

21 January 2026

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL TO TAKE
GENES TECH GROUP HOLDINGS COMPANY LIMITED PRIVATE
BY WATLOW ELECTRIC MANUFACTURING COMPANY
BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

INTRODUCTION

Reference is made to the Announcement and the Additional Irrevocable Undertaking Announcement. On 14 November 2025 (after trading hours), the Offeror and the Company entered into the Implementation Agreement, pursuant to which the Offeror requested, and the Board undertook to put forward the Proposal to the Scheme Shareholders for the proposal to take the Company private through the proposed cancellation of all the Scheme Shares by way of a scheme of arrangement in accordance with section 86 of the Companies Act, subject to the Conditions being fulfilled or waived, as applicable.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Simultaneously with such cancellation and extinguishment, the issued share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled pursuant to the Scheme. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

Upon the Scheme becoming effective, the Company will become directly wholly owned by the Offeror, and the listing of the Shares on GEM of the Stock Exchange will be withdrawn.

If the Scheme does not become effective or the Proposal otherwise lapses, the listing of the Shares on GEM of the Stock Exchange will not be withdrawn.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Scheme and the expected timetable and to give you notices of the Court Meeting and the EGM (together with proxy forms in relation thereto). Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; (iv) the financial information of the Group set out in Appendix I to this Scheme Document; (v) the general information set out in Appendix II to this Scheme Document; and (vi) the terms of the Scheme set out in Appendix III to this Scheme Document.

TERMS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme

If the Proposal is approved and implemented, under the Scheme:

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price, being HK\$0.245 in cash for each Scheme Share cancelled;
- (b) simultaneously with the cancellation and extinguishment of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the

number of Scheme Shares cancelled pursuant to the Scheme, such that the Company will become directly wholly owned by the Offeror. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued to the Offeror; and

- (c) subject to the Scheme becoming effective, the Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on GEM of the Stock Exchange in accordance with Rule 9.23(2) of the GEM Listing Rules with effect immediately following the Effective Date.

Cancellation Price

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

As at the Latest Practicable Date, the Company has not declared any dividend, distribution or other return of capital which remains unpaid, and the Company does not intend to make, declare and/or pay any dividend or make other distribution or other return of capital on or before the Effective Date or the date on which the Scheme is not approved, or the Proposal and/or the Scheme otherwise lapse (whichever is earlier).

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

Comparison of value

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

- (a) a premium of approximately 87.0% over the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on 5 November 2025, being the Last Trading Date;
- (b) a premium of approximately 122.7% over the closing price of HK\$0.110 per Share as quoted on the Stock Exchange on 4 November 2025, being the Last Full Trading Date;
- (c) a premium of approximately 160.6% over the average closing price of approximately HK\$0.094 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 169.2% over the average closing price of approximately HK\$0.091 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 214.1% over the average closing price of approximately HK\$0.078 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 240.3% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 175.3% over the closing price of HK\$0.089 per Share as quoted on the Stock Exchange on 3 November 2025, being the Undisturbed Date;
- (h) a premium of approximately 178.4% over the average closing price of approximately HK\$0.088 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Undisturbed Date;
- (i) a premium of approximately 178.4% over the average closing price of approximately HK\$0.088 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Undisturbed Date;
- (j) a premium of approximately 218.2% over the average closing price of approximately HK\$0.077 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Undisturbed Date;
- (k) a premium of approximately 245.1% over the average closing price of approximately HK\$0.071 per Share as quoted on the Stock Exchange for the 180 trading days up to and including the Undisturbed Date;
- (l) a premium of approximately 21.3% over the audited net asset value attributable to Shareholders of approximately HK\$0.202 per Share as at 31 December 2024, calculated based on the latest audited consolidated net asset value of the Company

attributable to the Shareholders of approximately NTD820 million (equivalent to approximately HK\$202 million based on the exchange rate of HK\$1:NTD4.07 as at 31 December 2024 as published by the Hong Kong Monetary Authority for illustrative purposes) as at 31 December 2024 and 1,000,000,000 Shares in issue as at the Latest Practicable Date;

- (m) a premium of approximately 12.4% over the unaudited net asset value attributable to Shareholders of approximately HK\$0.218 per Share as at 30 June 2025, calculated based on the latest unaudited consolidated net asset value of the Company attributable to the Shareholders of approximately NTD889 million (equivalent to approximately HK\$236 million based on the exchange rate of HK\$1: NTD3.76 as at 30 June 2025 as published by the Hong Kong Monetary Authority for illustrative purposes) as at 30 June 2025 and 1,000,000,000 Shares in issue as at the Latest Practicable Date; and
- (n) a premium of approximately 1.66% over the closing price of HK\$0.241 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Basis for determining the Cancellation Price

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

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.241 per Share on the Latest Practicable Date, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.057 per Share on 27 June 2025.

