

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF TIME INTERCONNECT SINGAPORE PTE. LTD. AND ITS SUBSIDIARIES TO THE DIRECTORS OF TIME INTERCONNECT TECHNOLOGY LIMITED****INTRODUCTION**

We report on the historical financial information of Time Interconnect Singapore Pte. Ltd. (the “**Target Company**”) and its subsidiaries (together, the “**Target Group**”) set out on pages IIA-4 to IIA-55, which comprises the consolidated statements of financial position of the Target Group at 31 December 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for the period from 5 September 2024 (date of incorporation) to 31 December 2024 and the year ended 31 December 2025 (the “**Relevant Periods**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IIA-4 to IIA-55 forms an integral part of this report, which has been prepared for inclusion in the circular of Time Interconnect Technology Limited (the “**Company**”) dated 25 June 2026 (the “**Circular**”) in connection with the acquisition of the equity interest in the Target Company.

**DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION**

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 3 to the Historical Financial Information, and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

## **REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **OPINION**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's financial position at 31 December 2024 and 2025, and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 3 to the Historical Financial Information.

## **REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

### **Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIA-4 have been made.

## **Dividends**

We refer to note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Target Company in respect of the Relevant Periods.

*Deloitte Touche Tohmatsu*

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

25 June 2026

## **HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**

### **Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on consolidated financial statements of the Target Group for the Relevant Periods. The consolidated financial statements have been prepared in accordance with the accounting policies which conform with the IFRS Accounting Standards as issued by the International Accounting Standards Board and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Hong Kong Dollar ("**HK\$**") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
Revenue	6	–	6,405,554
Cost of sales		<u>–</u>	<u>(5,553,911)</u>
Gross profit		–	851,643
Other operating income	7	–	20,483
Other revenue	8	–	7,989
Selling expenses		–	(241,961)
General and administrative expenses		(38)	(228,809)
Research and development expenditure		–	(30,666)
Other operating expenses		(1)	(27,277)
Finance costs	9	<u>–</u>	<u>(135,144)</u>
(Loss) profit before tax	10	(39)	216,258
Income tax expense	11	<u>–</u>	<u>(52,520)</u>
(Loss) profit for the period/year		<u>(39)</u>	<u>163,738</u>
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation from functional currency to presentation currency		(4)	26,665
Remeasurement of defined benefit pension plans		–	7,536
Income tax relating to items that will not be reclassified to profit or loss		<u>–</u>	<u>(2,662)</u>
		<u>(4)</u>	<u>31,539</u>

	<b>5.9.2024</b>	<b>1.1.2025</b>
	to	to
	<b>31.12.2024</b>	<b>31.12.2025</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	–	734
Fair value loss on hedging instruments designated in cash flow hedges	–	(3,163)
Income tax relating to items that may be reclassified subsequently to profit or loss	–	(2,096)
	<u>–</u>	<u>(4,525)</u>
Other comprehensive (expense) income	<u>(4)</u>	<u>27,014</u>
Total comprehensive (expense) income for the period/year	<u><u>(43)</u></u>	<u><u>190,752</u></u>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TARGET GROUP**

		<b>At 31 December</b>	
	<i>NOTES</i>	<b>2024</b>	<b>2025</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>14</i>	–	2,304,785
Right-of-use assets	<i>14</i>	–	158,424
Intangible assets	<i>15</i>	–	51,218
Deferred tax assets	<i>17</i>	–	124,990
Other financial assets	<i>19</i>	–	21,537
Other non-current assets		–	1,900
		<hr/>	<hr/>
		–	2,662,854
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories	<i>18</i>	–	1,651,073
Trade and other receivables	<i>19</i>	–	1,956,940
Taxation recoverable		–	29,250
Cash and cash equivalents	<i>20</i>	3,104	913,159
		<hr/>	<hr/>
		3,104	4,550,422
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	<i>21</i>	38	1,284,244
Lease liabilities	<i>22</i>	–	61,915
Other provisions	<i>23</i>	–	96,976
Tax liabilities		–	31,266
Loan from a related company	<i>24</i>	–	3,188,509
		<hr/>	<hr/>
		38	4,662,910
		<hr/>	<hr/>
Net current assets (liabilities)		<hr/>	<hr/>
		3,066	(112,488)
		<hr/>	<hr/>
Total assets less current liabilities		<hr/>	<hr/>
		3,066	2,550,366
		<hr/>	<hr/>

		At 31 December	
	NOTES	2024	2025
		HK\$'000	HK\$'000
Non-current liabilities			
Lease liabilities	22	–	166,597
Deferred tax liabilities	17	–	94,397
Other provisions	23	–	118,263
Pension provisions	25	–	84,211
Loan from a related company	24	–	1,883,200
Other payables	21	–	9,880
		<u>–</u>	<u>2,356,548</u>
Net assets		<u>3,066</u>	<u>193,818</u>
Capital and reserves			
Share capital	26	3,109	3,109
Reserves		<u>(43)</u>	<u>190,709</u>
Total equity		<u>3,066</u>	<u>193,818</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Cash flow hedge reserve <i>HK\$'000</i>	Remeasurement of defined benefit plans reserves <i>HK\$'000</i>	(Accumulated losses) retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Issue of share on date of incorporation on 5 September 2024	3,109	-	-	-	-	3,109
Loss for the period	-	-	-	-	(39)	(39)
Exchange differences arising on translation from functional currency to presentation currency	-	(4)	-	-	-	(4)
Total comprehensive expense for the period	-	(4)	-	-	(39)	(43)
At 31 December 2024	3,109	(4)	-	-	(39)	3,066
Profit for the year	-	-	-	-	163,738	163,738
Exchange differences arising on translation of foreign operations	-	734	-	-	-	734
Exchange differences arising on translation from functional currency to presentation currency	-	26,665	-	-	-	26,665
Changes arising from remeasurement of defined benefit plans	-	-	-	4,874	-	4,874
Transfer of cash flow hedging gains upon recognition of non-financial hedging items	-	-	(5,259)	-	-	(5,259)
Total comprehensive income (expense) for the year	-	27,399	(5,259)	4,874	163,738	190,752
At 31 December 2025	3,109	27,395	(5,259)	4,874	163,699	193,818

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
<b>OPERATING ACTIVITIES</b>		
(Loss) profit before tax	(39)	216,258
Adjustments for:		
Interest income	–	(7,989)
Finance costs	–	135,144
Depreciation of property, plant and equipment	–	118,899
Amortisation of intangible assets	–	2,896
Loss on disposal of property, plant and equipment as well as intangible assets	–	472
Gain on disposal of right-of-use assets	–	(1,142)
Impairment losses on property, plant and equipment as well as intangible assets	–	2,617
Impairment losses recognised under expected credit loss model	–	(3,232)
Gain on bargain purchase	–	(1,896)
Unrealised exchange loss, net	1	22,325
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(38)	484,352
Increase in inventories	–	(108,706)
Decrease in trade and other receivables	–	38,650
Decrease in other assets	–	39,799
Increase (decrease) in liabilities	38	(1,120,007)
Decrease in restructuring provisions	–	(80,691)
Decrease in other provisions	–	(4,631)
	<hr/>	<hr/>
Cash used in operations	–	(751,234)
Income tax paid	–	(54,101)
	<hr/>	<hr/>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<hr/>	<hr/>
	–	(805,335)

	5.9.2024 to 31.12.2024 <i>HK\$'000</i>	1.1.2025 to 31.12.2025 <i>HK\$'000</i>
<b>INVESTING ACTIVITIES</b>		
Net cash outflow on acquisition of subsidiaries	–	(2,533,418)
Capital expenditure for property, plant and equipment	–	(116,410)
Capital expenditure for intangible assets	–	(3,440)
Interest received	–	7,889
Proceeds from disposal of property, plant and equipment	–	883
Cash receipts from related companies	–	351,499
	<u>–</u>	<u>351,499</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>–</u>	<u>(2,292,997)</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of financial debts	–	(1,115,014)
Interest paid	–	(78,577)
Capital contribution by LEONI AG	–	139,415
Cash receipts from acceptance of financial debts	–	5,030,326
Capital contribution by shareholders	3,116	–
	<u>3,116</u>	<u>–</u>
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>3,116</u>	<u>3,976,150</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,116	877,818
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR</b>	–	3,104
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<u>(12)</u>	<u>32,237</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR</b>	<u><u>3,104</u></u>	<u><u>913,159</u></u>

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Time Interconnect Singapore Pte. Ltd. (the “**Target Company**”) together with its subsidiaries (the “**Target Group**”) is engaged in developing, manufacturing and sales of copper cables transmitting power, signals and data for automotive sector and other industries (the “**Automotive Cable Solutions Business**”). Its portfolio spans from standardised cables to specialised and data cables, including charging cables for electric mobility – covering every step from concept development to series production (the “**LEONI Cable Solutions**”).

