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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular and the accompanying proxy form to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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匯聚科技有限公司 TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE 51% ISSUED SHARE CAPITAL OF THE TARGET COMPANY;**
- (2) PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION; AND**
- (3) NOTICE OF EGM**

Financial advisers to the Company

FRONTPAGE 富比

Independent financial adviser to the Independent Board Committee and the Independent Shareholders



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 8 to 27 of this circular. The letter from the Independent Board Committee is set out on pages 28 to 29 of this circular. The letter from the Independent Financial Adviser is set out on pages 30 to 58 of this circular, which contains its advice to the Independent Board Committee and Independent Shareholders.

A notice convening the EGM to be held at Boardroom, Units 213-221, 2/F, Building 5E, 5 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong on Monday, 20 July 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting (as the case may be) should you so wish.

25 June 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Sale Shares as contemplated under the S&P Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day(s)”	any day(s) except Saturday, Sunday or public holiday on which banks are open in Hong Kong to the general public for business
“Chairperson”	the chairperson of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“Company”	Time Interconnect Technology Limited (匯聚科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the S&P Agreement
“Completion Date”	the date of Completion, which shall take place within ten business days after the date on which the last of the conditions precedent has been met or waived, or on a different date the Vendor and the Company mutually agree in writing
“Completion NAV”	the net asset value of the Target Group as at the Completion Date based on the consolidated financial statements of the Target Group as at the Completion Date, subject to the review or audit by the auditors of the Target Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the purchase price of the Sale Shares initially determined at US\$12,700,000 payable by the Company to the Vendor for the Acquisition, subject to adjustment in accordance with the S&P Agreement
“Controlling Shareholder(s)”	has the meaning ascribed to it under Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder
“EMEA”	Europe, Middle East, and Africa
“Enlarged Group”	the Group as enlarged by the Acquisition upon Completion
“EUR”	Euros, the lawful currency of the European Union Member States
“First Supplemental Master Supply Agreement”	the supplemental agreement dated 12 November 2025 and entered into between the Company and Luxshare Precision to amend and supplement the terms contained in the Luxshare Precision Master Supply Agreement
“Germany”	the Federal Republic of Germany
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of China
“HUF”	Hungarian Forint, the lawful currency of Hungary
“IFRS”	International Financial Reporting Standards
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Ho Hin Shun, Mr. Luk Wai Shing, Mr. Chan Chung Shun Eric, Ms. Chan Kit Fun Fanny and Dr. Wu Che Yuen Justin, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the terms of the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Asian Capital”	Asian Capital Limited (卓亞融資有限公司), a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or company(ies) who or which as far as the Directors are aware after having made all reasonable enquiries is/are not connected with the Company and its connected persons
“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting in respect of the ordinary resolutions proposed for approval at the EGM pursuant to the Listing Rules
“Initial NAV”	the net asset value of the Target Group as at 31 December 2025 of approximately HK\$193.8 million based on the unaudited management accounts of the Target Group for the year ended 31 December 2025
“Latest Practicable Date”	22 June 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“LEONI Cable Mexico”	LEONI Cable de Chihuahua S.A. de C.V, a company incorporated in Mexico with limited liability and registered and paid-up capital of MXN50,000
“LEONI China”	LEONI Cable (China) Co., Ltd. (萊尼電氣線纜(中國)有限公司), a company established in the PRC with limited liability and registered capital of US\$46,323,597 and paid-up capital of US\$36,323,597
“LEONI Germany”	LEONI Cable Assemblies GmbH, a company incorporated in Germany with limited liability and registered and paid-up capital of EUR30,000
“Leoni LCS Group” or “Automotive Cable Solutions Business”	LEONI Kabel and its subsidiaries
“LEONI Hungary”	LKH LEONI Kábelgyár Hungária Kft., a company incorporated in Hungary with limited liability and registered and paid-up capital of EUR1,009,962
“LEONI Kabel”	LEONI Kabel GmbH, a company incorporated in Germany with limited liability and registered and paid-up capital of EUR5,200,000
“LEONI Mexico”	LEONI Cable S.A. de C.V, a company incorporated in Mexico with limited liability and registered and paid-up capital of MXN34,959,545

DEFINITIONS

“LEONI Morocco”	LEONI Cable Solutions Morocco S.A.S.U., a company incorporated in Morocco with limited liability and registered and paid-up capital of EUR50,000
“LEONI Poland”	LEONI Kabel Polska sp. z o.o., a company incorporated in Poland with limited liability and registered and paid-up capital of PLN45,000,000
“LEONI Romania”	LEONI Cable Solutions RO S. R. L, a company incorporated in Romania with limited liability and registered and paid-up capital of RON245,000
“LEONI Slovakia”	LEONI Slovakia spol. s.r.o, a company incorporated in Slovakia with limited liability and registered and paid-up capital of EUR9,903,673
“LEONI Solutions”	LEONI High Temp Solutions GmbH, a company incorporated in Germany with limited liability and registered and paid-up capital of EUR2,525,000
“LEONI Turkey”	LEONI Kablo ve Teknolojileri Sanayi ve Ticaret Ltd. Sirketi, a company incorporated in Turkey with limited liability and registered and paid-up capital of TRY714,400
“LEONI US”	LEONI Cable, Inc., a company incorporated in the United States of America with limited liability and registered and paid-up capital of US\$30
“Leonische Holding”	Leonische Holding, Inc., a company incorporated in the United States of America with limited liability and registered and paid-up capital of US\$20
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Luxvisions”	Luxvisions Innovation Technology Corp. Limited (formerly known as Guangzhou Luxvisions Innovation Technology Limited), a company established under the laws of the PRC
“Luxvisions Group”	Luxvisions and its subsidiaries