TOTAL CONSIDERATION AND CONFIRMATION OF FINANCIAL RESOURCES

As at the Latest Practicable Date, there are 1,000,000,000 Shares in issue. There are no other outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Shares.

The Company does not intend to grant any share options under the Share Option Scheme on or before the Scheme Record Date. Assuming no new Shares will be issued on or before the Scheme Record Date, the maximum amount of cash consideration payable under the Scheme would be HK\$245,000,000.

The Offeror intends to finance the consideration payable under the Scheme through its internal cash resources.

Anglo Chinese, being the financial adviser to the Offeror in connection with the Scheme, is satisfied that sufficient financial resources are available to the Offeror to satisfy its payment obligations in full in respect of the consideration payable by the Offeror under the Scheme.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

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

- (a) the approval of the Scheme (by way of poll) at the Court Meeting by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting;
- (b) (i) the approval of the Scheme (by way of a poll) by not less than 75% of the votes attaching to the Scheme Shares held by the Disinterested Shareholders entitled to vote at the Court Meeting, present and voting either in person or by proxy at the Court Meeting; and (ii) the number of votes cast (by way of a poll) by the Disinterested Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Disinterested Shareholders;
- (c) the passing of (i) a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders, present and voting in person or by proxy at the EGM, to approve and give effect to any reduction of the issued share capital on the Effective Date by cancelling the Scheme Shares; and (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders, present and voting in person or by proxy at the EGM, to approve the simultaneous maintenance of the issued share capital at the amount immediately prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares at par as is equal to the number of Scheme Shares cancelled and applying the reserve created in the Company's books of account as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such new Shares so issued;
- (d) the sanction of the Scheme (with or without modifications) by the Grand Court and to the extent necessary its confirmation of any reduction of the issued share capital as a result of the cancellation of the Scheme Shares, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) compliance, to the extent necessary, with the applicable procedural requirements and conditions, if any, under the Companies Act in relation to any reduction of the issued share capital as a result of the cancellation of the Scheme Shares;
- (f) all of the Approvals having been obtained, completed and/or made and remaining in full force and effect without modification or variation up to and as at the Effective Date;

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

In addition to the requisite Shareholders' approval and regulatory approvals as expressly set out under the Conditions and compliance with the Takeovers Code and the GEM Listing Rules, the Company is required to obtain prior written consent from certain third parties in relation to or in connection with any borrowings, indebtedness and/or debt securities of the Group regarding (i) the contemplated change of shareholding in the Company; (ii) the contemplated delisting of the Shares; and/or (iii) waiver of termination rights (arising from breach of the negative pledge covenants in the relevant agreements), in connection with the implementation of the Proposal and the Scheme. Save for the above, as at the Latest Practicable Date, the Company is not aware of any other Approvals or consents under the Condition in paragraph (g) or compliance obligations arising from other legal, regulatory or administrative requirements under the Applicable Laws that are required in connection with the implementation of the Proposal and the Scheme.

The Conditions in paragraphs (a) to (d) (inclusive) cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e) to (k) (inclusive) above in whole or in part. The Company has no right to waive any of the Conditions.

All of the Conditions must be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal and/or the Scheme if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal and/or the Scheme.

As at the Latest Practicable Date and based on the information available to the Offeror and the Company, other than set out as the Conditions in paragraphs (a) to (e) (inclusive) above, the requisite third-party consents set out above, and the application for the withdrawal of the listing of the Shares from GEM of the Stock Exchange upon the Scheme becoming effective, the Offeror and the Company are not aware of any circumstances which may result in any of the Conditions in paragraphs (f) and (g) (inclusive) above not being satisfied, and each of the Offeror and the Company is also not aware of any other circumstances which may result in any of the Conditions in paragraphs (h) to (k) (inclusive) above not being satisfied.