The principal activities of the subsidiaries are wholesale of parts and accessories for vehicles, and the particulars of the subsidiaries are set out in Note 32. The immediate holding company is Luxshare Precision Limited, a limited liability company incorporated in Hong Kong, and a wholly-owned subsidiary of Luxshare Precision Industry Co., Ltd (“**Luxshare Precision**”), a joint stock company with limited liability established in the People’s Republic of China (the “**PRC**”) listed in the Shenzhen Stock Exchange. In the opinion of the directors of the Target Company, the ultimate controlling party of Luxshare Precision and the Target Company are Wang Laichun and Wang Laisheng.

The registered office and principal place of business of the Target Company is located at 2 Venture Drive, #06-19 Vision Exchange, Singapore, 608526.

The Historical Financial Information is presented in Hong Kong Dollar (“**HK\$**”), which is different from the Target Company’s functional currency of United States Dollar (“**USD**”), as the directors consider that it is more relevant to the shareholders of the Company, which is listed on The Stock Exchange of Hong Kong Limited.

The statutory financial statements of the Target Company for the period from 5 September 2024 (date of incorporation) to 31 December 2025 were prepared in accordance with Financial Reporting Standards issued by the Accounting Standards Committee of Singapore and were audited by Kelvin Wong & Co, chartered accountants registered in the Republic of Singapore.

### 2. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on or after 1 January 2025 throughout the Relevant Periods.

#### *New and amendments to IFRS Accounting Standards in issue but not yet effective*

At the date of this report, the following new and amendments to IFRS Accounting Standards that have been issued but not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>3</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Contract Referencing Nature-Dependent Electricity <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>3</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>3</sup>
IFRS 20	Regulatory Assets and Regulatory Liabilities <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2029

Except for the new IFRS Accounting Standard mentioned below, the directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

### **IFRS 18 “Presentation and Disclosure in Financial Statements”**

IFRS 18 “Presentation and Disclosure in Financial Statements” (“**IFRS 18**”), which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements” (“**IAS 1**”). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of IFRS 18) and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Target Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

### **3. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION**

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards as issued by the IASB.

The Historical Financial Information has been prepared on a going concern basis because the immediate holding company has agreed to provide adequate funds to enable the Target Company to meet in full its financial obligations as they fall due for the foreseeable future.

### **4. MATERIAL ACCOUNTING POLICY INFORMATION**

#### **Basis of consolidation**

Control is achieved when the Target Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Target Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

### **Business combination**

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisition of business is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Target Group, liabilities incurred by the Target Group to the former owners of the acquiree and the equity interests issued by the Target Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the “**Conceptual Framework**”) except for transactions and events within the scope of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“**IAS 37**”) or IFRIC Interpretation 21 “Leases” (“**IFRIC 21**”), in which the Target Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with International Accounting Standards 12 “Income Taxes” and IAS 19 “Employee Benefits” (“**IAS 19**”) respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Target Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below);
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16 “Leases”) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

### **Revenue from contracts with customers**

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group’s performance as the Target Group performs;
- the Target Group’s performance creates or enhances an asset that the customer controls as the Target Group performs; or
- the Target Group’s performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

### **Research and development costs**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

## Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### *Financial assets*

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

#### *Impairment of financial assets*

The Target Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including other financial assets, trade and other receivables and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Target Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for trade receivables and amounts due from related companies. The ECL on these assets are assessed individually based on internal credit rating. For all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit

risk since initial recognition, in which case the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Target Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

#### *Foreign exchange gains and losses*

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

#### *Derecognition of financial assets*

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Group are recognised at the proceeds received, net of direct issue costs.

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables and loan from a related company are subsequently measured at amortised cost, using the effective interest method.

##### *Derecognition of financial liabilities*

The Target Group derecognises financial liabilities when, and only when, the Target Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### **Hedge accounting**

The Target Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Target Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Target Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

#### *Assessment of hedging relationship and effectiveness*

For hedge effectiveness assessment, the Target Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Target Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Target Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

#### *Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other operating income/expenses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Target Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

#### **Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## **Intangible assets**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

## **Impairment on property, plant and equipment, intangible assets and right-of-use assets**

At the end of each reporting period, the Target Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible asset not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets, are estimated individually. When it is not possible to estimate the recoverable amount individually, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro-rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior period. A reversal of an impairment loss is recognised immediately in profit or loss.

## **Leases**

The Target Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

### *The Target Group as a lessee*

#### *Right-of-use assets*

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability; and any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

#### *Lease liabilities*

At the commencement date of a lease, the Target Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable; and the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Target Group's operations are translated into the presentation currency of the Target Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserves.

Exchange differences relating to the retranslation of the Target Group's net assets in Euro ("EUR") to the Target Group's presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in cumulative translation adjustments. Such exchange differences accumulated in the cumulative translation adjustments are not reclassified to profit or loss subsequently.

Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **Government grants**

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

## **Employee benefits**

### ***Retirement benefits costs***

Payments to defined contribution retirement benefits scheme, state-managed retirement benefit scheme are recognised as an expenses when employees have rendered services entitling them to the contributions.

For defined benefit retirement plans, the cost of providing the benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Target Group’ defined benefit obligations and the related current service cost and, where applicable, past service cost, the Target Group attributes benefit to periods of service under the plan’s benefit formula. However, if an employee’s service in later years will lead to a materially higher level of benefit than earlier period/year, the Target Group attributes the benefit on a straight-line basis from:

- (a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until.
- (b) the date when further service by the employee will lead to no material amount of further benefits under the plan other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the combined statements of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Target Group remeasures the net defined benefit liability or asset before the plan amendment, curtailment or settlement, the Target Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the combined statements of financial position represents the actual deficit or surplus in the Target Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans and reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- if the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- if contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Target Group reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 for the gross benefits (i.e. either using the plan's contribution formula or on a straight-line basis). For the amount of contribution that is independent of the number of years of service, the Target Group reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19.

### **Provisions**

Provisions are recognised when the Target Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Target Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the costs to restore leased assets and owned properties to their original condition, as required by the terms and conditions of the lease or agreement with local government, are recognised at the date of inception of the lease or the agreement at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

A restructuring provision is recognised when the Target Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of the Target Group are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Target Group's obligation.

## Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from (loss) profit before tax because of income or expense that are taxable or deductible in other period/year and items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Target Group recognises the right-of-use asset and the related lease liabilities, the Target Group first determines whether the tax deductions are attributable to the right-of-use asset or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies IAS 12 "Income Taxes" requirements to lease liabilities and the related assets separately. The Target Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents presented on the consolidated statements of financial position include cash, which comprises of cash on hand and demand deposits.

For the proposed of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Target Group must incur to make the sale.

## **5. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Target Group's accounting policies, the management of the Target Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Provision for inventories**

The management of the Target Group estimates the net realisable value based on the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. These estimates are based primarily on the latest transaction prices, current market conditions, and forecast usage and sales volume. In making allowance for obsolete and slow-moving inventory items, the Target Group carries out an inventory review on a product-by-product basis at the end of each of the years presented. Where the actual transaction prices are less than expected, a loss may arise.