DEFINITIONS

“Luxvisions Master Supply Agreement”	the agreement entered into between the Company and Luxvisions on 6 May 2025 for a term ending 31 December 2027, pursuant to which the Group agreed to sell Luxvisions Products in accordance with specifications as requested by Luxvisions
“Luxvisions Products”	products to be supplied by the Group to the Luxvisions Group according to the specifications as requested by the Luxvisions Group under the Luxvisions Master Supply Agreement, including but not limited to fiber optic jumper
“Luxshare”	Luxshare Limited, a company incorporated in Hong Kong with limited liability and is owned by Ms. Wang Laichun, the non-executive Director and the Chairperson, and Mr. Wang Laisheng, the brother of Ms. Wang Laichun, as to 50% each
“Luxshare Group”	Luxshare and its subsidiaries but excluding the Luxshare Precision Group and the Group
“Luxshare Master Supply Agreement”	the agreement entered into between the Company and Luxshare on 12 November 2025 for a term ending 31 December 2028, pursuant to which the Group agreed to sell Luxshare Products in accordance with specifications as requested by the Luxshare Group
“Luxshare Precision”	Luxshare Precision Industry Co., Limited (立訊精密工業股份有限公司), a company incorporated in the PRC with limited liability and listed on the Shenzhen Stock Exchange (stock code: 002475)
“Luxshare Precision Group”	Luxshare Precision and its subsidiaries but excluding the Group and the Target Group
“Luxshare Precision Master Supply Agreement”	the agreement entered into between the Company and Luxshare Precision on 24 March 2025 for a term ending 31 December 2027, pursuant to which the Group agreed to sell Luxshare Precision Products in accordance with specifications as requested by the Luxshare Precision Group
“Luxshare Precision Products”	products to be supplied by the Group to the Luxshare Precision Group according to the specifications as requested by the Luxshare Precision Group under the Luxshare Precision Master Supply Agreement, which comprise cable products, medical equipment cables, copper wire products and server products

DEFINITIONS

“Luxshare Products”	products to be supplied by the Group to the Luxshare Group according to the specifications as requested by the Luxshare Group under the Luxshare Master Supply Agreement, which comprise cable products, medical equipment cables, copper wire products and server products
“Mexico”	the United Mexican States
“Morocco”	the Kingdom of Morocco
“MXN”	Mexican Pesos, the lawful currency of Mexico
“Placing”	the placing of the 108,000,000 new Shares by or on behalf of the Macquarie Capital Limited on the terms and subject to the conditions set out in the placing agreement entered into between the Company and Macquarie Capital Limited dated 10 February 2026
“PLN”	Polish Zloty, the lawful currency of Poland
“Poland”	the Republic of Poland
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Revised Master Supply Annual Caps”	the revised annual caps for Luxshare Precision Products as supplied by the Group to the Luxshare Precision Group under the Second Supplemental Master Supply Agreement
“RON”	Romanian Lei, the lawful currency of Romania
“S&P Agreement”	the conditional sale and purchase agreement dated 23 April 2026 entered into between the Company and the Vendor in relation to the Acquisition
“Sale Shares”	204,000 shares of the Target Company, representing 51% of the entire issued share capital of the Target Company
“Second Supplemental Master Supply Agreement”	the supplemental agreement dated 23 April 2026 and entered into between the Company and Luxshare Precision to amend and supplement the terms contained in the Luxshare Precision Master Supply Agreement
“Singapore”	the Republic of Singapore

DEFINITIONS

“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Slovakia”	the Slovak Republic
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Time Interconnect Singapore Pte. Ltd., a company incorporated in Singapore with limited liability and issued and paid-up share capital of US\$400,000
“Target Group”	the Target Company and its subsidiaries, namely LEONI Cable Mexico, LEONI China, LEONI Germany, LEONI Hungary, LEONI Kabel, LEONI Mexico, LEONI Morocco, LEONI Poland, LEONI Romania, LEONI Slovakia, LEONI Solutions, LEONI Turkey, LEONI US, Leonische Holding
“TRY”	Turkish Lira, the lawful currency of Turkey
“Turkey”	the Republic of Türkiye
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Luxshare Precision Limited, a company incorporated in Hong Kong with limited liability and a Controlling Shareholder of the Company
“%”	per cent

Unless the context requires otherwise, amounts in US\$ and EUR in this circular have been translated into HK\$ at the rate of US\$1 = HK\$7.78 and EUR1 = HK\$9.22. No representation is made that any amounts in HK\$, USD and EUR have been or could be converted at the above rate or at any other rates or at all.

LETTER FROM THE BOARD



匯聚科技有限公司
TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

Executive Directors:

Mr. Cua Tin Yin Simon (*Chief Executive Officer*)
Mr. Wong Chi Kuen
Mr. Chaung Kwai Wing
Mr. Hung Wai Lai William

Registered office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Ms. Wang Laichun (*Chairperson*)

*Head office and principal place of
business in Hong Kong:*

Unit 213-221, 2/F, Building 5E,
5 Science Park East Avenue,
Hong Kong Science Park,
Shatin, Hong Kong,

Independent non-executive Directors:

Mr. Ho Hin Shun
Mr. Luk Wai Shing
Mr. Chan Chung Shun Eric
Ms. Chan Kit Fun Fanny
Dr. Wu Che Yuen Justin

25 June 2026

To the Shareholders

Dear Sir or Madam,

LETTER FROM THE BOARD

- (1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE 51% ISSUED SHARE CAPITAL OF THE TARGET COMPANY;**
(2) PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION; AND
(3) NOTICE OF EGM

INTRODUCTION

Reference is made to the announcement of the Company dated 23 April 2026 (the “**Announcement**”) in relation to, among other things, (i) the S&P Agreement entered into between the Company and the Vendor in respect of the Acquisition; and (ii) the Second Supplemental Master Supply Agreement entered into between the Company and Luxshare Precision in respect of the Revised Master Supply Annual Caps.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the S&P Agreement and the Acquisition contemplated thereunder; (ii) details of the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the EGM.

