made or are outstanding in respect of, and as far as the Company is aware, no fact or circumstance exists which might give rise to a claim under, any of the Policies.
- 11.3.4 Each member of the Group has not done anything or omitted to do anything, or allowed anyone to do or omit to do anything, which might, and there is nothing which could (a) reasonably entitle insurers to decline to pay on a claim made under the Policies, or (b) result in an increase, to a material extent, in the premium payable under any of the Policies or prejudice the ability to effect insurance on the same or better terms in the future.
- 11.3.5 Each member of the Group has obtained all insurance required under any Applicable Laws, contract or arrangement to which it is bound or a party to (as the case may be), and such insurances obtained conform in all material respects with the requirements of such Applicable Laws, contract or arrangement and are in full force and effect.
- 11.3.6 Each member of the Group has at all times been and is adequately insured against accident, loss or damage, injury, third party loss, credit risk, loss of profits and all other risks to which persons operating the same or similar types of businesses operated by such member of the Group are exposed to.

#### 11.4 IT System

- 11.4.1 Each of the IT Systems is owned by or licensed to the relevant member of the Group. The relevant member of the Group has obtained all necessary rights from third parties to enable it following the Effective Date to make exclusive and unrestricted use of the IT Systems for the purposes of the business of the Group.
- 11.4.2 All IT Systems owned by or used by any member of the Group:
  - (a) are in operating order and are fulfilling the purposes for which they were acquired or are established in an efficient manner without material downtime or errors;
  - (b) have adequate capacity to meet the current and foreseeable requirements of the business of the Group;
  - (c) have adequate security, back-ups, duplication, hardware and software support and maintenance (including emergency cover), business continuity and disaster recovery plan(s) and trained personnel to ensure that (i) security breaches, unauthorized access, errors and breakdowns are kept to a minimum; and (ii) no disruption will be caused to any part of its business in the event of a security breach, error or breakdown; and
  - (d) are under the sole control of such member of the Group, excluding cloud services provided by a third party and server/hardware equipment owned by independent contractors.
- 11.4.3 In respect of any software comprised in any IT System:
  - (a) in the case of software written or commissioned by each member of the Group, such software is owned exclusively by it, no other person has rights to use the software or source codes, and complete written listings and written copies of the source codes for the software are held by it;
  - (b) in the case of standard packaged software or third party licensed software, each member of the Group has secured licenses for all of its users and on terms which are sufficient for all purposes for which each member of the Group uses the software; and

- (c) if any license or support or maintenance fees are payable in respect of any software on a recurring basis, such fees shall not exceed such amounts previously paid therefor.
- 11.4.4 There have not been any security breaches or any complaints or notices to, or audits, proceedings or investigations conducted or claims asserted against, any member of the Group by any person (including any Authority) regarding any such security breach, and to the Company's knowledge, there is no reasonable basis for the same and no such claim, audit, proceeding or (so far as the Company is aware after due inquiry) investigation has been threatened or is pending.

## 12. EMPLOYMENT

- 12.1 Each member of the Group has in relation to each of its employees (and so far as relevant to each of its former employees) complied in all respects with:
  - 12.1.1 all obligations imposed on it by all Applicable Laws, statutes, regulations and codes of conduct and practice relevant to the relations between it and its employees or any trade union, labor-management meeting, including without limitation, making deductions and payments in respect of contributions (including employer's contributions) to any relevant competent Authority, making contributions for the labor pension reserve funds for the old pension system under the Labor Standard Act of Taiwan, contributions for the labor welfare funds for conducting labor welfare activities under the Employee Welfare Fund Act of Taiwan, obtaining foreign workers permits for each foreign employee in accordance with the Regulations on the Permission and Administration of the Employment of Foreign Workers of Taiwan, having the employees working overtime or adjusting or extending the working hours and paying the overtime payment in accordance with the Labor Standard Act of Taiwan;
  - 12.1.2 all collective agreements, labor and management meeting, and customs and practices for the time being dealing with such relations or the conditions of service of its employees; and
  - 12.1.3 all relevant orders and awards made under any Applicable Laws or relevant statute, regulation or code of conduct and practice affecting the conditions of service of its employees.
- 12.2 There has been no strike, work to rule, work stoppage, work interference activity or industrial action (official or unofficial) by any employee of any member of the Group, threatened or ongoing. There are no workforce agreements, collective bargaining or procedural or other agreements or arrangements affecting the directors, officers or employees of any member of the Group. No member of the Group is involved in, or has received notice of, any industrial or trade dispute or any dispute or negotiation with any trade union or association of trade unions or organization or body of employees and there is nothing likely to give rise to such a dispute or claim.
- 12.3 There are not in existence nor has any proposal been announced to establish any retirement, death or disability benefit schemes for directors or employees nor are there any obligations to or in respect of present or former directors or employees with regard to retirement, death or disability pursuant to which any member of the Group is or may become liable to make payments of a material nature and no pension or retirement or sickness gratuity of a material nature is currently being paid or has been promised by any member of the Group to or in respect of any former director or former employee.
- 12.4 There are no terms of employment, consultancy, appointment or contract for any employees of any member of the Group which provide that a change in control of any member of the Group (howsoever defined therein) shall entitle any employee to treat the change in control as amounting to a breach of the contract or entitling him to any payment or benefit or enhanced notice period whatsoever or entitling him to treat himself as redundant or dismissed or released from any obligation.