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

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

Warnings

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or (where applicable) waived. Accordingly, the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

IRREVOCABLE UNDERTAKINGS

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

- (a) to vote, or procure the voting of, all of their Shares in favour of any resolutions proposed at the Court Meeting and the EGM which are necessary for the Scheme to become effective; and

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

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

IMPLEMENTATION AGREEMENT

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

Under the Implementation Agreement, the Company has undertaken to the Offeror, among other things, to:

- (a) use all reasonable endeavors to implement the Proposal and the Scheme;
- (b) not declare any dividends or other distribution prior to the earlier of the Effective Date and termination of the Implementation Agreement;
- (c) procure each member of the Group to carry on its business in the ordinary and usual course of business and to maintain all licenses necessary for the carrying on of the businesses and operations of each member of the Group and not to permit or suffer any of such licenses to lapse;
- (d) procure that, prior to the earlier of the Effective Date and termination of the Implementation Agreement, the Group shall not take certain actions, including:
 - (i) allotting or issuing any securities or making any change to its share capital;
 - (ii) entering into any merger or acquiring or disposing of any assets, other than in the ordinary and usual course of business of the Group;
 - (iii) issuing any debentures or incurring or increasing any indebtedness or contingent liabilities other than in the ordinary and usual course of business of the Group;
 - (iv) entering into any material agreements or arrangements to which any member of the Group is a party that involves payment or incurrence of commitment involving capital expenditure;
 - (v) compromising or settling any legal proceedings for a material amount;

- (vi) entering into contracts, including service 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), except in the ordinary and usual course of business of the Group;
- (vii) entering into, varying or amending terms of 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;
- (viii) entering into, varying or amending terms of transaction with connected persons (as defined in the GEM Listing Rules), except in the ordinary and usual course of business of the Group and on arm's length terms;
- (ix) creating or agreeing 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, except in the ordinary and usual course of business of the Group;
- (x) transferring or assigning to any third party any intellectual property which it owns or has the right of use as well as any other intellectual property which it subsequently acquires or obtains the right of use of;
- (xi) amending constitutional documents or accounting policies or practices; or
- (xii) conducting any other actions that would constitute a frustrating action pursuant to Rule 4 of the Takeovers Code.

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

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

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Shares, and the Company has no relevant securities other than the 1,000,000,000 Shares in issue;

- (b) none of the Offeror or the Offeror Concert Parties owns or has control or direction over any voting rights and rights over the Shares;
- (c) the Scheme Shareholders (who are all Disinterested Shareholders) legally and/or beneficially own, control or have direction over 1,000,000,000 Shares in aggregate, representing all of the issued Shares; and
- (d) the Company does not have any outstanding shares, options, warrants, derivatives, convertible securities or other relevant securities in issue.

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately upon the Effective Date, assuming that there is no other change in the shareholding of the Company before the Effective Date:

Shareholders	As at the Latest Practicable Date		Immediately upon the Effective Date	
	<i>Number of Shares</i>	<i>Approximate % of total Shares⁽¹⁾</i>	<i>Number of Shares</i>	<i>Approximate % of total Shares⁽¹⁾</i>
Offeror	<u>—</u>	<u>—</u>	<u>1,000,000,000</u>	<u>100%</u>
Sub-total: Offeror and Offeror Concert Parties	<u>—</u>	<u>—</u>	<u>1,000,000,000</u>	<u>100%</u>

Shareholders	As at the Latest Practicable Date		Immediately upon the Effective Date	
	Number of Shares	Approximate % of total Shares ⁽¹⁾	Number of Shares	Approximate % of total Shares ⁽¹⁾
Scheme Shareholders				
Undertaking Shareholders				
— Mr. Yang Ming-Hsiang ⁽²⁾⁽³⁾	37,975,000	3.80%	—	—
— Ms. Wei Hung-Li ⁽²⁾⁽⁴⁾	29,125,000	2.91%	—	—
— Queenbest Development Limited ⁽⁵⁾	374,625,000	37.46%	—	—
— Ever Wealth Holdings Limited ⁽⁶⁾	81,150,000	8.12%	—	—
— Planeta Investments Limited ⁽⁷⁾	63,750,000	6.38%	—	—
— Tai-Yi Investment Co. Ltd. ⁽²⁾⁽⁸⁾	111,300,000	11.13%	—	—
— Mr. Chen, Yu-Yuan ⁽⁹⁾	49,950,000	5.00%	—	—
Sub-total: Undertaking Shareholders	747,875,000	74.79%	—	—
Other Scheme Shareholders	252,125,000	25.21%	—	—
Total	1,000,000,000	100%	1,000,000,000	100%