At 31 December 2025, the carrying amount of inventories are HK\$1,651,073,000 (net of allowance for inventories of HK\$54,007,000).

## 6. REVENUE AND SEGMENT INFORMATION

### Revenue

#### (i) Disaggregation of revenue from contracts with customers

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
<b>Types of goods or services</b>		
Automotive cables	–	5,777,375
Charging cables	–	316,298
Industry cables	–	311,881
	<u>–</u>	<u>6,405,554</u>
<b>Total</b>	<b><u>–</u></b>	<b><u>6,405,554</u></b>
<b>Geographical markets</b>		
Europe, Middle East, and Africa (“EMEA”) (Note (a))	–	3,106,186
Americas	–	1,775,726
Asia Pacific (Note (b))	–	1,523,642
	<u>–</u>	<u>6,405,554</u>
<b>Total</b>	<b><u>–</u></b>	<b><u>6,405,554</u></b>

#### Notes:

- (a) EMEA primarily includes Germany, Romania, Serbia, Hungary, Poland and Czech Republic.
- (b) Asia Pacific primarily includes the PRC, India and Philippines.

#### (ii) Performance obligations for contracts with customers

The Target Group generates revenues with products and services for energy and data management in the automotive sector and other industries. Income from contracts with customers is recognised when the control of the goods or services is transferred to the customer. Such sales revenues are as a matter of principle recognised in the amount of the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

Income from the developing, manufacturing and sales of cables is recognised at the time when control is transferred to the customer. This is generally the case upon delivery of the products.

The granted payment terms are normally 30 to 120 days from the date of delivery.

#### (iii) Transaction price allocated to the remaining performance obligation for contracts with customers

At 31 December 2025, all contracts have an original expected duration of one period/year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### Segment information

Information reported to the chief executive of the Target Company, being the chief operating decision maker (“CODM”), for the purposes of resources allocation and assessment of performance, the focuses primarily on types of revenue analysis derived from the developing, manufacturing and sales of cables. No other discrete financial information is provided other than the Target Group’s result and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

### Geographical information

Information about the Target Group’s revenue from external customers presented above is based on the location at which the customer based. Information about the Target Group’s non-current assets (excluding financial assets and deferred tax assets) is presented based on the geographical location of the assets.

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
<b>Geographical markets</b>		
EMEA (Note (a))	–	1,677,637
Americas	–	439,383
Asia Pacific (Note (b))	–	399,307
	<hr/>	<hr/>
Total	–	2,516,327
	<hr/> <hr/>	<hr/> <hr/>

#### Notes:

- (a) EMEA primarily includes Germany, Poland, Slovakia and Hungary.
- (b) Asia Pacific primarily includes the PRC.

### Information about major customers

Revenue from customers of the corresponding period/year contributing 10% or above of the total revenue of the Target Group are as follows:

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	HK\$'000	HK\$'000
Customer A	N/A	1,045,134
Customer B	N/A	639,846
	<hr/> <hr/>	<hr/> <hr/>

7. OTHER OPERATING INCOME

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
Government subsidies (Note (b))	-	800
Rental income	-	3,522
Gains on disposals of right-of-use assets (Note (a))	-	1,142
Gain on bargain purchase (Note 27)	-	1,896
Others	-	13,123
	<u>-</u>	<u>20,483</u>

Notes:

- (a) In addition to the above, loss on disposals of property, plant and equipment as well as intangible assets are recognised in profit or loss in the 'Other operating expenses' amounted to HK\$472,000 for the year ended 31 December 2025.
- (b) The amount mainly represents various subsidies received from the government authorities. Unconditional government grants are recognised in profit and loss when received.

8. OTHER REVENUE

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
Interest income	-	7,989

9. FINANCE COSTS

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
Interest expenses from liabilities and borrowing	-	124,322
Interest expenses from lease liabilities	-	7,466
Net interest cost from pension obligations	-	379
Other finance costs	-	2,977
	<u>-</u>	<u>135,144</u>

10. (LOSS) PROFIT BEFORE TAX

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
(Loss) profit for the period/year is arrived at after charging (crediting):		
Auditor's remuneration	–	3,666
Cost of inventories recognised as expense		
Including: Reversal of write- down of inventories amounting to HK\$1,220,000 (2024: Nil)	–	5,553,911
Depreciation of property, plant and equipment	–	118,899
Amortisation of intangible assets	–	2,896
Impairment of property, plant and equipment	–	2,562
Impairment of intangible assets	–	55
Impairment loss recognised on trade receivables, net of reversal	–	(3,232)
Staff costs:		
Salaries and other benefits	29	510,049
Director's emoluments ( <i>Note</i> )	–	–
Social-security contributions, expenses for pensions and retirement and fringe benefits	5	106,745
	<u>34</u>	<u>616,794</u>
Total staff costs	34	616,794
Capitalised in inventories	–	(376,065)
	<u>34</u>	<u>240,729</u>

*Note:* The directors of the Target Company received remuneration from Luxshare Precision Industry Co Ltd. and its subsidiaries, other than the Target Group. The directors of the Target Company are of the opinion that it is not practicable to allocate the remuneration to the services provided to the Target Group.

## 11. INCOME TAX EXPENSE

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
Current tax		
– Singapore	–	132
– Germany	–	5,875
– Other countries	–	56,998
	<u>–</u>	<u>63,005</u>
Deferred tax: (note 17)		
– Germany	–	(1,562)
– Other countries	–	(8,923)
	<u>–</u>	<u>(10,485)</u>
	<u>–</u>	<u>52,520</u>

Tax expenses of HK\$4,758,000 was recognised in other comprehensive income for the year ended 31 December 2025.

Singapore Corporate Income tax rate was 17% during the Relevant Periods. For the Target Group's companies in Germany, the current and deferred taxes on 31 December 2025 were calculated using a corporate tax rate of 15.0% plus a solidarity surcharge of 0.825% (as 5.5% of 15.0%), unchanged from the previous period. Considering the average trade tax rate of 13.3%, the tax rate applied to calculate current and deferred taxes for German companies amounts to a combined rate of 29.1%. For non-German companies the country-specific, respective tax rates were used.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Target Group falls within the scope of the OECD Pillar Two Model Rules and makes use of the temporary exemption of accounting for deferred taxes that stem from applying the requirements for implementing the Pillar Two Model Rules.

The Target Group's ultimate parent company based in Hong Kong, where have passed a law on applying the global minimum tax rate. The Target Group has taken the necessary internal measures to fully observe these laws.

The Target Group applies the safe harbour rules to be transitionally used and provided for in the minimum tax rules. During the year ended 31 December 2025, all the countries in which the Target Group operates fell under the safe harbour rule. Therefore, no provisions for global minimum tax were recognised in the Target Group.

Income tax expense for the period/year is reconciled to (loss) profit before tax per the consolidated statements of profit or loss and other comprehensive income at the statutory rate in Germany to the tax expense at the effective tax rates is as follows:

	5.9.2024 to 31.12.2024 <i>HK\$'000</i>	1.1.2025 to 31.12.2025 <i>HK\$'000</i>
(Loss) profit before tax	<u>(39)</u>	<u>216,258</u>
Tax at the statutory profit tax rate of 17% and 29.1%	(7)	62,931
Tax effect of expenses not deductible for tax purpose	7	18,150
Tax effect of income not taxable for tax purpose	–	(59,956)
Tax effect of tax losses not recognised	–	107,234
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	(12,704)
Over provision in prior period/year	–	(64,956)
Others	<u>–</u>	<u>1,821</u>
Income tax expense for the period/year	<u>–</u>	<u>52,520</u>

## 12. DIVIDENDS

No dividend has been declared or paid by the Target Group during the Relevant Periods.