THE ACQUISITION

On 23 April 2026 (after trading hours), the Company entered into the S&P Agreement with the Vendor, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 51% of the issued share capital of the Target Company at an initial consideration of US\$12,700,000 (subject to adjustment), subject to the terms and conditions of the S&P Agreement.

The S&P Agreement

The principal terms of the S&P Agreement are set out below:

Date

23 April 2026

Parties

- (i) the Company as purchaser; and

LETTER FROM THE BOARD

(ii) the Vendor as vendor;

As at the Latest Practicable Date, the Vendor is the Controlling Shareholder which holds approximately 61.85% of the issued Shares of the Company and is therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the S&P Agreement, the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 51% of the issued share capital of the Target Company, subject to the terms and conditions of the S&P Agreement. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company. For detailed information of the Target Group, please refer to the section headed “Information of the Target Group” below.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, if the Acquisition had been completed on 31 December 2025, the total assets and total liabilities of the Enlarged Group would have increased to approximately HK\$16,169.1 million and approximately HK\$13,347.5 million, respectively. Further details of the unaudited pro forma financial information of the Enlarged Group immediately following Completion are set out in Appendix IV to this circular.

As set out in Appendix IIA to this circular, for the year ended 31 December 2025, the audited consolidated revenue and profit after tax of the Target Group were approximately HK\$6,405.6 million and HK\$163.7 million, respectively. As the financial results of the Target Group had been combined with those of the Group after Completion, the earnings of the Group had been affected by the performance of the Target Group from Completion. The Acquisition is expected to contribute towards broadening the revenue and earnings base for the Enlarged Group in the future.

The aforesaid financial impact is shown for illustrative purposes only. The actual financial effect of the Acquisition will be subject to the review and final audit by the auditors of the Company and may be different from the amount stated.

Consideration

The Consideration has initially been determined at US\$12,700,000 (equivalent to approximately HK\$98,806,000) after arm’s length negotiation between the Vendor and the Company having taken into consideration (i) 51% of the Initial NAV, such Initial NAV having amounted to approximately HK\$193.8 million; and (ii) the factors set out in the paragraph headed “Reasons for and benefits of the Acquisition” below. The initial Consideration shall be payable by the Company to the Vendor in cash upon Completion. It is expected that the consideration will be fully financed by the net proceeds from the Placing.

LETTER FROM THE BOARD

Adjustment to Consideration

Pursuant to the S&P Agreement, the initial Consideration is subject to adjustment. Within two months following the Completion, the Vendor and the Company shall determine the Completion NAV based on the Target Group's consolidated statement of financial position prepared in accordance with IFRS, subject to the review or audit by the auditors of the Target Group. In the event Completion NAV (i) exceeds the Initial NAV, the Company shall pay to the Vendor an amount equal to 51% of such excess (the "Upward Adjustment"); or (ii) is less than the Initial NAV, the Vendor shall reimburse the Company an amount equal to 51% of such shortfall. All payments for the adjusted Consideration shall be made in cash within ten business days after both parties have agreed on the Completion NAV and determined the amount payable by one party to the other. If the post-adjustment total Consideration (being the sum of the initial Consideration plus the Upward Adjustment) would exceed US\$40,000,000 (the "Maximum Consideration"), the Upward Adjustment shall be deemed reduced to the extent required so that the total Consideration equals the Maximum Consideration. The Maximum Consideration is determined by reference to 51% of the estimated net asset value as of Completion Date, which is projected based on the Target Group's net asset value as at 31 December 2025 and the estimated increase in such net asset value prior to Completion, taking into account its total comprehensive income for the second half of 2025 and then rounded to the nearest ten-million increment. The Vendor agrees to waive the right to claim or receive any amount in excess of the Maximum Consideration and the Company has no obligation to pay any amount in excess thereof. A further announcement regarding the final Consideration will be published by the Company.

Net proceeds from the Placing

The following table sets out the detailed breakdown of the use of the net proceeds from the Placing:

Intended use of net proceeds from the Placing	Allocation of net proceeds from the Placing (HK\$ million)	Amounts utilised as at the Latest Practicable Date (HK\$ million)	Expected usage of net proceeds in relation to the Acquisition (HK\$ million)	Actual use of net proceeds
1. Strategic investments and acquisitions	817.2	4.6	240.8 ^(Note)	Used as intended
2. Development of global business and expansion of overseas operations	490.4	341.2	–	Used as intended

LETTER FROM THE BOARD

Intended use of net proceeds from the Placing	Allocation of net proceeds from the Placing (HK\$ million)	Amounts utilised as at the Latest Practicable Date (HK\$ million)	Expected usage of net proceeds in relation to the Acquisition (HK\$ million)	Actual use of net proceeds
3. Working capital and general corporate purposes comprised of:	326.9	326.9	–	
– procurement of raw materials to fulfill customer orders	163.4	163.4	–	Used as intended and fully utilised
– payment of production and overhead costs for manufacturing of products	130.8	130.8	–	Used as intended and fully utilised
– payment of other general corporate expenses	32.7	32.7	–	Used as intended and fully utilised

Note: The amount represents the Consideration to be paid, estimated based on 51% of the Target Group's net asset value as at 31 May 2026 (subject to the Upward Adjustment, if any).