Notes:

- All percentages in the above table are approximations and rounded to the nearest two decimal places and the aggregate percentages may not add up due to rounding of the percentages to two decimal places.
- Mr. Yang Ming-Hsiang, Tai-Yi Investment Co. Ltd., Ms. Wei Hung-Li, Mr. Lin Yen-Po (a former director of the Company) and Mr. Fan Chiang-Shen (a former director of the Company) (collectively, the “**Controlling Shareholder Concert Parties**”) entered into a concert party agreement dated 22 August 2016 (the “**Controlling Shareholder Concert Party Agreement**”). The Controlling Shareholder Concert Parties are collectively deemed interested in 702,050,000 Shares, representing approximately 70.21% of the total issued shares of the Company as at the Latest Practicable Date, which include interests of the Controlling Shareholder Concert Parties under the Controlling Shareholder Concert Party Agreement and the interests of Queenbest Development Limited, Ever Wealth Holdings Limited and Planeta Investments Limited, being controlled corporations under the Controlling Shareholder Concert Parties’ control within the meaning of Part XV of the SFO. For the avoidance of doubt, Mr. Lin Yen-Po, beneficial owner of 1,200,000 Shares, representing approximately 0.12% of the total issued shares of the Company as at the Latest Practicable Date, and Mr. Fan Chiang-Shen, beneficial owner of 2,925,000 Shares, representing approximately 0.29% of the total issued shares of the Company as at the Latest Practicable Date, are not Undertaking Shareholders. Mr. Lin Yen-Po and Mr. Fan Chiang-Shen are each an independent third party not acting in concert with the Offeror and the Offeror Concert Parties.
- Mr. Yang Ming-Hsiang is a director of the Company and is the beneficial owner of 37,975,000 Shares, representing approximately 3.80% of the total issued shares of the Company as at the Latest Practicable Date. Mr. Yang is a party to the Controlling Shareholder Concert Party Agreement, and as a result, is also deemed interested in 664,075,000 Shares held by the other Controlling Shareholder Concert Parties (see note 2 above), representing approximately 66.41% of the total issued shares of the Company as at Latest Practicable Date.