## 13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land, leasehold rights and buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Assets under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST					
At 5 September 2024 (date of incorporation) and 31 December 2024	–	–	–	–	–
Acquisition of subsidiaries	1,176,037	1,000,837	116,397	202,489	2,495,760
Additions	22,640	14,610	19,775	53,602	110,627
Disposals	(16,022)	(174)	(1,145)	(64)	(17,405)
Transfer	12,575	78,460	7,470	(98,505)	–
Exchange adjustments	<u>1,958</u>	<u>7,766</u>	<u>1,054</u>	<u>(306)</u>	<u>10,472</u>
At 31 December 2025	<u>1,197,188</u>	<u>1,101,499</u>	<u>143,551</u>	<u>157,216</u>	<u>2,599,454</u>

	<b>Land, leasehold rights and buildings <i>HK\$'000</i></b>	<b>Plant and machinery <i>HK\$'000</i></b>	<b>Furniture, fixtures and equipment <i>HK\$'000</i></b>	<b>Assets under construction <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 5 September 2024 (date of incorporation) and 31 December 2024	-	-	-	-	-
Provided for the year	39,486	65,114	14,299	-	118,899
Impairment loss recognised in profit and loss	-	37	1,444	1,081	2,562
Exchange adjustments	<u>5,546</u>	<u>7,554</u>	<u>1,695</u>	<u>(11)</u>	<u>14,784</u>
At 31 December 2025	<u>45,032</u>	<u>72,705</u>	<u>17,438</u>	<u>1,070</u>	<u>136,245</u>
<b>CARRYING VALUES</b>					
At 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2025	<u>1,152,156</u>	<u>1,028,794</u>	<u>126,113</u>	<u>156,146</u>	<u>2,463,209</u>

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Land, leasehold rights and buildings	2%
Plant and machinery	6%
Furniture, fixtures and equipment	10%

*Right-of-use assets (included in the property, plant and equipment)*

	Land, leasehold rights and buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2024 Carrying amount	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2025 Carrying amount	<u>136,577</u>	<u>6,994</u>	<u>14,853</u>	<u>158,424</u>
For the period ended 31 December 2024 Depreciation	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
For the year ended 31 December 2025 Depreciation	<u>20,293</u>	<u>1,989</u>	<u>2,786</u>	<u>25,068</u>
			5.9.2024 to 31.12.2024 <i>HK\$'000</i>	1.1.2025 to 31.12.2025 <i>HK\$'000</i>
Expense relating to short-term leases			–	1,119
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets			–	1,319
Variable lease payments not included in the measurement of lease liabilities			–	907
Total cash outflow for leases			–	41,856
Additions to right-of-use assets			<u>–</u>	<u>3,620</u>

The Target Group leases various offices, warehouses, and motor vehicles for its operations. Lease contracts are entered into for terms of 1 year to 9 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Target Group applies the definition of a contract and determines the period for which the contract is enforceable.

15. INTANGIBLE ASSETS

	Trademarks, rights, software and other HK\$'000	Development costs HK\$'000	Total HK\$'000
<b>COST</b>			
At 5 September 2024 (date of incorporation) and	-	-	-
31 December 2024	6,913	44,380	51,293
Acquisition of subsidiaries	1,036	1,998	3,034
Addition	125	(174)	(49)
Exchange adjustments			
	<u>8,074</u>	<u>46,204</u>	<u>54,278</u>
At 31 December 2025			
<b>AMORTISATION AND IMPAIRMENT</b>			
At 5 September 2024 (date of incorporation) and	-	-	-
31 December 2024	1,017	1,879	2,896
Provided for the year	55	-	55
Impairment loss recognised in profit and loss	110	(1)	109
Exchange adjustments			
	<u>1,182</u>	<u>1,878</u>	<u>3,060</u>
At 31 December 2025			
<b>CARRYING VALUES</b>			
At 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2025	<u>6,892</u>	<u>44,326</u>	<u>51,218</u>

The above intangibles assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Trademarks, rights, software and other	10 – 15 years
Development costs	10 – 15 years

Impairments of intangible assets for the year ended 31 December 2025 were recognised in the amount of HK\$55,000.

16. IMPAIRMENT TESTING ON NON-CURRENT ASSETS

The business is managed across various legal entities that do not generate cash inflows on a stand-alone basis. The Target Group therefore constitutes a cash-generating unit for the purpose of impairment testing the assets.

The Target Group's intangible assets and property, plant and equipment as well as rights of use assets related to leases were tested for impairment at 31 December 2025. For this impairment testing, the expected cash flows were extrapolated from the business planning as approved by management for a period of five years. In the impairment test, the recoverable amount of the respective cash-generating unit was based on the fair value less cost to sell and was determined based on the level three parameters pursuant to IFRS 13. As part of ascertaining fair values, the Target Group applied as key assumptions and

measurement parameters a long-term growth rate of 1%. The recoverable amount determined was HK\$4,639,188,000 based on an average growth rate of 5.5%, an average EBIT margin of 4.5% and a WACC of 9.7%. This impairment test did not lead to any need for either write-ups or write-downs in 2025.

During the year ended 31 December 2025, the shutdown of business operation of the Target Group in Halver necessitated a write-down on property, plant and equipment of HK\$2,562,000, which was reflected in full under cost of sales.

#### 17. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Deferred tax assets	-	124,990
Deferred tax liabilities	-	(94,397)
	<u>-</u>	<u>30,593</u>

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the period/year ended 31 December 2024 and 2025:

	Depreciation/ amortisation	Inventories	Fair value adjustment on business combination	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 5 September 2024 (date of incorporation) and 31 December 2024	-	-	-	-	-
Acquisition of subsidiaries	146,544	(7,187)	(5,019)	(110,268)	24,070
(Charge) credit to profit or loss	(14,977)	(2,777)	499	27,740	10,485
Charge to other comprehensive income	-	-	-	(4,758)	(4,758)
Exchange adjustments	(1,297)	198	50	1,845	796
At 31 December 2025	<u>130,270</u>	<u>(9,766)</u>	<u>(4,470)</u>	<u>(85,441)</u>	<u>30,593</u>

At 31 December 2025, the Target Group has unused tax losses of HK\$498,631,000 available for offset against future profits. No deferred tax asset has been recognised in respect of HK\$498,631,000 due to the unpredictability of future profit streams.

At 31 December 2025, there were no deferred tax liabilities with respect to expected dividend decisions that trigger foreign withholding taxes and for which the dividend payout has not yet occurred. Deferred taxes on outside basis differences were otherwise not recognised because reversal of differences arising, for example, from dividend payments can be managed and no material tax effects are to be expected in the foreseeable future. Outside basis differences amounted to HK\$526,996,000 at 31 December 2025.

18. INVENTORIES

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Raw materials and consumables	-	825,997
Work in progress	-	232,120
Finished goods	-	592,956
	<u>-</u>	<u>1,651,073</u>
	<u>-</u>	<u>1,651,073</u>

19. TRADE AND OTHER RECEIVABLES/OTHER FINANCIAL ASSETS

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Trade receivables from contracts with customers	-	1,644,535
Less: Allowances for credit losses	-	(7,106)
	<u>-</u>	<u>1,637,429</u>
Value-added tax and other tax recoverable	-	90,835
Other receivables	-	156,425
Advance to suppliers	-	39,542
Prepayments and deposits	-	54,246
	<u>-</u>	<u>54,246</u>
Total trade and other receivables	<u>-</u>	<u>1,978,477</u>

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Analysed for reporting purposes as:		
Non-current assets	-	21,537
Current assets	-	1,956,940
	<u>-</u>	<u>1,978,477</u>
	<u>-</u>	<u>1,978,477</u>

The following is an ageing analysis of trade receivables (net of allowance of credit losses) presented based on the invoice dates:

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
0 – 60 days	–	1,590,300
61 – 90 days	–	47,129
	<u>–</u>	<u>1,637,429</u>
	<u>–</u>	<u>1,637,429</u>

The Target Group allows a credit term from 30 to 120 days. At 31 December 2025, included in the Target Group's trade receivables balance are debtors with aggregate carrying amount of HK\$40,873,000, which are past due at the reporting date.