Conditions precedent

Pursuant to the S&P Agreement, Completion is subject to the fulfilment or waiver of the following conditions precedent:

- (a) the approval of the board of directors and shareholders of the Vendor to enter into the Acquisition in accordance with the S&P Agreement, such respective approvals not having been withdrawn or revoked (and the delivery by the Vendor to the Company of the copies of the relevant resolutions);
- (b) the approval of the board of directors and the independent shareholders of the Company to enter into the Acquisition in accordance with the S&P Agreement and the Listing Rules, such respective approvals not having been withdrawn or revoked (and the delivery by the Company to the Vendor of the copies of the relevant resolutions);
- (c) the Vendor acknowledges that the Company whose shares are listed on the Stock Exchange and that the S&P Agreement and the Acquisition shall be subject to and conditional upon obtaining the clearance from the Stock Exchange to proceed with the Acquisition on or before the Completion Date;

LETTER FROM THE BOARD

- (d) all the warranties of the Vendor being true and accurate and not misleading in all material respects and there being no material breach of any of the warranties of the Vendor;
- (e) all the warranties of the Company being true and accurate and not misleading in all material respects and there being no material breach of any of the warranties of the Company; and
- (f) there having been no material adverse event affecting the Target Group.

Save for condition (e) that can be waived by the Vendor, all other conditions precedent are not waivable by the Vendor or the Company. There is no long stop date under the S&P Agreement in respect of the fulfillment of the conditions precedent. The parties will however endeavor to take necessary steps to procure the fulfillment of the conditions precedent and proceed with Completion as soon as practicable after obtaining the Independent Shareholders' approval at the EGM. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled or waived.

Completion

Completion shall take place within ten business days after the date on which the last of the conditions precedent has been met or waived, or on such other date the Vendor and the Company mutually agree in writing.

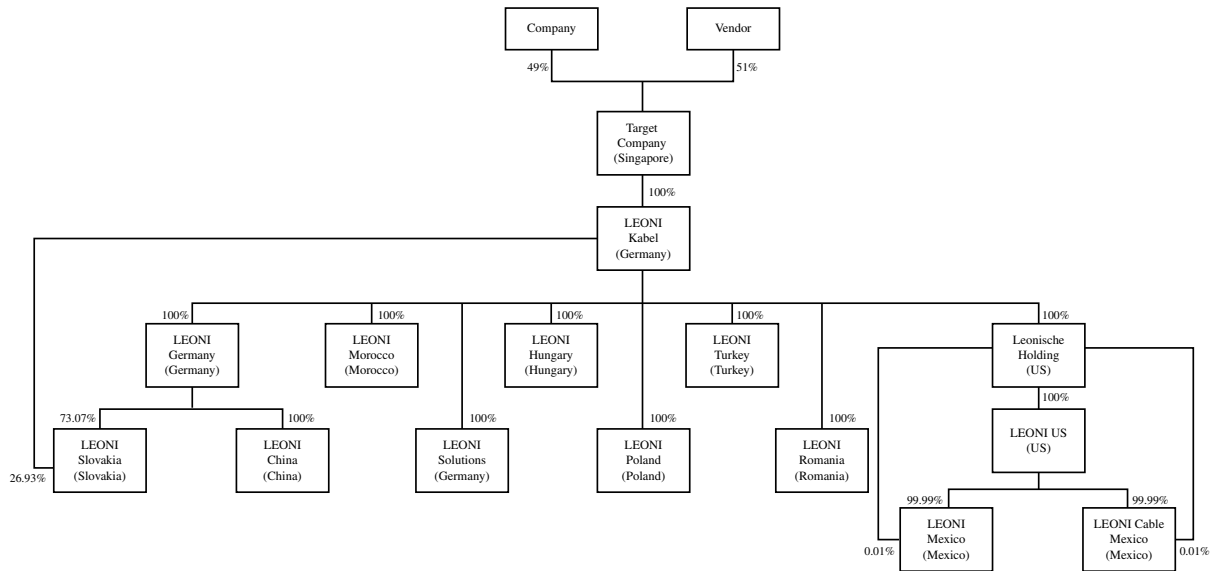
Information of the Target Group

The Target Company was incorporated in Singapore with limited liability on 5 September 2024. As at the Latest Practicable Date, the Target Company is held as to 49% and 51% by the Company and the Vendor, respectively. Originally established as a holding company to pursue acquisition of overseas businesses, the Target Company extended its operation to indent trading of vehicle parts and accessories similar to the Leoni LCS Group's products following interest from Southeast Asian branch of a major, long-standing international customer for vehicle parts procurement services in Singapore. Since April 2025, the Target Company has been engaged in wholesale of vehicle parts and accessories by sourcing products from other suppliers including the Group, which was not related to the core business of the Target Group. During the year ended 31 December 2025, the revenue generated from the Target Company's trading business amounted to approximately HK\$69.7 million and the Target Group will continue to operate this trading business following Completion. On 9 July 2025, the Target Company completed the acquisition of the entire issued share capital of LEONI Kabel at the consideration of approximately EUR335 million (equivalent to approximately HK\$3,088.5 million) and became the holding company of the Leoni LCS Group. The acquisition of the Leoni LCS Group by the Target Company did not constitute a notifiable transaction or connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules, as the Target Company was not a subsidiary of the Group and was accounted for as an associated company of the Group at the time of the acquisition. Save for the Leoni LCS Group, the Target Company does not hold any interest in other companies as at the Latest Practicable Date. Through the acquisition of the Leoni LCS Group, the Target Group is now

