ASMPT enabling the digital world

ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0522)

DISCLOSEABLE TRANSACTION
DISPOSAL OF ASSETS

Reference is made to the announcement of ASMPT Limited (the "**Company**") dated 23 October 2024 (the "**Announcement**") in relation to the Proposed Transaction. On 28 February 2025, ASMPT Hong Kong Holding Limited, a subsidiary of the Company ("**AHKH**") entered into the Consideration Confirmation Agreement with A-share ListCo and Zhengxin Tongchuang in respect of the Proposed Transaction.

Upon completion of the Proposed Transaction (without taking into account the Supporting Fund Raise), AHKH will hold approximately 21.06% of the shares in A-share ListCo.

The Proposed Transaction aligns with the Company's strategy of focusing on its core capabilities in semiconductor and electronics manufacturing. It provides immediate cash proceeds of RMB789 million and offers an opportunity to capture additional value for shareholders through an 18% stake in A-share ListCo.

The Proposed Transaction offers an opportunity for the Company to unlock the value of its stake in the Target Company, whilst also enabling the Target Company to grow as it embarks on its new chapter with A-share ListCo.

As the highest applicable percentage ratio is more than 5% but less than 25% under Rule 14.07 of the Listing Rules, the Proposed Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the announcement requirement.**Shareholders of the Company should be aware that the Proposed Transaction is subject to the satisfaction of the Conditions and may or may not proceed to completion, and the implementation of the Proposed Transaction will be subject to, among other things, approval by the competent regulatory authorities.**

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

Reference is made to the Announcement dated 23 October 2024 in relation to the Proposed Transaction. Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, (i) on 23 October 2024, ASMPT Hong Kong Holding Limited, a subsidiary of the Company ("**AHKH**") entered into the APA with A-share ListCo and Zhengxin Tongchuang in respect of the Proposed Transaction; and (ii) the Consideration would be determined and agreed in the Consideration Confirmation Agreement.

CONSIDERATION CONFIRMATION AGREEMENT

On 28 February 2025, AHKH entered into the Consideration Confirmation Agreement with A-share ListCo and Zhengxin Tongchuang, pursuant to which the parties have agreed that:

(i) the Consideration, which is based on the value of the Target Asset as determined with reference to the Asset Appraisal Report, is confirmed to be approximately RMB1,717 million;

(ii) Part I Target Asset comprises 2,885 ordinary shares in the Target Company, and the consideration of which is the Consideration Shares, being 29,000,000 new shares in A-share ListCo; and

(iii) Part II Target Asset comprises 2,453 ordinary shares in the Target Company, and the consideration of which is the Cash Consideration in the sum of approximately RMB789 million.

REASONS AND BENEFITS FOR THE PROPOSED TRANSACTION

The Proposed Transaction is consistent with the Company's strategy of focusing on its core capabilities in supplying hardware and software solutions for the manufacturing of semiconductors and electronics.

The Company will receive immediate cash proceeds of RMB789 million from disposing of its interests in the Target Company. In addition, after the Completion Date and upon completion of the Supporting Fund Raise, AHKH will hold no less than 18% of the shares in A-share ListCo, a SSE-listed company. This offers an opportunity to capture additional shareholder value since A-Share ListCo has the potential to increase its value in the semiconductor materials field.

The Proposed Transaction offers an opportunity for the Company to unlock the value of its stake in the Target Company, whilst also enabling the Target Company to grow further as it embarks on its new chapter with A-share ListCo.

For completeness, the principal terms of the APA (which have been set out in the Announcement), as supplemented by the Consideration Confirmation Agreement, are set out as follows.

PRINCIPAL TERMS OF THE APA (AS SUPPLEMENTED BY THE CONSIDERATION CONFIRMATION AGREEMENT)

Date

23 October 2024 (as supplemented by the Consideration Confirmation Agreement dated 28 February 2025)

Parties

(1)	Purchaser and Issuer:	**A-share ListCo**, namely, Shenzhen Original Advanced Compounds Co., Ltd. (深圳至正高分子材料股份有限公司) (stock code: 603991.SH)
(2)	Seller and Subscriber:	**AHKH**, namely, ASMPT Hong Kong Holding Limited (as one of the selling shareholders of the Target Company)
(3)	Controlling Shareholder of A-share ListCo:	**Zhengxin Tongchuang**, namely, Shenzhen Zhengxin Tongchuang Investment & Development Co., Ltd. (深圳市正信同创投资发展有限公司)

Proposed Transaction

The Proposed Transaction consists of the following parts:

(1) AHKH to subscribe for the Consideration Shares (namely, 29,000,000 new shares in A-share ListCo) for the sale of Part I Target Asset (namely, 2,885 ordinary shares in the Target Company); and

(2) AHKH to sell Part II Target Asset comprising the remaining part of the ordinary shares owned by AHKH in the Target Company (namely, 2,453 ordinary shares in the Target Company) to A-share ListCo for the Cash Consideration in the sum of approximately RMB789 million.

Part I Target Asset and Part II Target Asset, together, constitute the Target Asset which represents 49% of the issued shares in the Target Company.

If any part of the above transaction proposal cannot be implemented due to failure to obtain any of the required approvals (including without limitation each Party's internal approvals, approvals by Shanghai Stock Exchange (the "**SSE**"), registration with the China Securities Regulatory Commission (the "**CSRC**") and/or approvals by other relevant government authorities), any Party will be entitled to terminate the APA without being liable for any breach or compensation.