12.5 Each member of the Group has paid in full to all their respective employees or adequately accrued for in accordance with the applicable generally accepted accounting principles and Applicable Law, all social insurance, housing provident funds, wages, salaries, commissions, bonuses, benefits and other financial compensation due to or on behalf of such employees (including without limitation for the old pension system under the Labor Standards Act of Taiwan, the new pension system under the Labor Pension Act of Taiwan, labor insurance under the Labor Insurance Act of Taiwan, and national health insurance under the National Health Insurance Act of Taiwan).

12.6 There is no material claim with respect to the payment of social insurance (including without limitation for the old pension system under the Labor Standards Act of Taiwan, the new pension system under the Labor Pension Act of Taiwan, labor insurance under the Labor Insurance Act of Taiwan, and national health insurance under the National Health Insurance Act of Taiwan), housing provident funds, severance payment, pension, occupational accident compensation, wages, salary, overtime pay, benefits, other remuneration and other financial compensation that has been asserted or is now pending or threatened in writing before any Authority with respect to any persons currently or formerly employed by any member of the Group.

12.7 There are not in existence any contracts of service with the directors, officers or key employees of any member of the Group which cannot be terminated by three (3) months' notice or less without giving rise to any claim for damages or compensation.

12.8 No notice to terminate or suspend the contract of employment of any director, officer or key employee of any member of the Group (whether given by such member of the Group or by the employee) is pending, outstanding or threatened.

### **13. ENVIRONMENT**

13.1 Each member of the Group is and has at all times been in compliance with all environmental laws governing its business and operations, including, without limitation: (i) all requirements of environmental law relating to the discharge and handling of hazardous substances; (ii) all requirements of environmental law relating to notice, record keeping and reporting; and (iii) all requirements of environmental law relating to obtaining and maintaining licenses for the ownership of its properties and assets and the operation of its businesses as presently conducted, including licenses relating to the handling and discharge of hazardous substances.

13.2 There are no notices, claims, actions, suits, audits, (so far as the Company is aware after due inquiry) investigation or proceedings by or before any Authority pending or threatened against any member of the Group, or its respective businesses, operations, properties, or assets, issued by any Authority or third party with respect to any environmental laws in connection with, related to or arising out of the ownership by the relevant member of the Group or its respective properties or assets or the operation of its respective businesses.

13.3 No toxic industrial waste or toxic substance (as defined in any environmental legislation) or any other toxic or hazardous gaseous, liquid or solid material or waste that may or could pose a hazard to the environment or human health or safety, is or has been present at, on or under, or has been spilt, leaked, released, deposited, discharged or disposed in the soil or water in, under, around or upon any real properties owned, leased or occupied by any member of the Group (or at any other property by any member of the Group or any of its predecessors), except where such discharge or disposal is made by the Group in compliance with all Applicable Laws and regulations where it carries on business, or where such spill, leakage, release, deposit, discharge or disposal would not result in any liability under any Applicable Laws or regulations.

### **14. LITIGATION, ARBITRATION OR INVESTIGATIONS**

- 14.1 As of the date of this Agreement, no claims, actions, suits, inquiry, disciplinary action, investigation, litigation, arbitration or administrative proceeding is current or pending or, so far as the Company is aware, threatened, to restrain the entry into, exercise of the Company's rights under and/or performance or enforcement of or compliance with its obligations under this Agreement.
- 14.2 As at the date of this Agreement, no claims, actions, suits, inquiry, disciplinary action, investigation, litigation, arbitration or administrative proceeding is current or pending or, so far as the Company is aware, threatened, against any member of the Group or any of the Group's directors, officers, agents, employees, affiliates or any other person acting for or on behalf of the foregoing outside of the ordinary course of business.
- 14.3 As of the date of this Agreement, there is no investigation or enquiry by, any court, tribunal, arbitrator, Authority or regulatory body outstanding or (so far as the Company is aware after due inquiry) anticipated against any member of the Group or any of the Group's directors, officers, agents, employees, affiliates or any other person acting for or on behalf of the foregoing.
- 14.4 No member of the Group is operating under, or subject to, or in default with respect to any order, injunction, attachment or ruling of any court, tribunal, arbitrator, Authority or regulatory body, domestic or foreign.

**SCHEDULE 2**  
**OFFEROR'S WARRANTIES**

1. The Offeror is a private company limited by shares duly incorporated under the laws of State of Missouri and has been validly existing and in good standing under the laws of State of Missouri since incorporation.
2. The Offeror is duly authorized, has full power and authority and has taken all actions necessary, and has obtained or satisfied all corporate and regulatory Approvals, to execute and deliver this Agreement and exercise its rights, and perform its obligations under this Agreement in accordance with its terms.
3. The Offeror's obligations under this Agreement and each other document to be executed by it at or before the Effective Date in connection with the Proposal constitute, or will when executed constitute, valid, legal and binding obligations on the Offeror enforceable in accordance with their respective terms.
4. Neither the execution or performance of this Agreement (or any other document to be executed by the Offeror on or before the Effective Date) nor the making, implementation and completion of the Scheme, will result in, or amount to, a violation or breach by the Offeror of any Applicable Laws, or constitute a breach by the Offeror of any contract, agreement, articles of association, undertaking or commitment to which the Offeror is a party.
5. The Offeror will have sufficient resources available to it to satisfy in full the aggregate amount payable for discharging its payment obligations in respect of the cash consideration payable under the Proposal, in accordance with the Takeovers Code.

For and on behalf of  
**Genes Tech Group Holdings Company Limited**

  
Name: YANG MING-HSIANG  
Title: Director

  
Name: WEI HUNG-LI  
Title: Director

For and on behalf of  
WATLOW ELECTRIC MANUFACTURING COMPANY



Name: Charles R. Gilmore  
Title: Director

*[Signature Page to Implementation Agreement]*