4. Ms. Wei Hung-Li is a director of the Company and is the beneficial owner of 29,125,000 Shares, representing approximately 2.91% of the total issued shares of the Company as at the Latest Practicable Date. Ms. Wei is a party to the Controlling Shareholder Concert Party Agreement, and as a result, is also deemed interested in 672,925,000 Shares held by the other Controlling Shareholder Concert Parties (see note 2 above), representing approximately 67.30% of the total issued shares of the Company as at the Latest Practicable Date.
5. Queenbest Development Limited is a company incorporated in the British Virgin Islands and is the beneficial owner of 374,625,000 Shares, representing approximately 37.46% of the total issued shares of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Queenbest Development Limited has 24 individual shareholders, including Mr. Yang Ming-Hsiang who, being its largest shareholder, is interested in approximately 32.77%, Ms. Wei Hung-Li who is interested in approximately 15.36%, Mr. Fan Chiang-Shen who is interested in approximately 10.70% and Mr. Lin Yen-Po who is interested in approximately 5.08%, of its shareholding. The other shareholders of Queenbest Development Limited, who are independent third parties not acting in concert with the Offeror and the Offeror Concert Parties, are mainly employees and ex-employees of the Group and each holds interests ranging from approximately 0.02% to 8.44% in Queenbest Development Limited.
6. Ever Wealth Holdings Limited is a company incorporated in the Republic of Seychelles and is the beneficial owner of 81,150,000 Shares, representing approximately 8.12% of the total issued shares of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Ever Wealth Holdings Limited has 9 individual shareholders, including Mr. Yang Ming-Hsiang who, being its largest shareholder, is interested in 28.00%, Ms. Wei Hung-Li who is interested in 4.80% and Mr. Lin Yen-Po who is interested in 20.70%, of its shareholding. The other shareholders of Ever Wealth Holdings Limited, who are independent third parties not acting in concert with the Offeror and the Offeror Concert Parties, are employees of the Group and each holds interests ranging from 1.00% to 15.00% in Ever Wealth Holdings Limited.
7. Planeta Investments Limited is a company incorporated in Anguilla and is the beneficial owner of 63,750,000 Shares, representing approximately 6.38% of the total issued shares of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, Planeta Investments Limited has 10 individual shareholders, including Mr. Yang Ming-Hsiang who, being its largest shareholder, is interested in 28.50%, Ms. Wei Hung-Li who is interested in 4.30%, Mr. Fan Chiang-Shen who is interested in 10.70% and Mr. Lin Yen-Po who is interested in 17.80%, of its shareholding. The other shareholders of Planeta Investments Limited, who are independent third parties not acting in concert with the Offeror and the Offeror Concert Parties, are mainly employees of the Group and each holds interests ranging from 0.70% to 26.70% in Planeta Investments Limited.
8. Tai-Yi Investment Co. Ltd. is a company incorporated in Taiwan and is the beneficial owner of 111,300,000 Shares, representing approximately 11.13% of the total issued shares of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, it is held by three individual shareholders who are each an independent third party to the Company and an independent third party not acting in concert with the Offeror and the Offeror Concert Parties. Tai-Yi Investment Co. Ltd. is a party to the Controlling Shareholder Concert Party Agreement, and as a result, is also deemed interested in 590,750,000 Shares held by the other Controlling Shareholder Concert Parties (see note 2 above), representing approximately 59.08% of the total issued shares of the Company as at the Latest Practicable Date.
9. Mr. Chen, Yu-Yuan (also known as Mr. Chen Tsou-Wei) is the beneficial owner of 49,950,000 Shares, representing approximately 5.00% of the total issued shares of the Company as at the Latest Practicable Date, and is an independent third party not acting in concert with the Offeror and the Offeror Concert Parties.

Save as disclosed above, other than Mr. Chiang Ting-Kuo, a director of the Company, who is deemed interested in 2,450,000 Shares held by his spouse, Ms. Li Ling-Hui (an independent third party not acting in concert with the Offeror and the Offeror Concert Parties)

representing approximately 0.25% of the total issued shares of the Company as at the Latest Practicable Date, no other Director holds or is interested in any Share as at the Latest Practicable Date.

INFORMATION ON THE GROUP

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

Your attention is drawn to the section headed “Information on the Group” in the Explanatory Memorandum in Part VII of this Scheme Document for further details. Your attention is also drawn to the “Financial Information of the Group” set out in Appendix I to this Scheme Document.

INFORMATION ON THE OFFEROR

The Offeror, Watlow Electric Manufacturing Company, is a corporation incorporated in the State of Missouri, the U.S. The Offeror Group is a world-class industrial technology group that develops advanced thermal systems which are used in a wide range of demanding industrial applications. The Offeror Group holds more than 1,100 patents and employs over 4,000 team members working in technology centers and manufacturing sites in the United States, Mexico, Europe and Asia.

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

INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

As at the Latest Practicable Date, the Offeror intends to continue the existing principal businesses of the Group. Upon implementation of the Proposal and the Scheme, the Offeror will conduct a strategic review of the business operations of the Group in order to formulate detailed business plans and strategies for future business development. As at the Latest Practicable Date, the Offeror had (a) no intention to introduce any material changes to the business of the Group (including any major redeployment of any fixed assets of the Group), or to discontinue the employment of any employee as a result of the implementation of the Proposal and/or the Scheme (other than in the ordinary course of business), and (b) no agreement, arrangement, understanding, intention, or negotiation regarding any disposal,

termination, or scaling down of the Group's existing business, nor any disposal, restructuring, or redeployment of the Group's assets. The Offeror also intends for the Company to withdraw the listing of the Shares on GEM of the Stock Exchange upon the Scheme becoming effective.

The Board welcomes the intention of the Offeror in respect of the Company and its employees and will cooperate with the Offeror to facilitate the continued smooth business operations and management of the Group.

FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Your attention is drawn to the section headed "Financial Adviser to the Offeror, Independent Board Committee and Independent Financial Adviser" in the Explanatory Memorandum in Part VII of this Scheme Document.