Consideration Shares

Details of the Consideration Shares are as below:

(1)	Nature and par value:	Ordinary shares of A-share ListCo denominated in Renminbi ("**RMB**") and listed on the SSE, with a par value of RMB1.00 each, to be issued to AHKH by way of non-public share issuance to specific investors.
(2)	Issue Price:	RMB32. The Issue Price shall not be lower than 80% of the average trading price of A-share ListCo's shares in the 120 trading days prior to the Pricing Reference Date, namely, the date of announcement of A-share ListCo's first board meeting's resolutions on the matters related to the issuance of Consideration Shares.
(3)	Adjustment mechanism of the Issue Price:	The Issue Price will be adjusted accordingly if there is any ex-right or ex-dividend event, such as distribution of dividend, bonus issue, rights issue, and transfer of capital reserve to share capital, by A-share ListCo during the period between the Pricing Reference Date and the Issuance Completion Date, namely, the completion date for the issuance of the Consideration Shares.
(4)	Issue Amount:	The number of Consideration Shares to be issued is 29,000,000. The Issue Amount will be adjusted accordingly as a result of the adjustment to the Issue Price. The final Issue Amount shall be subject to approval of the SSE and registration with the CSRC.
(5)	Lock-up period of the Consideration Shares:	AHKH will be prohibited from transferring the Consideration Shares in any manner within 12 months of the completion of the issuance of Consideration Shares, except for acquiring additional shares in A-share ListCo by secondary market purchase and participating in the subscription of additional shares in A-share ListCo. Should such lock-up period be inconsistent with the laws, regulations, departmental rules or normative documents in force at that time, or with the latest regulatory opinions of the securities regulatory authorities, adjustments will be made accordingly.
(6)	Arrangement of accumulated undistributed profits:	The accumulated and undistributed profits (if any) of A-share ListCo before the Issuance Completion Date will be owned by the new and existing shareholders of A-share ListCo on a pro-rata basis in accordance with their shareholdings after the Issuance Completion Date.

Basis of Consideration

The Consideration in the amount of approximately RMB1,717 million was based on the appraised value of 100% shares of the Target Company (the "**Appraisal Value**") as at 30 September 2024 (the "**Appraisal Base Date**") with reference to the Asset Appraisal Report dated 28 February 2025 prepared by China United Assets Appraisal & Consulting (Shanghai) Co., Ltd (中联资产评估咨询（上海）有限公司) ("**CUAA**") in relation to the Target Company.

A-share ListCo engaged CUAA, which is an independent and qualified PRC appraiser, to perform the appraisal and prepare the Asset Appraisal Report in respect of 100% shares of the Target Company as at the Appraisal Base Date. The Target Company was appraised using the market approach. The Appraisal Value is set out in the Asset Appraisal Report. Further details of the Appraisal Value, including the key assumptions and methodologies of the Asset Appraisal Reports are set out in Appendix I to this announcement.

Other transactions relating to the Proposed Transaction

Further to the details in relation to the Supporting Fund Raise as set out in the Announcement, pursuant to the Consideration Confirmation Agreement,

(i) the Supporting Fund Raise shall be carried out through non-public share issuance by A-share ListCo to no more than 35 investors through a book-building process; and

(ii) the number of shares to be issued shall not exceed 30% of the total share capital of A-share ListCo before such issuance and shall be no more than 22,360,499 shares, such that after the completion of the Supporting Fund Raise, AHKH shall hold no less than 18% of the shares in A-share ListCo.

The total amount of funds raised from the Supporting Fund Raise shall not exceed the amount approved by the SSE and registered upon approval of the CSRC.

For further details of the Supporting Fund Raise and the Asset Swap Transaction, please refer to the section headed "*Other transactions relating to the Proposed Transaction*" of the Announcement.

Conditions Precedent

The completion of the Proposed Transaction is subject to the satisfaction of the following conditions precedent (the "**Conditions**"):

(1) All representations and warranties made by each Party under the APA are true, accurate and complete during the period from signing of the APA to the Completion Date, and there are no false statements or material misrepresentations.

(2) The covenants and obligations that each Party should comply with and perform before the Completion Date under the APA have been complied with and performed, and no provision of the APA has been violated.

(3) From the signing of the APA to the Completion Date, no event or circumstance has occurred that will or may have any material adverse effect on the Proposed

Transaction.

(4) The board of directors and the general meeting of shareholders of A-share ListCo have resolved to approve the Proposed Transaction.

(5) The board of directors of AHKH have resolved to approve the disposal of the Target Asset to A-share ListCo.

(6) The board of directors and the shareholders' meeting of the Target Company have resolved to approve the transfer of the shares in the Target Company in accordance with the provisions of the APA.

(7) A-share ListCo and AHKH have signed the Consideration Confirmation Agreement.

(8) A-share ListCo has entered into the Additional Share Purchase Agreements with the Additional Sellers of the Target Company other than AHKH and Zhixin HK and Beijing Jianguang, under which A-share ListCo purchases from the Additional Sellers the remaining shares (other than the Target Asset and shares held by Zhixin HK and Beijing Jianguang) in the Target Company. The material terms and conditions which have a substantive impact on the rights and interests of AHKH or the obligations of A-share ListCo including the Target Asset's appraised value, the consideration and the conditions precedent under the APA will be no less favorable than those under the Additional Share Purchase Agreements, and all conditions precedent agreed under the Additional Share Purchase Agreements have been satisfied.

(9) A-share ListCo has entered into the Share Buyback Agreement. The material terms and conditions which have a substantive impact on the rights and interests of AHKH or the obligations of A-share ListCo including the Target Asset's appraised value, consideration and conditions precedent under the APA will be no less favorable than those under the Share Buyback Agreement, and all conditions precedent agreed in the Share Buyback Agreement have been satisfied.

(10) The Anti-Monopoly Bureau of the State Administration for Market Regulation has approved the review of the operator concentration involved in the Proposed Transaction (if applicable).

(11) The SSE has reviewed and approved the Proposed Transaction.

(12) The CSRC has completed the registration of the issuance of Consideration Shares.

(13) A-share ListCo and Nanning Semiconductor have signed the Asset Swap Transaction Documents, and all conditions precedent in the Asset Swap Transaction Documents have been satisfied.

(14) A-share ListCo has provided AHKH with the draft disclosure documents of the material asset restructuring and has obtained prior written confirmation from AHKH on the content of such disclosure documents.

(15) A-share ListCo has obtained other permissions and approvals from the PRC government authorities required for the implementation of the Proposed Transaction (including the offshore investment permission and approval for the acquisition of shares in the Target Company, and the approval or non-receipt of any objection from

the Ministry of Commerce regarding the cross-border share swap).

(16) A-share ListCo has proved to the reasonable satisfaction of AHKH that it has available cash (through the completion of the Supporting Fund Raise or other ways agreed in writing by AHKH) required to settle all Cash Consideration.