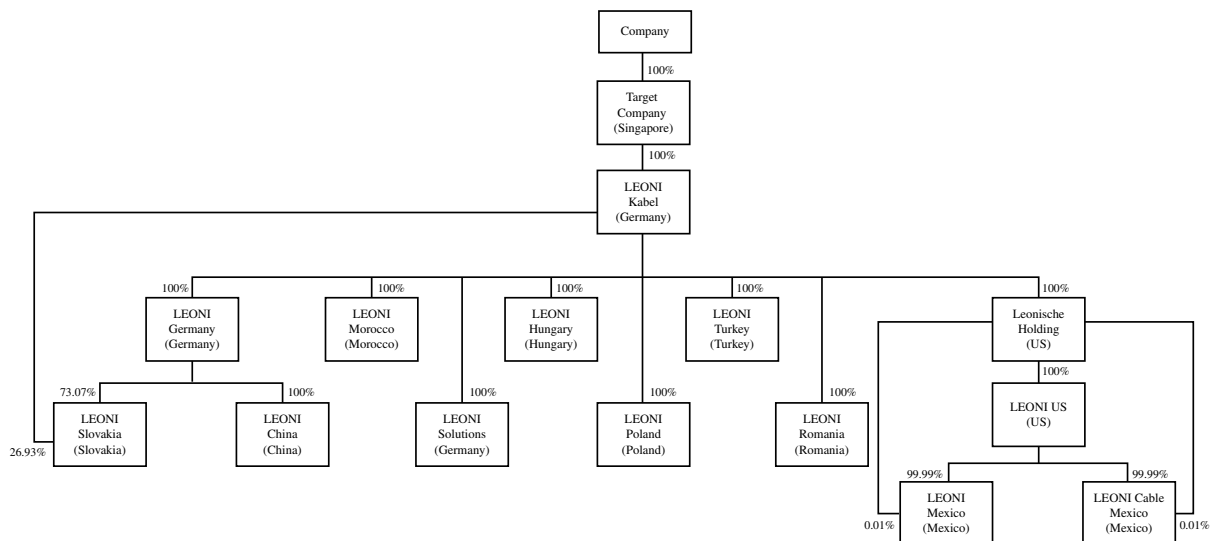
LETTER FROM THE BOARD

engaged in developing, manufacturing and sales of copper cables transmitting power, signals and data for automotive sector and other industries. The major customers of the Target Group are mainly leading global automotive component suppliers. As at the Latest Practicable Date, the Target Group has ten production facilities located in China, Germany, Mexico, Poland, Hungary, Slovakia and Turkey, with an aggregate gross floor area of approximately 291,000 square meters.

The shareholding structure of the Target Group as at the Latest Practicable Date



The shareholding structure of the Target Group immediately upon Completion



LETTER FROM THE BOARD

Financial information of the Target Group

Based on the audited consolidated financial statements of the Target Group for the period from 5 September 2024 (the date of incorporation of the Target Company) to 31 December 2024 and the year ended 31 December 2025, the consolidated revenue, the consolidated net profit (before and after taxation) and the consolidated net assets of the Target Group are as follows:

	For the period from 5 September 2024 to 31 December 2024	For the year ended 31 December 2025
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	– <i>(Note 1)</i>	6,405,554 <i>(Note 2)</i>
(Loss)/profit before tax	(39)	216,258
(Loss)/profit after tax	(39)	163,738

Note:

1. No revenue was generated during the period from 5 September 2024 to 31 December 2024 as the Target Group has neither commenced any business nor acquired the Leoni LCS Group during such period.
2. As the Target Company acquired the Leoni LCS Group on 9 July 2025, the Target Company only started consolidating revenue of the Leoni LCS Group after this date. Hence, for the year ended 31 December 2025, the Target Group's revenue is significantly lower than that of the Leoni LCS Group for the year ended 31 December 2025 as set out below.

According to the audited consolidated financial statements of the Target Group, the Target Group recorded net assets of approximately HK\$193,818,000 as at 31 December 2025. In order to finance the acquisition of the Leoni LCS Group, the Target Company, as borrower, entered into two loan agreements with the Vendor, as lender, on 4 July 2025 and 29 September 2025 for a principal amount of approximately EUR320.0 million and EUR15.2 million, respectively (the “**Term Loans**”). As at 31 December 2025, the Term Loans have been drawn down by the Target Company for the payment of consideration of the acquisition of the Leoni LCS Group and were repayable within one year. In addition, in order to support the operations of the Leoni LCS Group, LEONI Kabel, as borrower, and the Vendor, as lender, entered into a shareholder facilities agreement on 15 July 2025 (as supplemented by a supplemental agreement dated 29 September 2025), pursuant to which the Vendor granted certain term loan facility and revolving lines of credit to LEONI Kabel with a total amount of approximately EUR396.5 million (the “**Facilities Loans**”). A total of approximately EUR207 million and approximately US\$10 million was drawn down under the Facilities Loans as at 31 December 2025 for the repayment of the Target Group's bank borrowings and the general working capital of the Target Group and was repayable within one year to five years. In accordance with Rule 14A.90 of the Listing Rules, financial assistance received by the listed issuer from a connected person is fully exempted if (1)

LETTER FROM THE BOARD

it is conducted on normal commercial terms or better; and (2) it is not secured by the assets of the listed issuer's group. Given that (i) the interest rates under the Term Loans and the Facilities Loans (i.e. 3.5% or 4.5% per annum) are lower than that of the borrowings from independent financial institutions (i.e. 8.5% to 9.5% per annum) to the Target Group; and (ii) no security interest are granted over the assets of the Target Group to secure the Vendor's claims under the Term Loans and the Facilities Loans, the Term Loans and the Facilities Loans received by the Target Group from the Vendor will be fully exempted in accordance with Rule 14A.90 of the Listing Rules upon Completion. It is expected that the Term Loans and the Facilities Loans will be repaid by the Target Group. As at 31 December 2025, the Target Group's current liabilities consisted of loans due to the Vendor that amounted to approximately HK\$3,188.5 million, which comprised the outstanding principal and accrued interests under the Term Loans and the Facilities Loans of approximately HK\$3,110.2 million and HK\$78.3 million, respectively. Such amounts of loans were repayable within one year and carried a fixed interest rate of 3.5% to 4.5% per annum, respectively.

Financial information of the Leoni LCS Group

Based on the audited consolidated financial statements of the Leoni LCS Group for the year ended 31 December 2024 and 2025, the consolidated revenue, the consolidated net profit (before and after taxation) and the consolidated net assets of the Leoni LCS Group are as follows:

	For the year ended 31 December 2024	For the year ended 31 December 2025
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	11,597,732	11,997,064
(Loss)/profit before tax	(515,511)	223,060
(Loss)/profit after tax	(598,446)	125,292

According to the audited consolidated financial statements of the Leoni LCS Group, the Leoni LCS Group recorded net assets of approximately HK\$3,285,690,000 as at 31 December 2025.