## 20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Target Group are short-term bank deposits with an original maturity of three months or less and carry interest at market rates which was 0% and range from 0% to 1.85% per annum at 31 December 2024 and 2025, respectively.

## 21. TRADE AND OTHER PAYABLES

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Trade payables	–	1,033,664
Other payables and accrued charges	38	107,636
Accrued staff costs	–	97,895
Liabilities relating to social security and other obligations	–	26,258
Value-added tax and other tax payables	–	28,671
	<u>38</u>	<u>1,294,124</u>
	<u>38</u>	<u>1,294,124</u>

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Analysed for reporting purposes as:		
Non-current liabilities	–	9,880
Current liabilities	<u>38</u>	<u>1,284,244</u>
	<u>38</u>	<u>1,294,124</u>
	<u>38</u>	<u>1,294,124</u>

The following is an ageing analysis of trade payables presented based on the invoice date:

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
0 – 90 days	–	1,020,980
91 – 180 days	–	6,560
Over 180 days	–	6,124
	<u>–</u>	<u>1,033,664</u>
	<u>–</u>	<u>1,033,664</u>

The average credit period on purchases of goods of the Target Group is 30 to 90 days.

## 22. LEASE LIABILITIES

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Total minimum lease payments:		
Within one year	–	70,363
Within a period of more than one year but not exceeding two years	–	50,449
Within a period of more than two years but not exceeding five years	–	97,397
Within a period of more than five years	–	39,380
	<u>–</u>	<u>257,589</u>
Less: total future interest expenses	–	(29,077)
	<u>–</u>	<u>228,512</u>
	<u>–</u>	<u>228,512</u>
Analysed for reporting purposes as:		
Non-current liabilities	–	166,597
Current liabilities	–	61,915
	<u>–</u>	<u>228,512</u>
	<u>–</u>	<u>228,512</u>

The weighted average incremental borrowing rates applied to lease liabilities 5.53% at 31 December 2025.

## 23. OTHER PROVISIONS

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Analysed for reporting purposes as:		
Non-current liabilities	–	118,263
Current liabilities	–	96,976
	<u>–</u>	<u>215,239</u>
	<u>–</u>	<u>215,239</u>

	Restoration provisions <i>HK\$'000</i>	Restructuring provisions <i>HK\$'000</i>	Personnel-related provisions <i>HK\$'000</i>	Provisions for product warranties and product-related costs <i>HK\$'000</i>	Other provisions <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 5 September 2024 (date of incorporation) and 31 December 2024	-	-	-	-	-	-
Acquisition of subsidiaries	102,327	132,145	28,826	20,980	21,206	305,484
Addition	8,048	-	4,441	217	9,880	22,586
Utilisation	(1,395)	(49,152)	(4,422)	(2,155)	-	(57,124)
Reversal	(17,320)	(31,539)	(939)	(3,348)	-	(53,146)
Exchange adjustments	(1,010)	(952)	(295)	(34)	(270)	(2,561)
At 31 December 2025	<u>90,650</u>	<u>50,502</u>	<u>27,611</u>	<u>15,660</u>	<u>30,816</u>	<u>215,239</u>

Restoration provisions represent the estimated costs for environmental rehabilitation obligations arising from the relocation of the Target Group's former production facilities. In accordance with the remediation plan agreed upon with the relevant government authorities, rehabilitation work commenced in 2025 and is projected for completion by 2027.

Restructuring provisions comprise costs associated with the closure of manufacturing facilities, primarily encompassing employee severance payments and other directly attributable expenditures. The provisions are expected to be utilised within the next financial year.

Personnel-related provisions consist of long-term obligations for service anniversary bonuses and partial/semi-retirement schemes mandated under German labor regulations. Anniversary bonuses provision is measured based on the demographic structure and service profiles of the current workforce. Settlements are anticipated to occur over the next nineteen years as employees reach specified service milestones. Partial/semi-retirement obligations related to these schemes are expected to be settled over a five-year period.

Other provisions primarily include indirect transfer tax liabilities related to properties located in Germany, which were triggered by the change of ultimate parent company. The provisions are expected to be settled within the next financial year.

#### 24. LOAN FROM A RELATED COMPANY

	At 31 December	
	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Immediate holding company	<u>-</u>	<u>5,071,709</u>
The carrying amounts of the loan are repayable:		
Within one year	-	3,188,509
Within a period of more than one year but not exceeding two years	-	-
Within a period of more than two years but not exceeding five years	<u>-</u>	<u>1,883,200</u>
	<u>-</u>	<u>5,071,709</u>

	<b>At 31 December</b>	
	<b>2024</b>	<b>2025</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed for reporting purposes as:		
Non-current liabilities	–	1,883,200
Current liabilities	–	3,188,509
	<u>–</u>	<u>3,188,509</u>
	<u>–</u>	<u>5,071,709</u>

At 31 December 2025, short-term shareholder loan amounted to EUR335 million (equivalents to HK\$3,110,172,000) which maturing in the year 2026 and long-term shareholder loan amounted to EUR207 million (equivalents to HK\$1,883,200,000) which maturing in the years 2029 and 2030. Besides, the Target Group was granted two further, revolving lines of credit (“Facility A” and “Facility B”) amounting EUR80 million and EUR110 million, respectively, both maturing mid-2030 and of which United States Dollar (“USD”) 10 million (equivalents to HK\$78,337,000) was drawn from Facility A by the reporting date. The shareholder loans carry a fixed interest rate of 3.5%, or 4.5% per annum.

## 25. PENSION PROVISIONS

The Target Group sponsors a funded defined benefit plan for qualifying employees of its subsidiaries in various countries. The total obligation under the pension plan in Germany accounted for 92.1% of the Target Group for the year ended 31 December 2025. The defined benefit plan is administered by a separate fund that is legally separated from the entity. The board of the pension fund is composed of an equal number of representatives from both employers and (former) employees. The board of the pension fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund. There were no statutory minimum funding obligations in Germany.

The defined benefit plan requires contributions from employees. Contributions are in the following two forms; one is based on the number of years of service and the other one is based on a fixed percentage of salary of the employees. Employees can also make discretionary contributions to the plan.

Deferred compensation payments were made mostly to a third-party Contractual Trust Arrangement (CTA) to minimise the risk of employee-financed pension schemes failing to pay out. Once a year, the trustee agrees reinsurance policies on the life of the respective employees in the amount of these deferrals. Furthermore, the plan assets stemming from reinsurance policies that already existed in the past were also largely converted to this model. The trust assets and the values of the insurance policies are in the economic ownership of the respective company and are therefore deemed to be qualified plan assets.

### Other countries

In Mexico and Turkey there are pension-like defined benefit schemes, above all for transition payments after entering retirement, which were presented as defined benefit plans pursuant to IAS 19 and which were of only minor significance to the Target Group.

The plans expose the Target Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The overview below shows the principal assumptions used for the purpose of the actuarial valuation to calculate the defined benefit obligation for the major pension plan in Germany:

	<b>2025</b>
Discount rates	4.1%
Long-term rate of wage and salary increase	2.5%
Rate of compensation increases	2.0%

The assumptions made for calculating net periodic pension costs are shown in the table below:

	<b>2025</b>
Discount rates	3.4%
Long-term rate of wage and salary increase	2.5%
Rate of compensation increases	2.0%

The assumed mortality is based on published statistics and historical data. In Germany, the underlying mortality rates are computed based on the 'Heubeck-Richttafeln 2018 G' and thus considering generation tables.