As at the date of this announcement, Conditions (5), (6) and (7) have been satisfied.

Completion

The completion of the Proposed Transaction will occur on the Completion Date, i.e. the fifth business day after all the Conditions have been satisfied or on another date that parties otherwise agree. On the Completion Date, each of AHKH and A-share Listco will deliver or procure the delivery of the required completion deliverables provided in the APA and A-share ListCo will pay to AHKH the Cash Consideration.

Within 10 days of the Completion Date, A-share ListCo will submit the necessary documentation to the China Securities Depository and Clearing Corporation Limited to complete the share issuance registration procedures for the issuance of Consideration Shares. Within 30 days of the Completion Date, A-share ListCo will complete the share issuance registration procedures for the Consideration Shares, and will register the Consideration Shares under the name of AHKH.

The completion of the Proposed Transaction will take place simultaneously with the closing of the direct or indirect acquisition by A-share ListCo of the remaining shares in the Target Company so that A-share ListCo will directly and indirectly own all the issued shares (other than those held by Zhixin HK and Beijing Jianguang) in the Target Company after the completion of the Proposed Transaction. The date of settlement of all the Consideration will be no later than the date on which the Target Company settles the consideration under the Share Buyback Agreement and the date on which A-share ListCo settles the consideration under the Additional Share Purchase Agreements. The closing of the Asset Swap Transaction under the Asset Swap Transaction Documents will be conditional on the completion of the Proposed Transaction and will be completed within 30 days of the Completion Date.

Proposed amendments to the articles of association of the Target Company

Subsequent to the completion of the Proposed Transaction, the articles of association of the Target Company will be amended as follows as AHKH will no longer hold any shares in the Target Company (given that, upon completion of the Proposed Transaction (without taking into account the Supporting Fund Raise), AHKH will hold approximately 21.06% of the shares in A-share ListCo):

(1) The quorum to convene a shareholders' meeting of the Target Company shall be shareholder(s) holding at least 51% of the voting rights of the Target Company, and the resolutions to be adopted at a shareholders' meeting of the Target Company shall require the affirmative votes by at least 51% of voting rights held by the shareholder(s) of the Target Company present at such meeting; and

(2) The board of directors of the Target Company shall consist of five (5) directors, and the quorum to convene a board meeting shall be at least three (3) directors. The resolutions

to be adopted at a board meeting shall require the affirmative votes of a simple majority of the directors present at such meeting.

For further details of the treatment of profit or loss of the Target Company during the Transitional Period and the board composition and senior management of the Target Company and A-share Listco, please refer to the sections headed "*Profit or loss during the Transitional Period*" and "*Board composition and senior management of the Target Company and the A-share Listco*", respectively, of the Announcement.

INFORMATION ON THE TARGET COMPANY

The Target Asset of the Proposed Transaction is 49% of the issued shares in the Target Company. The Target Company is a limited liability company incorporated in Hong Kong and is principally engaged in manufacturing and trading of materials products.

The audited book value of the entire equity interest in the Target Company as at 30 September 2024 (i.e., the Appraisal Base Date) was approximately RMB2,966 million and the Appraisal Value was approximately RMB3,526 million.

The audited profit before and after tax of the Target Company for the two years ended 31 December 2023 are as follows:

	For the year ended 31 December	
	2022 (RMB'000) (Audited)	2023 (RMB'000) (Audited)
Profit before tax	393,366	62,061
Profit after tax	314,700	20,178

It is estimated that the Company will realise a gain on disposal of the Target Assets of approximately HK$126 million, which is calculated by reference to the carrying value of the Company's investment in the Target Company as extracted from the Company's 2024 annual results, the Consideration Shares (based on the Issue Price (being RMB32 per share) and Cash Consideration.

The actual gain on disposal of the Target Assets will be subject to the review and final audit by the auditor of the Company and will depend on, amongst others, (i) the carrying value of the Target Assets and (ii) the closing price of the Consideration Shares upon the completion of the Proposed Transaction as well as (iii) the actual transaction costs incurred. The proceeds from the disposal of the Target Assets are intended to be used for general working capital.

INFORMATION ON THE RELEVANT PARTIES

The Company and AHKH

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited, and a leading global supplier of hardware and software solutions for the manufacture of semiconductors and electronics. Headquartered in Singapore, the Company's offerings encompass the semiconductor assembly & packaging, and SMT (surface mount technology) industries, ranging from wafer deposition to the various solutions that organise, assemble and package delicate electronic components into a vast range of end-user devices, which include electronics, mobile communications, computing, automotive, industrial and LED (displays). The Company partners with its customers closely and commits to continuous investment in R&D in order to provide cost-effective, industry-shaping solutions that achieve higher productivity, greater reliability, and enhanced quality.

AHKH is an investment holding company and a wholly-owned subsidiary of the Company.

A-share ListCo and its controlling shareholder

A-share ListCo is a PRC-incorporated company listed on the main board of the SSE. Its main business focuses on polymer materials for cables and specialised semiconductor equipment. The cable polymer materials business is conducted through its subsidiary, Shanghai Zhizheng New Materials Co., Ltd (上海至正新材料有限公司), and is positioned in the mid-to-high-end market for eco-friendly, specialised polyolefin polymer materials used in cables. Its primary activities involve the research and development, production, and sales of eco-friendly polyolefin polymer materials used in electrical wires, cables, and optical cables. The company's products are widely used as insulation materials or outer sheathing materials in the production of electrical wires and optical cables.

A-share ListCo's specialised semiconductor equipment business is operated through its subsidiary, Suzhou Juyun. A-share ListCo began its transition into the semiconductor industry in 2022 and acquired Suzhou Juyun in 2023, a company engaged in the specialised semiconductor equipment business. Suzhou Juyun primarily focuses on the research and development, production, and sales of advanced packaging equipment for semiconductor back-end processes. Its main products include cleaning equipment, ovens, etching equipment, coating and developing equipment, stripping equipment, and dicing equipment. In the first half of 2024, the revenue from the specialised semiconductor equipment business accounted for over 30% of A-share ListCo's total revenue.

The audited net asset value attributable to shareholders of A-share ListCo was approximately RMB256 million as at 31 December 2023 as extracted from its audited financial statements.