Reasons for and benefits of the Acquisition

It has been the Group's core strategy to actively pursue diverse investment opportunities that support continuous growth while mitigating existing operational risks. The Target Company was established by the Group and the Vendor in September 2024 to spearhead overseas acquisitions. Since then, the Target Company has made significant progress and in July 2025, the Target Company completed the acquisition of the Leoni LCS Group, which is principally engaged in the development, manufacture and sales of copper cables transmitting power, signals and data for automotive sector and other industries.

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In December 2025, the Company completed the acquisition of the entire issued share capital of Dejinchang Investment Limited, which is principally engaged in manufacturing and sales of copper wire products widely applied in electronic devices, electrical appliances, computers, communication equipment, automobiles, medical devices, aerospace equipment and solar energy products. This has enhanced the Group's ability to supply copper wire. In addition, the Group's business presence in the downstream automotive wire harness segment creates a seamless value chain with the Target Group's business. The Group has adopted a dual-track growth strategy, focusing on strengthening its core business through both organic growth and inorganic growth, i.e. strategic investments and acquisitions. To implement such growth strategy, the Group pursues both (i) vertical integration where the Group seeks to enhance its control over critical supply chain components and extend its manufacturing capabilities into other locales; and (ii) horizontal integration where the Group focuses on businesses aligned with its core capabilities, including the cable business, as well as high-growth segments. In this context, the Group has assessed potential acquisition opportunities from time to time and potential targets that align with the abovementioned strategies. Given that (i) the copper wires produced by Dejinchang Investment Limited and its subsidiaries (collectively the "**DJC Group**") are fundamental raw materials of the copper cable products of the Group and the Target Group; (ii) the automotive cables produced by the Target Group are one of the major components of the Group's wire harness products; (iii) the Group does not currently operate in the overseas markets where the major production plants of the DJC Group and the Target Group are located, including Thailand, Vietnam and Europe, the acquisition of the DJC Group and the Target Group offer a compelling opportunity for vertical integration to strengthen the Group's supply chain of automotive segment and enable faster penetration into these overseas markets. The Directors expected that the full ownership of the Target Group brought by the Acquisition will enable more effective deployment of resources, streamlining management and operational efficiency across the Group's entire automotive segment. In particular, the Group will gain greater control over product production and product development, enabling it to implement the automotive segment's business strategy more effectively with full autonomy over decision making and reduce operating costs through tighter coordination across the value chain. Consequently, the Group has negotiated with the Vendor to acquire the remaining interest in the Target Company.

With the Target Group's established presence located in Europe and the Americas, it allows the Group to achieve immediate penetration into these key overseas markets upon the Acquisition. In particular, the Group intends to leverage the global footprint of the Target Group and expand other business segments to reach out more global potential customers. With fewer constraints associated with minority ownership and greater control in formulating the research and development plans and selecting development partners, the Acquisition also facilitates a comprehensive exchange of technical know-how between the Group and the Target Group, thereby accelerating research and development capabilities and enabling the delivery of more sophisticated, higher value-added products to customers. In particular, the Target Group has technical know-how in high-temperature-resistant materials and cooling technology for automotive and charging cables, which could be applied to other cables products of the Group in order to improve the efficiency of customer applications and expand their scope. Furthermore, the financial results of the Target Group will be consolidated into the Group's financial statements upon Completion. Given the Target Group's proven track record and substantial

LETTER FROM THE BOARD

scale, the Acquisition is expected to broaden the Group's revenue base and yield a positive impact on its overall financial performance. Accordingly, the Directors consider the Acquisition to be beneficial to the Group's long-term development and instrumental in strengthening its global industry position.

In view of the above, the Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) are of the view that the transactions contemplated under the S&P Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

As the highest of the applicable percentage ratios (as defined under the Listing Rules) is greater than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Vendor is the Controlling Shareholder which holds approximately 61.85% of the issued Shares of the Company and is therefore a connected person of the Company. Accordingly, the Acquisition will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to her beneficial interests in the Vendor, Ms. Wang Laichun, the Chairperson and the non-executive Director, is regarded as having a material interest in the transactions contemplated under the S&P Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the S&P Agreement and the Acquisition. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Ms. Wang Laichun, none of the Directors has any material interest in the S&P Agreement, and none of them have abstained from voting on the relevant resolutions of the Board.

PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTION

The Second Supplemental Master Supply Agreement

Reference is made to the announcement of the Company dated 24 March 2025 in relation to, among other things, the Luxshare Precision Master Supply Agreement entered into between the Company and Luxshare Precision. Reference is also made to the announcement of the Company dated 12 November 2025 and the circular of the Company dated 31 December 2025 in relation to, among other things, the First Supplemental Master Supply Agreement entered into between the Company and Luxshare Precision to revise the annual caps under the Luxshare Precision Master Supply Agreement as approved by the Independent Shareholders at the extraordinary general meeting held on 21 January 2026.

LETTER FROM THE BOARD

Currently, the Target Group is supplying cable products as raw materials to the Luxshare Precision Group. Prior to Acquisition, the Target Group was accounted for as an investment in associated companies in the consolidated financial statements of the Group. Upon Completion, the Target Group will become wholly-owned subsidiaries of the Group and the supply of the cable products to the Luxshare Precision Group will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the expected sales volume, anticipating that the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) will not be sufficient to meet the demand of the Luxshare Precision Group, on 23 April 2026, the Company entered into the Second Supplemental Master Supply Agreement with Luxshare Precision to increase the existing annual caps for the supply of Luxshare Precision Products.