The Independent Financial Adviser has advised the Independent Board Committee that it considers that the Proposal and the Scheme are fair and reasonable so far as the Scheme Shareholders are concerned, and accordingly, it advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal and the Scheme at the EGM.

The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

The Independent Board Committee, having been so advised, considers that the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal and the Scheme at the EGM.

The full text of the letter from the Independent Board Committee is set out in Part V of this Scheme Document.

REASONS FOR AND BENEFITS OF THE PROPOSAL

The Proposal and the Scheme are an opportunity for Scheme Shareholders to monetise their Shares amidst challenging market and industry conditions.

The average daily trading volume of Shares for the approximate 1-month period, 3-month period and 12-month period up to and including the Last Trading Date were approximately 669,048 Shares, 380,625 Shares and 203,320 Shares per trading day, representing only approximately 0.07%, 0.04% and 0.02% respectively of the total number of issued Shares as at the Latest Practicable Date. The low trading liquidity of the Shares could make it difficult for Scheme Shareholders to execute substantial on-market disposals without adversely affecting

the price of the Shares. As such, the Proposal and the Scheme present an immediate opportunity for Scheme Shareholders to monetise their investments for cash and redeploy the proceeds from accepting the Proposal and the Scheme into other investment opportunities.

The Proposal and the Scheme allow an exit for the Scheme Shareholders at a compelling premium to the current market price. The Cancellation Price represents a significant premium ranging from approximately 87.0% to approximately 245.1% over the (average) closing price per Share on the date or for the period as set out in the section headed “Terms of the Proposal and the Scheme” in the Explanatory Memorandum in Part VII of this Scheme Document. The Cancellation Price also represents a premium of approximately 21.3% over the audited consolidated net asset value attributable to Shareholders of approximately HK\$0.202 per Share as at 31 December 2024 (based on the exchange rate of HK\$1:NTD4.07 as at 31 December 2024 as published by the Hong Kong Monetary Authority for illustrative purposes) and approximately 12.4% over the unaudited consolidated net asset value attributable to Shareholders of approximately HK\$0.218 per Share as at 30 June 2025 (based on the exchange rate of HK\$1:NTD3.76 as at 30 June 2025 as published by the Hong Kong Monetary Authority for illustrative purposes).

The Offeror believes that taking the Company private will be beneficial to the Company as it will permit the Offeror and the Company to make strategic decisions focused on long-term commercial development and benefits, free from the pressure of market expectations and share price fluctuations which arise from the Company being a publicly listed company. In addition, as stated in the section headed “Intention of the Offeror with regard to the Group” in the Explanatory Memorandum in Part VII of this Scheme Document, the Offeror will conduct a strategic review of the business operations of the Group.

The Proposal put forth by the Offeror is expected to strengthen the competitiveness of the merged businesses, allowing them to continue delivering excellent products and services to their customers. In particular, the Proposal will expand the Offeror’s customer base, and the Company’s jacket heater product line designed for semiconductor fabrication facilities will complement the Offeror’s existing product portfolio. The Proposal will increase the Offeror’s East Asian manufacturing footprint near key customers, with experienced operations, engineering, and service teams. The Offeror’s global organization and resources will also enhance the Company’s ability to support customers globally.

The Proposal and the Scheme, which entail the delisting of the Company, is also expected to reduce the administrative costs and management resources associated with maintaining the Company’s listing status and compliance with regulatory requirements and, in turn, allow greater flexibility for the Offeror and the Company to manage the Group’s business.

SCHEME SHARES, COURT MEETING AND EGM

As at the Latest Practicable Date, the Company had 1,000,000,000 Shares in issue. Save for the Shares, the Company did not have any outstanding options, warrants, derivatives, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications). Scheme Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting, provided that only votes attaching to the Scheme Shares held by Disinterested Shareholders will be counted for the purpose of determining whether the requirements under Condition (b) of the section headed “Conditions of the Proposal and the Scheme” of the Explanatory Memorandum in Part VII of this Scheme Document (as required under Rule 2.10 of the Takeovers Code) are satisfied. The Scheme will be subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in the section headed “Conditions of the Proposal and the Scheme” of the Explanatory Memorandum in Part VII of this Scheme Document.