The net loss before and after tax of A-share ListCo for the two years ended 31 December 2023 are as follows:

	For the year ended 31 December	
	2022 (RMB'000) (Audited)	2023 (RMB'000) (Audited)
Net loss before tax	21,283	34,834
Net loss after tax	16,821	38,455

Zhengxin Tongchuang is the controlling shareholder of A-share ListCo. Based on publicly available information, Zhengxin Tongchuang is ultimately and beneficially owned and controlled by Wang Qiang. The Company confirms that, to the best the Directors' knowledge, information and belief and having made all reasonable enquiries, A-share ListCo, Zhengxin Tongchuang and Wang Qiang are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio is more than 5% but less than 25% under Rule 14.07 of the Listing Rules, the Proposed Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, which is subject to the announcement requirement.

WARNING

Shareholders of the Company should be aware that the Proposed Transaction is subject to the satisfaction of the Conditions and may or may not proceed to completion; and the implementation of the Proposed Transaction will be subject to, among other things, approval by the competent regulatory authorities.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
ASMPT Limited
Robin Gerard Ng Cher Tat
Director

Hong Kong, 3 March 2025

As at the date of this announcement, the Board comprises Miss Orasa Livasiri (Chairman), Mr. John Lok Kam Chong, Mr. Wong Hon Yee, Mr. Eric Tang Koon Hung, Mr. Andrew Chong Yang Hsueh and Ms. Hera Siu Kitwan as Independent Non-Executive Directors, Dr. Hichem M'Saad and Mr. Paulus Antonius Henricus Verhagen as Non-Executive Directors, and Mr. Robin Gerard Ng Cher Tat and Mr. Guenter Walter Lauber as Executive Directors.

(In case of any inconsistency, the English version of this announcement shall prevail over the Chinese version.)

A. Valuation methodology

(i) Basis of adopting the valuation results under the market approach as valuation conclusions

There are three generally accepted valuation approaches, namely the income approach, the asset-based approach and the market approach. The valuer has adopted the market approach and the asset-based approach to value the Target Company:

(a) The Target Company is an enterprise engaged in the research and development, production and sales of lead frame products within the semiconductor materials sector, which is subject to the significant fluctuations due to external markets and policies influences. Although the semiconductor industry in which the Target Company operates is on a cyclical upward trend from a long-term perspective, with the global semiconductor industry rising from the US$100 billion level in the 2000s to the US$400-500 billion level by the 2020s. However, in the short term, the semiconductor industry is characterised by significant cyclical features, and it is difficult to grasp the timing of cyclical downturns and recovery in the industry. Management of the Target Company is unable to accurately determine the short-term cyclical trend, and the future recovery period and recovery magnitude of the industry are subject to greater uncertainty. Hence, management is unable to accurately judge the cyclical trend in the short term and reliably predict the future cash flows Therefore, the income approach has not been selected for this Valuation.

(b) This valuation involves the reorganisation of the assets of the listed company. The asset-based approach reflects the enterprise's value from the perspective of its purchase and construction and provides a basis for the enterprise's operation, management and valuation after its economic behaviors have been realised. Therefore, the asset-based approach has been selected for this valuation.

(c) Around the Appraisal Base Date, there are listed companies in the market with similar business scope, business size and development stage as the appraised entity. Therefore, the market approach can be selected for this valuation.

The reasons for adopting the valuation results under the market approach as valuation conclusions are set out below:

(a) In the semiconductor lead frame industry in which the Target Company operates, there are many publicly listed companies in the market that are similar to the Target Company in terms of business scope, business scale and development stage around the Appraisal Base Date, providing strong comparability.

(b) Due to the existing great fluctuations caused by external markets and policies, and difficulties in predicting the timing of cyclical downturns and recoveries in the semiconductor industry in which the Target Company operates, it is challenging for the Target Company to accurately determine the short- to medium-term cyclical trend in the semiconductor industry. The future results performance and new product introduction progress of the Target Company are greatly affected by industry cycles, making it difficult to reliably predict the future cash flows. Therefore, the income approach has not been selected for this appraisal.

(c) Compared with the asset-based approach, the market approach can reflect the investment preferences of investors in the capital market for the industry in which the enterprise operates for a certain period of time. The market approach also relies on valuation parameters from more objective and readily acceptable sources. It is difficult for the asset-based approach to capture the combined synergies between different types of assets and the values created by factors like the management's stewardship and profitability of a company's asset portfolio.

Accordingly, this Valuation adopts the valuation results under the market approach as the final valuation conclusion.

(ii) Basis for adopting the guideline public companies method

There are two common methods under the market approach, namely, the guideline public companies method and the guideline transaction method. The valuer has selected the guideline public companies method, because there are many publicly listed companies in the market that are similar to the Target Company in terms of business scope, business scale and development stage around the Appraisal Base Date in the semiconductor lead frame industry in which the Target Company operates, providing strong comparability. The guideline transaction method was not adopted, because the valuer could not access sufficient information on identical or similar comparable transaction cases from public market sources around the Appraisal Base Date.

B. Assumptions

(i) General assumptions

(a) The external economic environment remains unchanged and there are no significant changes to the current national macroeconomy after the Appraisal Base Date;

(b) There will be no significant changes to the social and economic environment where the enterprise operates or to the applicable policies on tax and tax rate, etc.;

(c) The future operation and management team of the enterprise will be diligent and will maintain the existing operation and management models;

(d) Each of the assets subject to this Valuation is based on the actual amount as at the Appraisal Base Date, and the current market price of the relevant assets is based on the effective domestic prices as at the Appraisal Base Date;

(e) The underlying information and financial information provided by the client and the Target Company are true, accurate and complete;

(f) The values of each parameter used in this Valuation do not take into account the effect of inflation;

(g) The comparable companies are the same as or similar to, the Target Company in terms of value drivers;

(h) The comparable companies and the Target Company are able to operate as a going concern according to the operating mode, business structure and capital structure publicly disclosed at the time of the transaction;

(i) The information disclosed by the comparable companies is true, accurate, and complete, and there are no misstatements, errors or major omissions that affect the value determination;

(j) The valuer has selected comparison metrics and indicators solely based on relevant publicly disclosed information of the comparable companies, and do not consider the impact of other undisclosed matters on the value of the appraised entity.