The defined benefit plan income or expense recognised in comprehensive income comprises the amounts contained in consolidated net income and in other comprehensive income:

	<b>2025</b>
	<i>HK\$'000</i>
Service cost	302
Net interest expense recognised in profit or loss	<u>1,412</u>
Components of defined benefit costs recognised in profit or loss	<u>1,714</u>
Measurement of the net defined benefit obligations:	
– Actuarial losses due to the change in demographic assumptions	192
– Actuarial gains arising from changes in financial estimates	(4,520)
– Actuarial gains arising from changes in experience adjustments	(3,611)
– Return on plan assets (excluded interest income based on discount rate)	<u>403</u>
Components of defined benefit income recognised in other comprehensive income	<u>(7,536)</u>
Total	<u><u>(5,822)</u></u>

	<b>Germany</b>	<b>Other</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>countries</i>	<i>HK\$'000</i>
		<i>HK\$'000</i>	<i>HK\$'000</i>
<b>2025</b>			
<b>Change in defined benefit obligations</b>			
At 1 January	–	–	–
Acquisition of subsidiaries	143,273	10,411	153,684
Service cost	(110)	412	302
Interest cost	2,521	–	2,521
Actuarial gains	(8,591)	652	(7,939)
Contributions by plan participants	1,705	–	1,705
Exchange adjustments	(1,249)	1,156	(93)
Accrual from LEONI AG related to carve-out	3,465	–	3,465
Benefits paid	<u>678</u>	<u>(477)</u>	<u>201</u>
At 31 December	<u>141,692</u>	<u>12,154</u>	<u>153,846</u>
<b>Change in plan assets</b>			
At 1 January	–	–	–
Acquisition of subsidiaries	66,603	–	66,603
Interest income	1,109	–	1,109
Return on plan assets (excluded interest income based on discount rate)	(403)	–	(403)
Contributions by the employer	192	–	192
Contributions by plan participants	1,705	–	1,705
Exchange adjustments	(717)	–	(717)
Accrual from LEONI AG related to carve-out	2,099	–	2,099
Benefits paid	<u>(953)</u>	<u>–</u>	<u>(953)</u>

	<b>Germany</b> <i>HK\$'000</i>	<b>Other countries</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 31 December	<u>69,635</u>	<u>–</u>	<u>69,635</u>
Net liability due to defined benefit plans	<u><u>72,057</u></u>	<u><u>12,154</u></u>	<u><u>84,211</u></u>

The defined benefit obligation at the end of the financial year broke down into HK\$113,582,000 in funded obligations and HK\$40,264,000 in unfunded obligations at 31 December 2025 (2024: N/A).

A breakdown of the obligations into the categories of existing and past employees as well as non-vested and vested benefits is provided in the overview below:

	<b>Germany</b> <i>HK\$'000</i>	<b>Other countries</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<u>2025</u>			
Current employees with non-vested benefits	71,010	–	71,010
Current employees with vested benefits	–	12,154	12,154
Former employees with non-vested benefits	34,557	–	34,557
Pensioners	<u>36,125</u>	<u>–</u>	<u>36,125</u>
Defined benefit obligations at the end of the fiscal year	<u><u>141,692</u></u>	<u><u>12,154</u></u>	<u><u>153,846</u></u>

The assumptions for interest rates, rates of compensation increase and the expected return on plan assets on which the calculation for defined benefit obligations is based were established for each country as a function of their respective economic conditions. The discount rate was determined on the basis of top-tier, fixed-income corporate bonds. This involved referencing bonds that on the reporting date had maturities in line with the pension obligations and are quoted in the corresponding currency. AA-rated bonds were used as the basis for data to determine the discount rates.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, rate of pension progression and mortality. The sensitivity analysis of the defined benefit obligation for the obligations in Germany below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	<b>2025</b> <i>HK\$'000</i>
Discount rate plus 1%	(12,157)
Discount rate minus 1%	14,307
Rate of compensation plus 0.5%	1,459
Rate of compensation minus 0.5%	(1,359)
Life expectancy plus 1 year	1,878

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior period/year.

The average duration of the benefit obligations was 9 years in Germany at 31 December 2025.

The contributions expected to be made by the Target Group to defined benefit plan during the following 12 months at 31 December 2025 will be amounted to HK\$293,000.

## 26. SHARE CAPITAL AND RESERVES

	Authorised		Issued and fully paid	
	Number of	Amount	Number of	Amount
	shares	HK\$'000	shares	HK\$'000
	'000	HK\$'000	'000	HK\$'000
Ordinary shares of US\$1 each:				
At 5 September 2024 (date of incorporation), 31 December 2024 and 31 December 2025	400	3,109	400	3,109

The owners of ordinary shares are entitled to receive dividends as and when declared by the Target Company. All ordinary shares have no par value and carry one vote per share without restrictions.

## 27. ACQUISITION OF SUBSIDIARIES

On 9 July 2025, the Target Company acquired equity interest of LEONI Kabel GmbH and its subsidiaries (together, "LEONI Kabel"). LEONI Kabel is engaged in developing, manufacturing and sales of cables and was acquired with the objective of expanding the Target Group's relevant business. The acquisition has been accounted for as acquisition of business using the acquisition method.

### Consideration transferred

	<i>HK\$'000</i>
Cash	2,948,384
Consideration payable ( <i>Note</i> )	<u>140,144</u>
Total	<u><u>3,088,528</u></u>

*Note:* As at 31 December 2025, the consideration payable amounted to EUR15,210,000 (equivalents to HK\$140,144,000) was settled through with the loan from a related company.

**Assets acquired and liabilities recognised at the date of acquisition**

	<i>HK\$'000</i>
Property, plant and equipment	2,302,780
Right-of-use assets	192,980
Intangible assets	51,293
Deferred tax assets	116,817
Other financial assets	20,526
Other non-current assets	1,862
Inventories	1,559,135
Trade and other receivables	2,202,616
Amounts due from related companies	353,332
Cash and cash equivalents	414,966
Taxation recoverable	23,929
Trade and other payables	(2,439,289)
Lease liabilities	(273,071)
Other provisions	(305,484)
Tax liabilities	(16,630)
Borrowings	(935,510)
Deferred tax liabilities	(92,747)
Pension provisions	(87,081)
	<u>3,090,424</u>
Total	<u>3,090,424</u>

The gross contractual amount in respect of trade and other receivables at acquisition date was HK\$2,213,045,000. Bargain purchase gain amounting to HK\$1,896,000 on acquisition of LEONI Kabel, after reassessment, is recognised in profit or loss within the “other operating income” line item in the consolidated statement of profit or loss and other comprehensive income. The reasons of fair value of net assets acquired as of the acquisition date exceeded the fair value of the consideration transferred, were mainly due to adoption of marketability discount and minority discount in determining the purchase consideration.

Acquisition-related costs, which were immaterial, have been excluded from the cost of acquisition and recognised as an expense in profit or loss.

**Net cash outflow on acquisition of LEONI Kabel**

	<i>HK\$'000</i>
Cash consideration paid	2,948,384
Less: cash and cash equivalents balance acquired	(414,966)
	<u>2,533,418</u>

**Impact of acquisition on the results of the Target Group**

Included in the revenue and profit for the year are HK\$6,335,871,000 and HK\$210,654,000, respectively, attributable to the additional business generated by LEONI Kabel. Had the acquisition of LEONI Kabel been completed on 1 January 2025, revenue for the year of the Target Group would have been HK\$12,066,747,000, and profit for the year would have been HK\$78,376,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Target Group that actually would have been achieved had the acquisition been completed on 1 January 2025, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Target Group had LEONI Kabel been acquired at the beginning of the current year, the directors of the Target Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

## 28. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Group consists of net debt, which includes loan from a related company and lease liabilities, net of cash and cash equivalents and equity of the Target Group, comprising issued share capital, retained earnings and other reserves.