As at the Latest Practicable Date, neither the Offeror nor any of the Offeror Concert Parties holds any Shares. Accordingly, all of the Shares in issue constitute Scheme Shares, and are entitled to be voted at the Court Meeting. As at the Latest Practicable Date, all Scheme Shareholders are Disinterested Shareholders.

The Offeror has undertaken to the Grand Court that they will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to attend the EGM and vote on the resolutions with respect to the implementation of the Scheme (including to: (i) approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) simultaneously maintain the share capital of the Company at the amount prior to the cancellation of the Scheme Shares by the issuance at par to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished and applying the reserve created as a result of the cancellation of the Scheme Shares to pay up in full at par such number of new Shares to the Offeror).

Notices convening the Court Meeting to be held at 11:00 a.m. on 13 February 2026 and the EGM to be held at 11:45 a.m. (or as soon as practicable after the conclusion or adjournment of the Court Meeting) on 13 February 2026 are set out in Appendix IV and Appendix V to this Scheme Document respectively.

The Grand Court has directed the Court Meeting to be convened and held for the purpose of considering and, if thought fit, approving (with or without modifications) the Scheme. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in Conditions (a) and (b) in the section headed “Conditions of the Proposal and the Scheme” in the Explanatory Memorandum in Part VII of this Scheme Document.

As soon as practicable after the conclusion or adjournment of the Court Meeting, the EGM will be held for the purpose of considering and, if thought fit, approving all resolutions necessary for the implementation of the Proposal and the Scheme in the manner referred to in Condition (c) in the section headed “Conditions of the Proposal and the Scheme” in the Explanatory Memorandum in Part VII of this Scheme Document. An announcement will be

jointly made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code.

WITHDRAWAL OF LISTING OF THE SHARES ON GEM OF THE STOCK EXCHANGE

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

For the avoidance of doubt, if the Scheme is not approved or the Proposal and/or the Scheme otherwise lapses or is withdrawn, the listing of the Shares on GEM of the Stock Exchange will be retained and will not be withdrawn.

The Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on GEM of the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on GEM of the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal and the Scheme is set out in Part III of this Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal and the Scheme will lapse if any of the Conditions has not been fulfilled or (where applicable) waived on or before the Long Stop Date or such later date as the Offeror may determine, subject to the permission of the Executive and/or as the Grand Court may direct. If the Scheme is not approved or the Proposal and/or the Scheme otherwise lapses or is withdrawn, the listing of the Shares on GEM of the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal and/or the Scheme otherwise lapses or is withdrawn, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal and/or the Scheme (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal and/or the Scheme otherwise lapses or is withdrawn, announce an offer or possible offer for the Company, except with the consent of the Executive.

COSTS OF THE SCHEME

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of

the Takeovers Code. Since the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by the Independent Financial Adviser, Rule 2.3 of the Takeovers Code is not applicable.

OVERSEAS SCHEME SHAREHOLDERS

The availability of the Proposal and the Scheme to persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong may be affected by the laws of the relevant jurisdiction in which they are located or of which they are citizens, residents or nationals. Such Scheme Shareholders should inform themselves about, and observe, any applicable legal, regulatory or tax requirements in the applicable jurisdictions and, where necessary, seek their own legal and other professional advice, including regarding the tax consequences of the Proposal and the Scheme applicable to them. The Offeror and the Company expressly decline any liability for breach of any of these restrictions by any persons.

It is the responsibility of the overseas Scheme Shareholders who wish to take any action in relation to the Proposal and the Scheme to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with any such action, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with any other necessary formality and the payment of any issue, transfer or other taxes in any relevant jurisdiction. Any approval or acceptance of the Proposal and the Scheme by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror, the Company and their respective advisers, including Anglo Chinese as the financial adviser to the Offeror and the Independent Financial Adviser, that such laws and regulations have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

Scheme Shareholders residing in jurisdictions other than Hong Kong should consult their own professional advisers if they are in any doubt as to the potential applicability of, or consequence under, any provision of law or regulation or judicial or regulatory decisions or interpretations in any jurisdictions, territory or locality therein or thereof and, in particular, whether there will be any restriction or prohibition on the acquisition, retention, disposal or otherwise with respect to the Shares, as the case may be.