If there is any change in the aforesaid assumptions, the valuation results would normally become invalid.

(ii) Market approach assumptions

(a) An appropriate number of comparable companies are comparable to the Target Company, belong to the same industry or are influenced by the same economic factors;

(b) The comparable companies are the same as or similar to, the Target Company in terms of value drivers;

(c) The comparable companies and the Target Company are able to operate as a going concern according to the operating mode, business structure and capital structure publicly disclosed at the time of the transaction;

(d) The information disclosed by the comparable companies is true, accurate, and complete, and there are no misstatements, errors or major omissions that affect the value determination;

(e) The valuer selects comparison metrics and indicators solely based on relevant publicly disclosed information of the comparable companies, and do not consider the impact of other undisclosed matters on the value of the Target Company.

C. Selection of comparable companies

(i) Selection criteria

In determining the financial multiples for the Target Company, a list of comparable companies was identified. The selection criteria included the following:

(a) The Target Company is registered in Hong Kong, China and has plants in Shenzhen, Guangdong, Chuzhou, Anhui and Johor, Malaysia; the Target Company has global operations, so the scope of comparable listed companies is considered on a global basis. According to the research reports issued by TECHCET, TechSearch: International, Inc. and SEMI, among the top 8 companies in the global lead frame industry in terms of market share in 2023, only the Target Company (AAMI) is an unlisted company, and the remaining 7 companies are all listed companies. The market shares and key production processes of the top 8 companies in the global lead frame industry in terms of market share in 2023 are shown in the table below:

Company name	Company abbreviation	Stock code	Market ranking	Market share	Plant location and production processes
Mitsui High-tec, Inc.	Mitsui High-tec	TSE: 6966	1	12%	(1) Plants in Shoda and Naoki, Fukuoka ken, Japan: stamping, etching (2) Shah Alam, Selangor, Malaysia: stamping (3) Singapore: stamping, etching (4) Kaohsiung, Taiwan, China: stamping (5) Shanghai, China: stamping, etching (6) Tianjin, China: stamping (7) Dongguan, Guangdong, China: stamping
HAESUNG DS Co., Ltd.	HAESUNG DS	KOSE: A195870	3	11%	(1) Changwon, Korea: stamping, etching (2) Angeles City, Pampanga, Philippines: stamping
Shinko Electric Industries Co., Ltd.	Shinko Electric	TSE: 6967	4	9%	(1) Nakano, Nagano, Japan (Takaoka Plant): stamping, etching (2) Wuxi, Jiangsu, China: stamping (3) Shah Alam, Selangor, Malaysia: stamping
Chang Wah Technology Co., Ltd.	CWTC	TPEX: 6548	2	11%	(1) Kaohsiung, Taiwan, China: stamping, etching (2) Suzhou, China: stamping, etching (3) Chengdu, China: stamping (4) Selangor, Malaysia: stamping
Advanced Assembly Materials International Limited	AAMI (Target Company)	-	5	9%	(1) Shenzhen, China: stamping, etching (2) Chuzhou, Anhui, China: stamping, etching (3) Johor Bahru, Malaysia: stamping, etching
SDI Corporation	SDI	TWSE: 2351	6	6%	(1) Changhua, Taiwan, China: stamping (2) Nantou, Taiwan, China: etching (3) Jiangsu, China: stamping
Ningbo Kangqiang Electronics Co., Ltd.（寧波康強電子股份有限公司）	Kangqiang Electronics	SZSE: 002119	7	5%	(1) Jiangyin, Jiangsu, China: stamping, etching (2) Ningbo, Zhejiang, China: stamping, etching
Jih Lin Technology Co., Ltd	Jih Lin Technology	TWSE: 5285	8	3%	(1) Kaohsiung, Taiwan, China (3 plants): stamping (2) Yonezawa, Yamagata, Japan (SSHP): stamping (3) Seremban, Negeri Sembilan, Malaysia (MHSP): stamping (4) Jinan, Shandong, China: stamping (5) Suzhou, Jiangsu, China (SSHP): stamping

(b) As of the Appraisal Base Date, the total assets of the Target Company as stated in the combined statement amounted to RMB3,949,971,700, and on 30 September 2024, the revenue as stated in the base combined statement for the 12 months prior to the Appraisal Base Date (TTM) was RMB2,245,289,500. Comparable listed companies that are not comparable in size, i.e., whose assets or revenues significantly differ from those of the Target Company, are excluded. Specifically, Mitsui High-tec and Shinko Electric's assets are non-comparable due to their far larger size compared to those of the Target Company, and Jih Lin Technology's assets are non-comparable due to their far smaller size compared to those of the appraised entity. Details are as follows:

Unit: RMB million

Company abbreviation	Stock code	Total assets	Revenue	Asset variance	Income variance	Criteria met
AAMI	/	3,949. 97	2,245.29	0%	0%	
Mitsui High-tec	TSE: 6966	10,305.72	9,895.76	161%	443%	No
HAESUNG DS	KOSE: A195870	3,846.04	3,220.10	-3%	77%	Yes
Shinko Electric	TSE: 6967	19,140.44	10,438.37	385%	472%	No
CWTC	TPEX: 6548	4,896.32	2,592.35	24%	42%	Yes
SDI	TWSE: 2351	2,780.03	2,358.12	-30%	29%	Yes
Kangqiang Electronics	SZSE: 002119	2,460.46	1,957.33	-38%	7%	Yes
Jih Lin Technology	TWSE: 5285	1,178.75	1,118.19	-70%	-39%	No

(c) The Target Company is an asset-heavy, manufacturing-focused enterprise, and all its production equipment and part of its properties and land are held as owned assets. As at the Appraisal Base Date, the remaining four comparable companies all have a ratio of fixed assets to total assets that is not significantly lower than that of the Target Company. They are all comparable asset-heavy, manufacturing-focused enterprises. Details are as follows:

Unit: RMB million

Company abbreviation	Stock code	Total assets	Fixed assets	Fixed assets as a percentage of assets	Criteria met
AAMI	/	3,949. 97	870.81	22.05%	Yes
HAESUNG DS	KOSE: A195870	3,846.04	1,958.77	50.93%	Yes
CWTC	TPEX: 6548	4,896.32	914.04	18.67%	Yes
SDI	TWSE: 2351	2,780.03	1,153.41	41.49%	Yes
Kangqiang Electronics	SZSE: 002119	2,460.46	605.65	24.62%	Yes

(d) The Target Company has products manufactured using two processes: stamping and etching. Stamped lead frames have lower production costs and are suitable for mass production. On the other hand, etched lead frames feature higher precision, enabling the production of high-end products with micro-pitch and multiple pins with high technical requirements. Both stamped and etched lead frames have corresponding and stable downstream demand. With the global semiconductor packaging and testing market evolving towards high density, high pin counts, thin profile, and miniaturisation, the lead frame industry will continue to expand into the field of high precision products. The ability to produce lead frames using both stamping and etching processes simultaneously reflects a company's core competitiveness, as well as its research and development capabilities and technical level. In summary, the business structures and models of the four comparable companies are comparable to those of the appraised entity. Details are as follows:

Company abbreviation	Product analysis	Requirements satisfied
AAMI	Stamping, etching	Yes
HAESUNG DS	Stamping, etching	Yes
CWTC	Stamping, etching	Yes
SDI	Stamping, etching	Yes
Kangqiang Electronics	Stamping, etching	Yes

(e) The Target Company has established plants both in mainland China and overseas. The production capacity of the plants in mainland China accounts for a relatively large proportion of the total production capacity. HAESUNG DS does not have any plant in mainland China. Considering that the mainland Chinese market is expected to maintain its lead in high-growth fields of lead frames such as electric vehicles, new energy, computing power, and industrial applications, and that the importance of the domestic supply chain is relatively high, HAESUNG DS differs from the Target Company in terms of production distribution and the structure of major customers. There are significant differences in the future development trends between HAESUNG DS and the Target Company, and they are also affected to different degree by the policies or trends in the global semiconductor industry. Therefore, HAESUNG DS is not comparable to the Target Company. Details are as follows:

Company abbreviation	Product analysis	Requirements satisfied
AAMI	(1) Shenzhen, China: Stamping, etching (2) Chuzhou, Anhui, China: Stamping, etching (3) Johor Bahru, Malaysia: Stamping, etching	Yes
HAESUNG DS	(1) Changwon, South Korea: Stamping, etching (2) Angeles City, Pampanga, Philippines: Stamping	No
CWTC	(1) Kaohsiung, Taiwan, China: Stamping, etching (2) Suzhou, China: Stamping, etching (3) Chengdu, China: Stamping, etching (4) Selangor, Malaysia: Stamping, etching	Yes
SDI	(1) Changhua, Taiwan, China: Stamping (2) Nantou, Taiwan, China: Etching (3) Jiangsu, China: Stamping	Yes
Kangqiang Electronics	(1) Jiangyin, Jiangsu, China: Stamping, etching (2) Ningbo, Zhejiang, China: Stamping, etching	Yes

(f) It is difficult for the valuer to describe the specific enterprise stages and growth indicators of each comparable company quantitatively and accurately, but in general, enterprises at the same or similar stages of growth have similar financial performance in the face of industry fluctuations and have certain similarities in growth. The revenue and profit of the Target Company for the past three years are as follows:

Unit: RMB million

Company abbreviation	Items	2022	2023	January to September 2024	Annualised 2024
AAMI	Revenue	3,130.23	2,205.30	1,823.87	2,431.83
	Growth rate		-29.55%		10.27%
	Net profits	314.70	20.18	36.59	48.79
	Growth rate		-93.59%		141.79%

Analysing the performance data mentioned above, the period from 2021 to 2022 marked the peak of the previous semiconductor industry cycle, during which the enterprise's overall performance was strong. Since the second half of 2022, the global semiconductor market has gradually declined, the industry has entered a destocking cycle, coupled with the disturbance of numerous unfavourable factors such as global macroeconomic fluctuations and trade frictions, resulting in a decline in demand for the lead frame industry. From January to September 2024, benefiting from the easing of destocking pressure in the industry, the Target Company's major business demonstrated a stabilising and upturning trend. Details of the comparable companies are set out below:

Unit: RMB million

Company abbreviation	Items	2022	2023	January to September 2024	Annualised 2024
CWTC	Revenue	3,239.98	2,680.38	1,947.48	2,596.64
	Growth rate		-17.27%		-3.12%
	Net profits	632.20	362.09	302.49	403.33
	Growth rate		-42.73%		11.39%
SDI	Revenue	2,632.23	2,512.65	1,784.12	2,378.82
	Growth rate		-4.54%		-5.33%
	Net profits	211.16	171.90	119.13	158.84
	Growth rate		-18.59%		-7.60%
Kangqiang Electronics	Revenue	1,702.79	1,779.86	1,487.02	1,982.69
	Growth rate		4.53%		11.40%
	Net profits	101.98	80.58	79.42	105.89
	Growth rate		-20.99%		31.42%

The Target Company and all comparable companies were significantly affected by the semiconductor cycle, with well performance in 2022 and a decline in overall performance in 2023 and 2024 due to the downturn in the industry. The growth and operational risks of the Target Company and the comparable companies are comparable.

(g) The gearing ratio of the Target Company was 24.91% as at the Appraisal Base Date, with a low gearing ratio and financial risk. The gearing ratios of the above three comparable companies are slightly higher than those of the appraised entity, but the overall level is around the industry average, and all of them are operating normally as at to date, and public information indicates that there is no obvious financial risk. Details are as follows:

Company abbreviation	**Gearing ratio**
CWTC	45.70%
SDI	42.49%
Kangqiang Electronics	44.59%
Mean	**44.26%**
Lead frame industry mean	**40.28%**

The lower gearing ratio of the Target Company is mainly due to the fact that it completed a capital increase of approximately US$100 million by the end of 2020, the financing of which was completed at a relatively recent point in time, which enabled it to develop mainly through its own funds and basically did not require debt financing, and if the effect of such financing is excluded, the gearing ratio of the appraised entity would be approximately 40%, which is similar to that of the comparable companies. Although the comparable companies are all listed companies, due to their earlier listing and smaller scale of financing, the comparable companies have a certain scale of debt financing for development and operation as at the Appraisal Base Date. Detailed information is as follows:

Company abbreviation	**Interest-bearing debts as at the Appraisal Base Date**	**Scale of the equity financings**	**Remarks**
CWTC	RMB1,436.33 million	US$138 million	Total of three equity financings from 2015 to 2017
SDI	RMB626.08 million	-	Listed in 1996, no public equity financing information found in recent years
Kangqiang Electronics	RMB683.50 million	US$50 million	Two equity financings from 2007 to 2013
Appraised entity	RMB27.98 million	Approximately US$100 million	Financing at the end of 2020

Source: CIQ Database

Based on the above analysis, none of the Target Company and the comparable companies have significant financial risks. In addition, considering that the value ratio used in this Valuation is EV/EBITDA, and the value of its debt is also included in the enterprise value, therefore, the debt structure has less impact on that indicator.

Based on the selection criteria detailed above, the valuer has identified three comparable companies, namely Chang Wah Technology Co., Ltd., SDI Corporation, and Ningbo Kangqiang Electronics Co., Ltd.（寧波康強電子股份有限公司）.

(ii) Information on comparable companies

(a) Chang Wah Technology Co., Ltd. manufactures and sells LED (Light-Emitting Diode) lead frames and molding compound materials in Taiwan, China, and provides EMC (Epoxy Molding Compound) and IC (Integrated Circuit) products, along with pre-molded products. The company also deals in the sale of electronic components, machinery, and tools. Founded in 2009 and headquartered in Kaohsiung, Taiwan, China, Chang Wah Technology Co., Ltd. has the following key financials:

Unit: RMB0'000

Items	**31 December 2021**	**31 December 2022**	**31 December 2023**	**30 September 2024**
Total assets	340,221.88	422,723.80	462,117.78	489,631.78
Liabilities	147,401.29	194,319.57	222,959.16	223,769.46
Net assets attributable to the parent company	189,971.49	219,455.09	229,217.45	255,340.17
Items	**2021**	**2022**	**2023**	**January to September 2024**
Revenue	293,232.54	323,998.09	268,037.89	194,748.02
Net profits attributable to the parent company	39,854.64	63,872.66	36,964.59	30,823.43
EBITDA	64,374.58	85,616.52	51,527.41	39,453.33

Source: CIQ Database

(b) SDI Corporation and its subsidiaries manufacture and sell semiconductor lead frames, LED lead frames, stationery and office supplies, as well as high-precision molds in Taiwan, China, mainland China, Japan, Malaysia, and internationally. The company is engaged in the smelting and rolling of metal strips, the manufacturing and processing of electronic components, and international trade businesses. Founded in 1953 and headquartered in Changhua, Taiwan, China, SDI Corporation has the following key financials:

Unit: RMB0'000

Items	**31 December 2021**	**31 December 2022**	**31 December 2023**	**30 September 2024**
Total assets	299,018.74	290,202.79	281,095.12	278,002.63
Liabilities	149,259.53	133,358.05	116,380.10	118,134.20
Net assets attributable to the parent company	141,819.06	148,797.87	156,621.66	152,214.50
Items	**2021**	**2022**	**2023**	**January to September 2024**
Revenue	255,647.85	263,222.87	251,265.02	178,411.70
Net profits attributable to the parent company	20,867.53	22,443.21	18,071.40	12,759.76
EBITDA	42,964.33	40,484.39	37,623.20	26,645.25

Source: CIQ Database

(c) Ningbo Kangqiang Electronics Co., Ltd.（寧波康強電子股份有限公司） and its subsidiaries produce and sell semiconductor packaging materials in China. It offers stamped frames, etched frames, bonding wires, and LED frames, as well as wire electrodes, precision molds, and lead frames. Founded in 1992 and headquartered in Ningbo, Zhejiang, China, the company has the following key financials:

Unit: RMB0'000

Items	31 December 2021	31 December 2022	31 December 2023	30 September 2024
Total assets	213,445.40	190,717.44	231,844.34	246,045.79
Liabilities	99,173.46	68,122.87	102,316.32	109,701.05
Net assets attributable to the parent company	114,271.93	122,594.56	129,528.02	136,344.73
Items	**2021**	**2022**	**2023**	**January to September 2024**
Revenue	219,461.59	170,279.15	177,985.66	148,701.89
Net profits attributable to the parent company	18,123.64	10,197.58	8,057.56	7,941.95
EBITDA	30,458.50	18,721.05	15,950.52	15,482.73

D. Selection of benchmark multiple

When applying the guideline public companies method, the valuer has taken into account the following commonly used benchmark multiples:

(i) Price-to-earnings ratio (P/E): refers to the ratio of the market price per share to the earnings per share, generally including trailing price-earnings ratio and forward price-earnings ratio, etc.

(ii) Price-to-book ratio (P/B): refers to the ratio of the market price per share to the net asset per share.

(iii) Price-to-sales ratio (P/S): refers to the ratio of the market price per share to the sales per share.

(iv) Enterprise Value/Earnings before interest, taxes depreciation and amortisation (EV/EBITDA): refers to the ratio of enterprise value to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). Enterprise Value/Earnings Before Interest and Taxes (EV/EBIT): it refers to the ratio of enterprise value to EBIT (Earnings Before Interest and Taxes).