## 29. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
<b>Financial assets</b>		
At amortised cost	<u>3,104</u>	<u>2,718,841</u>
<b>Financial liabilities</b>		
At amortised cost	<u>38</u>	<u>6,170,757</u>

### (b) Financial risk management objectives and policies

The Target Group's major financial instruments include trade and other receivables, other financial assets, cash and cash equivalents, trade and other payables, lease liabilities and loan from a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Market risks*

##### *Currency risk*

Certain group entities have sales denominated in foreign currency, other than the functional currency of respective entities, which expose the Target Group to market risk arising from changes in foreign exchange rates. In addition, the Target Group has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Target Group to foreign currency risk.

Although the Target Group conducts business mainly in EUR or in the local currency of the respective country, the Target Group is also exposed to currency risks due to the globalisation of the markets.

These risks are determined quarterly broken down by currency for the respective next 18 months, and corresponding currency hedging transactions might be signed.

Such hedging transactions are signed 'over the counter' in line with the existing underlying transactions.



number below indicates an increase in post-tax loss or decrease in post-tax profit for the period/year where foreign currencies strengthen 10% against USD. For a 10% weakening of foreign currencies against USD, there would be an opposite impact on the post-tax profit or loss for the period/year.

	<b>5.9.2024</b>	<b>1.1.2025</b>
	<b>to</b>	<b>to</b>
	<b>31.12.2024</b>	<b>31.12.2025</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Impact on profit or loss		
– RMB	–	(28)
– EUR	–	220,116
– MXN	–	(775)
– PLN	–	(40)
– HUF	–	59
– TRY	–	198
	<u>–</u>	<u>198</u>

The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. In management's opinion, the sensitivity analysis on derivatives that are designated as hedging instruments and inter-group balance is unrepresentative because the Target Group's net exposure to currency risk arising from the hedging relationship and inter-group balance is insignificant.

#### *Interest rate risk*

The management of the Target Group closely monitors interest rate movement and manages the potential risk. The Target Group currently does not have an interest rate hedging policy. However, the management of the Target Group monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

No sensitivity analysis is presented as the management of the Target Group determines that the impact from changes in interest rates is insignificant.

#### *Credit risk and impairment assessment*

Credit risk refers to the risk that the Target Group's counterparties default on their contractual obligations resulting in financial losses to the Target Group. The Target Group's credit risk exposure are primarily attributable to trade receivables, other receivables and deposits and bank balances. The Target Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

#### *Trade receivables arising from contracts with customers*

The Target Group has concentration of credit risk on certain individual customers at 31 December 2025.

For the Target Group, the two largest trade receivable balances at 31 December 2025 accounted for HK\$588,536,000 and 36% of the trade receivables and the largest trade receivable balance was HK\$432,414,000 and 26% of the Target Group's total trade receivables at 31 December 2025.

In order to minimise the credit risk of those receivables, the management of the Target Group closely monitors the recoverability of the amount due. In this regard, the management of the Target Group considers that the Target Group's credit risk is significantly reduced.

In order to minimise the credit risk, the management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Target Group has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. In addition, the Target Group performs impairment assessment under ECL model on trade receivables individually.

*Other receivables*

The Target Group has taken into account the economic outlook of the industries in which the counterparties operate, and concluded that there has been no significant increase in credit risk since initial recognition. The ECL on deposits and other receivables are assessed based on 12m ECL and are considered to be insignificant.

*Bank balances*

The Target Group considers the bank balances that are deposited with the financial institutions with good credit rating to be low credit risk financial assets. The management considers the bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, ECL was considered as insignificant.

The Target Group's internal credit risk grading assessment comprises the following categories:

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade receivables</b>	<b>Others</b>
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit - impaired	12m ECL
Average risk	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL - not credit - impaired	12m ECL
Above-average risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit - impaired	Lifetime ECL - not credit - impaired
High risk	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit - impaired	Lifetime ECL - credit - impaired
Exposure at default	There is evidence indicating that the debtor is in severe financial difficulty and the Target Group have no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below details the credit risk exposures of the Target Group's financial assets:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				At 31 December	
				2024	2025
				HK\$'000	HK\$'000
Trade receivables – contracts with customers	19	Low risk	Lifetime ECL	–	1,304,173
		Average risk	Lifetime ECL	–	11,461
		Above-average risk	Lifetime ECL	–	328,901
Other receivables and deposits	19	Low risk	12m ECL	–	168,253
Bank balances	20	N/A	12m ECL	<u>3,104</u>	<u>913,159</u>

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL (not credit-impaired) that has been recognised for trade receivables for the Target Group using internal credit rating:

	HK\$'000
At 5 September 2024 (date of incorporation) and 31 December 2024	–
Acquisition of subsidiaries	10,429
Impairment loss under ECL reversed, net	(3,232)
Exchange adjustments	<u>(91)</u>
At 31 December 2025	<u>7,106</u>

### Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Target Group to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Target Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of each reporting period.

	Weighted average contractual interest rate %	On demand or less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Undiscounted cash flows HK\$'000	Carrying amount HK\$'000
<u>At 31 December 2024</u>							
Trade and other payables	-	38	-	-	-	38	38
<u>At 31 December 2025</u>							
Trade and other payables	-	1,099,048	-	-	-	1,099,048	1,099,048
Loan from a related company	3.52	3,255,330	66,821	2,008,066	-	5,330,217	5,071,709
		4,354,378	66,821	2,008,066	-	6,429,265	6,170,757
Lease liabilities	5.53	70,363	50,449	97,397	39,380	257,589	228,512

*Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis*

The management of the Target Company considers that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities HK\$'000	Borrowings HK\$'000	Interest payables HK\$'000	Amounts due to related companies HK\$'000	Loan from a related company HK\$'000
At 5 September 2024 (date of incorporation)	-	-	-	-	-
Financing cash flows (Note (i))	-	-	-	3,116	-
Other changes (Note (ii))	-	-	-	(3,116)	-
At 31 December 2024	-	-	-	-	-
Acquisition of subsidiaries	273,071	935,510	-	-	-
Financing cash flows (Note (i))	(31,045)	(944,554)	(78,577)	-	5,030,326
Other changes (Note (ii))	(13,514)	9,044	78,577	-	41,383
At 31 December 2025	228,512	-	-	-	5,071,709

Notes:

- (i) Financing cash flows comprise the effect of net amount of new financial liabilities raised and repayment of financial liabilities, amount of repayment of lease liabilities and interest paid.

- (ii) Other changes include the effect of foreign exchange changes, capital injection from shareholders, interest expenses and addition/modification/termination of lease liabilities.

### 31. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Target Group entered into the following transactions and balances with related companies:

Relationship	Nature of balances/transactions	2024	2025
		HK\$'000	HK\$'000
Fellow subsidiaries	Revenue	–	1,275,592
	Purchase of materials	–	69,909
	Other operating income from administrative services provided	–	1,464
	Administrative services obtained	–	34,131
	Interest income	–	2,174
	Finance costs	–	8,111
	Amounts due from fellow subsidiaries (included in trade and other receivables)	–	534,069
	Amounts due to fellow subsidiaries (included in trade and other payables)	–	28,778
Holding company	Finance costs	–	86,174
	Loan from a related company	–	5,071,709

#### Management compensation

The compensation for management in the key positions within the Target Group corresponds to that for the senior management. This amounted to nil and HK\$7,012,000 for the period from 5 September 2024 (date of incorporation) to 31 December 2024 and the year ended 31 December 2025, respectively. The short-term benefits included, along with the fixed compensation, a variable component of nil and HK\$3,675,000 for the period from 5 September 2024 (date of incorporation) to 31 December 2024 and the year ended 31 December 2025, respectively.

The remuneration of key management is determined by the Target Group having regard to the performance of individuals and market trends.

Members of the supervisory board did not receive any benefits other than expense allowance.