Set out below is a summary of the principal terms of the Second Supplemental Master Supply Agreement:

Date

23 April 2026

Parties

- (i) Luxshare Precision; and
- (ii) the Company

Subject matter

Pursuant to the Second Supplemental Master Supply Agreement, the Company and Luxshare Precision agreed to revise the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) from HK\$1,598,000,000, HK\$1,758,000,000 and HK\$1,934,000,000 to HK\$3,497,000,000, HK\$5,306,000,000 and HK\$5,837,000,000 for the years ending 31 December 2026, 2027 and 2028, respectively.

Save for the Revised Master Supply Annual Caps, all other material terms of the Luxshare Precision Master Supply Agreement shall remain unchanged and in full force.

Pricing policy

The terms of the sales shall be determined with reference to prevailing market terms and be on terms no less favourable to the Group than those made available to Independent Third Parties for similar products. In particular, the prices will be determined based on the standard price range of the relevant products set by the Group in accordance with its pricing policy. The Group's sales department

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has maintained a standard price range of the Group's products which are applicable to all customers including the Group's connected customers and independent customers. The standard price range is compiled by the sales department with reference to customers' demand, market competition and the market price of similar products sold by the competitors in the market. The selling prices of the products supplied to the Luxshare Precision Group (generally not exceeding HK\$2,000 per unit according to historical transactions in 2025) will be based on such standard price range, which shall be no less favourable to that offered to other independent customers for similar products (generally not exceeding HK\$2,000 per unit according to historical transactions in 2025). The standard price range will be reviewed and updated regularly by the sales department to reflect the market conditions. If a standard price range does not exist, pricing should be determined on a cost-plus basis, which is determined by the direct costs of producing the products (including materials, labour, utilities, equipment depreciation and subcontracting fees, if any) plus a profit margin to be agreed upon. The profit margins for the products sold to the Luxshare Precision Group are determined with reference to margins for products of comparable quality, specifications and quantities charged to the independent customers and shall be no less favourable to the profit margins offered to the independent customers for similar products. In general, profit margins for these products are not below 4%.

In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, the Group will compare selling prices of at least two comparable transactions for similar products sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis. The Group shall have the right to accept or reject the orders from the Luxshare Precision Group and would accept orders only if the Group will profit from the sales and would consider the Group's capacity to undertake purchase orders which are more profitable.

Historical transaction amounts

The table below sets out the actual transaction amounts for the period from 1 April 2025 (being the commencement of the term of the Luxshare Precision Master Supply Agreement) to 31 December 2025 and the two months ended 28 February 2026 under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement):

	For the period from 1 April 2025 to 31 December 2025	For the two months ended 28 February 2026
	<i>HK\$'000</i>	<i>(unaudited) HK\$'000</i>
Supply of Luxshare Precision Products	<u>212,081</u>	<u>127,560</u>

LETTER FROM THE BOARD

Existing annual caps

The table below sets out the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement):

	For the period from	For the year ending 31 December		
	1 April 2025 to	2026	2027	2028
	31 December 2025	HK\$'000	HK\$'000	HK\$'000
Supply of Luxshare Precision Products	240,000	1,598,000	1,758,000	1,934,000

Proposed new annual caps

The table below sets out the Revised Master Supply Annual Caps under the Second Supplemental Master Supply Agreement:

	For the year ending 31 December		
	2026	2027	2028
	HK\$'000	HK\$'000	HK\$'000
Supply of Luxshare Precision Products	3,497,000	5,306,000	5,837,000

Basis of new annual caps

In determining the Revised Master Supply Annual Caps, the Directors have taken into consideration (i) the historical transaction amounts of the sales of relevant products; (ii) the estimated demands of Luxshare Precision Products from the Luxshare Precision Group; and (iii) the expected fluctuation of prices of Luxshare Precision Products and raw materials, exchange rate as well as inflation. During the period from 1 January 2026 to 28 February 2026, the Group recorded the sales of Luxshare Precision Products for approximately HK\$127.6 million to the Luxshare Precision Group. Accounting for the historical seasonality observed in 2025 and the new business development of the Group, the Directors anticipated that the original estimated annual cap for Luxshare Precision Products during the year ending 31 December 2026 will be insufficient for the additional demands from the Luxshare Precision Group. Accordingly, the Directors have estimated the additional demands on top of the original estimation with reference to the latest development and business plans of the Luxshare Precision Group and the Group. In particular, the Directors have estimated the expected demands of the Luxshare Precision Products to the Luxshare Precision Group following the Completion and it is proposed that the existing annual cap will be revised from approximately HK\$1,598 million to HK\$3,497 million for the year ending 31 December 2026. Currently, the Target Group is supplying its cable products to the Luxshare Precision Group for production. Between July 2025 and March 2026, the Leoni LCS Group recorded highest monthly sales of cable products for approximately EUR31.6

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million (or approximately HK\$288.5 million) to the Luxshare Precision Group. Assuming the Completion had occurred in May 2026, the Directors have projected an eight-month demand for the cable products of approximately HK\$2,308 million for the year ending 31 December 2026. To ensure the current level of supply is maintained, the projection is based on the highest monthly sales of cable products to the Luxshare Precision Group after the acquisition of the Leoni LCS Group. A buffer of 15% of approximately HK\$346 million was applied to such additional demands to accommodate any unexpected demands for the products, currency fluctuations and the potential increase in the price of copper for the production. In particular, the Board has considered (i) the strong demand for the products supplied by the Group, as evidenced by the revenue growth and gross profit growth of the Group for FY2025 of approximately 68.0% and 35.6%, respectively, as compared to that for FY2024; and (ii) the recent increase in copper price from an average copper price of USD9,945 per ton for FY2025 to an average of over USD12,500 per ton for the first quarter of 2026, representing an increase of 25.7% over the periods. Following the Completion, the Luxshare Precision Products supplied by the Group to the Target Group will no longer be continuing connected transactions. As such, the Directors have reduced the existing annual caps by approximately HK\$755 million, which represents the supply of Luxshare Precision Products to the Target Group as originally estimated for the year ending 31 December 2026. The Group estimates the revised annual caps to be HK\$5,306 million for the year ending 31 December 2027 based on the annualised demand of the cable products as projected for the year ending 31 December 2026 and the 10% organic year-on-year growth in the overall amount of the Luxshare Precision Products to be purchased for the year ending 31 December 2027. A 10% organic year-on-year growth is further applied in projecting the revised annual caps for the year ending 31 December 2028 which amounted to HK\$5,837 million. The application of 10% organic year-on-year growth is considered to be prudent, given the strong demand for the products supplied by the Group, as evidenced by the revenue growth and gross profit growth of the Group for FY2025.