The EV/EBITDA ratio was deemed by the valuer as an appropriate benchmark multiple taking into account that the Target Company is a supplier of semiconductor lead frames, is capital-intensive in nature, has an asset-heavy structure and the complexities of its financial policies and market environments. Firstly, there are significant differences between the regional markets in which the enterprises operate and the comparable companies, especially in terms of tax policies, and these variations in regional tax rates may have a significant impact on the financial performance of the enterprises. Traditional valuation metrics such as price-earnings ratios (PE) and price-to-book ratios (PB) are often significantly affected by tax rates as such metrics are directly influenced by a company's net profit and net assets. However, differences in tax rates may hinder the direct comparison of the profitability between different companies in different regions, thus affecting the accuracy and fairness of these traditional valuation metrics. In contrast, EV/EBITDA is a more comprehensive valuation ratio that excludes the impact of taxes from its calculation, allowing for a more equitable comparison between companies in different tax environments. Therefore, the adoption of EV/EBITDA can effectively mitigate the distortions of the valuation results caused by the difference in tax rates and better reflect the actual value of the target enterprise. In addition, the Target Company is also financially susceptible to the depreciation from the new plant construction and the amortisation of the increased value assigned in purchase price allocation (PPA) (purchase accounting) related to a previous acquisition. Specifically, with the construction of the new plant, the enterprise's capital expenditure has increased, and the depreciation of the related assets has also risen, which may lead to a greater impact on the enterprise's net profit in the short term. The value of assets and subsequent amortisation may also be affected by the PPA valuation of acquisitions (i.e. purchase accounting amortisation), which in turn may affect the company's financial statements. However, these depreciations and amortisations do not reflect the core operating conditions of the enterprises. In this case, EBITDA, as an indicator of profitability, can effectively remove the impact of depreciation and amortisation on the company's results and reflect the actual operating performance of the company after excluding these non-cash items. Therefore, it is reasonable to use EBITDA as the comparative benchmark value ratio in this appraisal.

E. Inputs and adjustments

(i) Adjustment of liquidity discount

(a) The valuer estimated the liquidity discount with reference to the IPO pricing method, which is a way of examining the magnitude of liquidity discount by analysing the difference between the IPO price of a new share of a listed company in the PRC and the subsequent trading price of the share after its shares are formally listed.

(b) The valuer gathered the prices of newly issued shares of the comparable companies within the semiconductor industry sectors in the Capital IQ database by region based on the sub-industry classification of the selected comparable companies. For each sector, the valuer examined the relationship between the IPO price and the post-listing prices. Comparable companies listed within the past ten years were selected, and those listed for less than 120 days were excluded. Considering that the lack of liquidity typically has a negative impact on corporate valuation, outliers with negative liquidity discounts were excluded. Following the above adjustments, the enterprise value of the comparable companies, net of the liquidity discount as at the Appraisal Base Date are calculated as shown in the table below:

Unit: RMB0'000

No.	Company abbreviation	Value of operating equity	Liquidity discount	Cash and cash equivalents	Interest-bearing debts	Minority interests	EV, net of liquidity discount
		①	②	③	④	⑤	①*(1-②)-③+④+⑤
1	CWTC	798,054.75	23.70%	188,993.13	143,632.80	10,522.15	574,040.29
2	SDI	531,963.05	23.70%	19,044.67	62,608.49	7,653. 93	457,080.69
3	Kangqiang Electronics	414,956.88	40.67%	17,021.38	68,349.94	0.00	297,511.66

Note: Equity Value = Average market value for the 90 days prior to the Appraisal Base Date, sourced from the Capital IQ financial terminal.

(ii) Calculation of the value ratio

The value ratios of the comparable companies were calculated based on key financial data, their 100% equity value, enterprise value, and value factor of the comparable companies as at the Appraisal Base Date and the results are set out in the table below:

Unit: RMB0'000

No.	Company abbreviation	EV/EBITDA	EV, net of liquidity discount	EBITDA of the comparable company	Adjusted EV/EBITDA
1	CWTC	14.73	574,040.29	51,810.08	11.08
2	SDI	16.74	457,080.69	34,830.45	13.12
3	Kangqiang Electronics	25.25	297,511.66	18,466.01	16.11

Note: EBITDA, the value factor of the comparable companies = TTM Earnings before interest, taxes depreciation and amortization as at 30 September 2024, sourced from the Capital IQ financial terminal.

(iii) Calculation of Target Company EV

The Target Company's Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the past 12 months as at the Appraisal Base Date was RMB191,569,400. By multiplying the above value ratios by the Target Company's value factor respectively, the operating comparable values are derived as set in the table below, and the arithmetic average of the results was calculated to be the Target Company's enterprise value, EV = RMB2,574,312,100:

Unit: RMB0'000

No.	Company abbreviation	Comparable EV/EBITDA	EBITDA, the value factor of the Target Company	Indicated EV
1	CWTC	11.08	19,156.94	212,253.23
2	SDI	13.12	19,156.94	251,396.98
3	Kangqiang Electronics	16.11	19,156.94	308,643.43
Arithmetic mean		13.44	19,156.94	257,431.21

Note: EBITDA, the value factor of Target Company = TTM EBITDA as at 30 September 2024, EBITDA = total profits + finance costs + depreciation and amortisation - non-operating gains (losses).

F. Calculation of the Valuation

Total equity interests of the Target Company P = the Enterprise Value (EV) of the Target Company + the cash & cash equivalents of the Target Company - the interest-bearing debts of the Target Company - the minority interests of the Target Company = RMB2,574,312,100 + RMB979,176,500 - RMB27,976,600 = RMB3,526.00 million (rounded to the nearest million).

The Appraised Value (that is, the appraised value of 100% shares of the Target Company as at the Appraisal Base Date) is arrived at RMB3,526,000,000. Based on the reference value and through amicable negotiations among the transaction parties, the 100% equity value of the Target Company has been agreed at RMB3,503,700,000, while the corresponding value of the subject assets is RMB1,716,793,700.

G. Appraised Value and book value

The audited book value of the entire equity interest in the Target Company as at 30 September 2024 (i.e., the Appraisal Base Date) was approximately RMB2,966 million and the Appraisal Value was approximately RMB3,526 million.

The difference between the book value and Appraisal Value is due to the company's main value, in addition to tangible assets such as fixed assets, inventory and working capital on the books, also includes important intangible resources such as corporate management, talent teams, brand strength and preferential policies. The two types of assets work together in the process of realising the value of the appraised entity, making the value of the appraised entity effectively highlighted in the overall development process of the semiconductor industry. This is mainly reflected in the following aspects: (1) focus on high-end, comprehensive product systems with comprehensive coverage, (2) high-quality and stable global customer resources, and (3) industry-leading R&D capabilities and manufacturing processes.

H. Opinions of the Directors

Based on the above, the Directors (including the independent non-executive Directors) of the Company are of the view that the basis for determining the Consideration and the Consideration are fair and reasonable and in the interests of the Company and its shareholders as a whole.