#### Compensation for former executives

For the period from 5 September 2024 (date of incorporation) to 31 December 2024 and the year ended 31 December 2025, the compensation for former executives and their surviving dependants amounted to nil and HK\$220,000. Provision for pension obligations amounting to nil and HK\$12,158,000 was made for this purpose.

All other presented transactions are completed on standard market terms.

### 32. PARTICULARS OF SUBSIDIARIES OF THE TARGET COMPANY

Name of entity	Place of operation/ establishment	Issued and fully paid share capital/ registered capital at 31 December 2025 '000	Shareholding/ equity interest attributable at 31 December 2025	Principal activities	Notes
Leonische Holding, Inc.	USA	US\$0.02	100%	Investment holding	(1)
LEONI Cable, Inc.	USA	US\$0.03	100%	Sales and distribution automotive cables	(1)
LEONI Cable S.A. de C.V.	Mexico	MXN34,960	100%	Production of automotive cables	(2)
LEONI Cable de Chihuahua S.A. de C.V.	Mexico	MXN50	100%	Sales and distribution automotive cables	(2)
LEONI Kabel GmbH	Germany	EUR5,200	100%	Production and sales of automotive cables	(3)
LEONI Cable Assemblies GmbH	Germany	EUR30	100%	Investment holding	(4)
LEONI High Temp Solutions GmbH	Germany	EUR2,525	100%	Production of specialised high-temperature cable solutions	(3)
LEONI Slovakia spol. s.r.o.	Slovakia	EUR9,904	100%	Production and sales of automotive cables	(5)
LKH LEONI Kábelgyár Hungária Kft.	Hungary	EUR1,010	100%	Production and sales of automotive cables	(6)
LEONI Kabel Polska sp. z o.o.	Poland	PLN45,000	100%	Production and sales of automotive cables	(7)
LEONI Kablo ve Teknolojileri Sanayi ve Ticaret Ltd. Şirketi	Turkey	TRY714	100%	Production and sales of automotive cables	(8)
LEONI Cable Solutions RO S.R.L.	Romania	RON245	100%	Provision of internal information technology services	(9)
LEONI Cable Solutions Morocco S.A.S.U.	Morocco	EUR50	100%	Inactive	(10)
LEONI Cable (China) Co., Ltd. * 萊尼電氣線纜(中國)有限公司	The PRC	US\$36,324	100%	Production and sales of automotive cables	(11)

\* *English translated name for identification purpose only. This company is a wholly-owned foreign enterprise in the PRC.*

*Notes:*

- (1) No statutory audited financial statements of Leonische Holding, Inc. and LEONI Cable, Inc. have been prepared since its date of incorporation as the companies are exempted to prepare statutory audited financial statements under relevant rules and regulations in their jurisdictions.
- (2) The statutory financial statements of LEONI Cable S.A. de C.V. and LEONI Cable de Chihuahua S.A. de C.V. for the year ended 31 December 2025 were prepared in accordance with Mexican Financial Reporting Standards issued by the Mexican Board for the Research and Development of Financial and Sustainability Reporting Standards and were audited by Castillo Miranda y Compañía, S.C., certified public accountants registered in Mexico in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.
- (3) The statutory financial statements of LEONI Kabel GmbH and LEONI High Temp Solutions GmbH for the year ended 31 December 2025 were prepared in accordance with IFRS Accounting Standards as adopted by the European Union and were audited by BDO AG Wirtschaftsprüfungsgesellschaft, certified public accountants registered in Germany in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.
- (4) No statutory audited financial statements of LEONI Cable Assemblies GmbH have been prepared since its date of incorporation as the company is a small scale company and is exempted to prepare statutory audited financial statements.
- (5) The statutory financial statements of LEONI Slovakia spol. s r.o. for the year ended 31 December 2025 were prepared in accordance with IFRS Accounting Standards as adopted by the European Union and were audited by BDO Audit, spol. s r.o., certified public accountants registered in Slovak Republic in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board.
- (6) The statutory financial statements of LKH LEONI Kábelgyár Hungária Kft. for the year ended 31 December 2025 were prepared in accordance with Act C of 2000 on Accounting effective in Hungary and were audited by BDO Magyarország Könyvvizsgáló Kft., certified public accountants registered in Hungary in accordance with Hungarian National Standards on Auditing issued by The Chamber of Hungarian Auditors.
- (7) The statutory financial statements of LEONI Kabel Polska sp. z o.o. for the year ended 31 December 2025 were prepared in accordance with Accounting Act of 29 September 1994 and were audited by BDO spółka z ograniczoną odpowiedzialnością sp.k., certified public accountants registered in Poland in accordance with National Standards on Auditing issued by the National Council of Statutory Auditors and the Board of the Polish Audit Supervision Agency.
- (8) The statutory financial statements of Leoni Kablo ve Teknolojileri Sanayi ve Ticaret Ltd. Şirketi for the year ended 31 December 2025 were prepared in accordance with Financial Reporting Standards for Large and Medium sized Entities and were audited by BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş., certified public accountants registered in Turkey in accordance with the Standards on Independent Auditing which is a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority.
- (9) No statutory audited financial statements of LEONI Cable Solutions RO S.R.L., was incorporated on 16 May 2025, have been prepared since its date of incorporation as the company is a small scale company and is exempted to prepare statutory audited financial statements under Order of the Minister of Public Finance (OMFP) no. 1802/2014.

- (10) No statutory audited financial statements of LEONI Cable Solutions Morocco S.A.S.U., was incorporated on 3 November 2025, have been prepared since its date of incorporation as the company is a small scale company and is exempted to prepare statutory audited financial statements under Law No. 5-96 on Limited Liability Companies (sociétés à responsabilité limitée or SARL).
- (11) The statutory financial statements of LEONI Cable (China) Co., Ltd. for the year ended 31 December 2025 were prepared in accordance with China Accounting Standard for Business Enterprises and were audited by BDO China Shu Lun Pan Certified Public Accountants LLP, certified public accountants registered in the PRC in accordance with the Auditing Standards for Certified Public Accountants in China issued by Chinese Institute of Certified Public Accountants.

All subsidiaries have a financial year end of 31 December. None of the subsidiaries had issued any debt securities during the Relevant Periods.

### 33. PLEDGE OF ASSETS

At 31 December 2024 and 2025, certain assets of the Target Group were pledged to banks to secure banking facilities granted to the Target Group. The carrying values of these assets at the end of the reporting period were as follows:

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Bank balances	–	34,147

### 34. COMMITMENTS

- (a) The Target Group had the following capital commitments at the end of the reporting period:

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Contracted, but not provided for:		
– Property, plant and equipment	–	14,287

- (b) Operating lease commitments

The Target Group leased certain properties under operating lease arrangements. Leases for properties were with terms of 12 months or less.

At 31 December 2024 and 2025, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Within one year	–	3,044

**(c) Litigation, claims and contingent liabilities**

Several subsidiaries of the Target Group are involved in various legal proceedings and potential claims. Based on legal assessments, the Target Group considers the risk of a material outflow of economic benefits to be remote. Accordingly, no provision has been made in respect of these matters.

In January 2022, searches were also conducted at facilities of the Target Group as part of investigations by the German Federal Cartel Office (Bundeskartellamt) against various cable manufacturers and other sector-related companies. The reason for these investigations is the suspicion that cable manufacturers colluded on computing customary metal surcharges in Germany. The Target Group continues to cooperate with the authorities and is looking into the allegations as well as the findings from review of the investigation files.

As the German Federal Cartel Office proceedings are still at the investigative stage, and the management of the Target Group consider that the amount of obligation cannot be measured reliably. Accordingly, no provision for liability has been made in connection with this claim.

Other than the above, there have not been any and there are currently no pending lawsuits or court proceedings that have any major impact on the Target Group's business.

**35. SUBSEQUENT EVENTS**

No significant activities or events have taken place subsequent to 31 December 2025 that have a material impact on the Target Group.

**36. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Target Group, the Target Company or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Periods.