As at the Latest Practicable Date, there were overseas Scheme Shareholders whose addresses as shown in the register of members of the Company were at the PRC, Taiwan and the British Virgin Islands, holding 100,000 Shares, 307,425,000 Shares and 374,625,000 Shares respectively, representing approximately 0.01%, 30.74% and 37.46% of the issued share capital of the Company respectively. Based on the legal opinions obtained by the Company, the despatch of the Scheme Document to such overseas Scheme Shareholders is not prohibited by relevant law or regulation in such jurisdictions.

TAXATION ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal or the Scheme. It is emphasized that none of the Offeror, the Offeror Concert Parties, the Company, Anglo Chinese, their respective ultimate beneficial owners, directors, officers, employees, agents and associates and any other person involved in the Proposal or the Scheme accepts any responsibility for any taxation effects on, or liabilities of, any person as a result of the Proposal or the Scheme.

REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “Registration and Payment” in the Explanatory Memorandum in Part VII of this Scheme Document.

ACTIONS TO BE TAKEN

The actions which you are required to take in relation to the Proposal are set out in Part II of this Scheme Document.

VOTING AT THE COURT MEETING AND THE EGM

All Scheme Shareholders whose names appear on the Register as at the Meeting Record Date will be entitled to attend and vote, in person or by proxy, at the Court Meeting provided that only the votes of the Disinterested Shareholders will be taken into account in determining if Condition (b) in the section headed “Conditions of the Proposal and the Scheme” in the Explanatory Memorandum in Part VII of this Scheme Document is satisfied. As at the Latest Practicable Date, neither the Offeror nor any of the Offeror Concert Parties holds any Shares. Accordingly, all of the Shares in issue constitute Scheme Shares, and are entitled to be voted at the Court Meeting. As at the Latest Practicable Date, all Scheme Shareholders are Disinterested Shareholders.

All Shareholders as at the Meeting Record Date will be entitled to attend the EGM and vote on the resolutions with respect to the implementation of the Proposal and the Scheme (including: (i) the special resolution to approve and give effect to any reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) the ordinary resolution to approve the simultaneous maintenance of the share capital of the Company at the amount prior to the cancellation of the Scheme Shares by the issuance at par to the Offeror, credited as fully paid, of such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares so issued).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully (i) the section headed “Scheme Shares, Court Meeting and EGM” in Explanatory Memorandum in Part VII of this Scheme Document; (ii) Part II of this Scheme Document; and (iii) the notices of the Court Meeting and the EGM as set out in Appendix IV and V to this Scheme Document, respectively.

The Offeror has undertaken to the Grand Court that it will be bound by the Scheme, so as to ensure that it will comply with and be subject to the terms and conditions of the Scheme.

RECOMMENDATIONS

With reference to Rule 2.8 of the Takeovers Code, the Board defers to the Independent Board Committee with respect to the making of a recommendation to the Disinterested Shareholders (i) as to whether the Proposal and the Scheme are, or are not, fair and reasonable and (ii) whether to vote in favor of or against the Scheme at the Court Meeting and the resolutions in connection with the implementation of the Proposal and the Scheme at the EGM.

Your attention is drawn to (i) the recommendation of the Independent Board Committee with respect to the Proposal and the Scheme as set out in the letter from the Independent Board Committee in Part V of this Scheme Document and (ii) the recommendation of the Independent Financial Adviser to the Independent Board Committee with respect to the Proposal and the Scheme as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. We would advise you to read such letters carefully before you take any action.

FURTHER INFORMATION

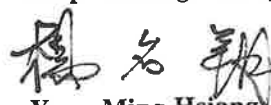
You are urged to read carefully the whole of this Scheme Document, in particular:

- (a) the letter from the Independent Board Committee in Part V of this Scheme Document;
- (b) the letter from the Independent Financial Adviser in Part VI of this Scheme Document;
- (c) the Explanatory Memorandum in Part VII of this Scheme Document;
- (d) the appendices to this Scheme Document, including the Scheme set out in Appendix III to this Scheme Document; and
- (e) the notice of Court Meeting and the notice of EGM set out in Appendix IV and Appendix V to this Scheme Document, respectively.

In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM are enclosed with this Scheme Document.

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

Yours faithfully
By order of the Board
Genes Tech Group Holdings Company Limited


Yang Ming-Hsiang
Executive Director