Reasons for and benefits of the new annual caps

The Target Group has been supplying cable products to the members of the Luxshare Precision Group for its production. However, the supply of cable products to the Luxshare Precision Group will become continuing connected transactions following the Completion and the Directors expected that the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) will not be sufficient based on the expected sales volumes to the Luxshare Precision Group. As such, the Directors decided to revise the existing annual caps so as to accommodate the demand from the Luxshare Precision Group. The Directors believe the increase in annual caps will allow the Group to continue to supply Luxshare Precision Products to the Luxshare Precision Group and maintain a stable source of income for the Group.

Taking into consideration the above, the Directors (including the independent non-executive Directors who have considered the advice from the Independent Financial Adviser) are of the view that the terms of the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Internal control measures

The Company has implemented internal control procedures and policies to monitor continuing connected transactions and to ensure that all continuing connected transactions are entered into in accordance with pricing policies and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has closely observed the market conditions and monitored the prevailing market prices or market rates, including the pricings of transactions between the Group and Independent Third Parties in respect of similar products sold. In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, the sales department of the Group will compare selling prices of at least two comparable transactions for similar products sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis. The sales department shall determine whether the terms of the continuing connected transactions are fair and reasonable and conducted in accordance with the pricing policy under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement) and assess the Group's capacity to undertake the sales orders. Accordingly, the Company is able to ensure that the pricing terms under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement) are on normal commercial terms and no less favourable than those available from Independent Third Parties.

The Company will closely monitor the continuing connected transactions to ensure that they are conducted in accordance with the terms of the relevant continuing connected transaction agreements. The finance department of the Group will also monitor the transaction amount with the Luxshare Precision Group under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement) on a monthly basis so as to ensure that the transaction amount with the Luxshare Precision Group will not exceed the proposed annual caps for the respective financial years. The Company will set an alert amount when the actual transaction amount has reached 75% of the total annual caps. In the event that the annual caps may be exceeded, the relevant sales information and the underlying reasons for the excess will be reported to the chief financial officer of the Company, who will then compile and report the information to the Board for deliberation and approval, so that the Company could timely comply with the relevant announcement and/or shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the independent non-executive Directors will conduct an annual review of the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement). The Company's external auditors will also review the transactions as contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement) annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

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Accordingly, the Directors consider that the Company has established sufficient internal control measures to ensure the transactions under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement) are conducted in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Listing Rules Implication

As at the Latest Practicable Date, Luxshare Precision is a Controlling Shareholder interested in approximately 61.85% of issued Shares through the Vendor and is ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng. As such, Luxshare Precision is a connected person of the Company and the transactions with Luxshare Precision will constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

Reference is made to the announcement of the Company dated 6 May 2025 in respect of, among others, the Luxvisions Master Supply Agreement entered into between the Company and Luxvisions, pursuant to which the Group agreed to sell Luxvisions Products in accordance with specifications as requested by the Luxvisions Group from time to time. Reference is also made to the announcement of the Company dated 12 November 2025 and the circular dated 31 December 2025 in respect of, among others, the Luxshare Master Supply Agreement entered into between the Company and Luxshare, pursuant to which the Group agreed to sell Luxshare Products in accordance with specifications as requested by the Luxshare Group from time to time. Given that the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement), the Luxshare Master Supply Agreement and the Luxvisions Master Supply Agreement (collectively the “**Master Supply Framework Agreements**”) are entered into with the Controlling Shareholders and their respective associates and are similar in nature, the transactions under the Master Supply Framework Agreements should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the annual caps under the Master Supply Framework Agreements in aggregate is more than 5%, the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement) are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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Due to her beneficial interests in Luxshare Precision, Ms. Wang Laichun, the Chairperson and a non-executive Director, is regarded as having a material interest in the transactions contemplated under the Second Supplemental Master Supply Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Ms. Wang Laichun, none of the Directors has any material interest in the Second Supplemental Master Supply Agreement, and none of them have abstained from voting on the relevant resolutions of the Board.

INFORMATION ON THE COMPANY, THE GROUP, THE VENDOR AND LUXSHARE PRECISION

Information on the Company and the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which have been listed on the Stock Exchange since February 2018. The Group is headquartered in Hong Kong, and has manufacturing facilities in Shanghai, Jiangsu, Jiangxi and Guangdong in the PRC, Japan, Vietnam, Thailand and Mexico. The Group is principally engaged in the manufacture and sales of copper and optical fiber cable assemblies, digital cable products, copper wire products, medical products and server products. The Group supplies its products to customers worldwide, including global network solutions and infrastructure providers, global cloud service provider, multinational medical equipment manufacturer and automotive manufacturer.

Information on the Vendor and Luxshare Precision

The Vendor is an investment holding company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Luxshare Precision. Luxshare Precision is a company incorporated in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 002475). The Luxshare Precision Group is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, auto electronics, communication and data center, and other end markets. As at the Latest Practicable Date, Luxshare Precision is owned as to (i) approximately 37.33% by Luxshare, which is in turn owned by Ms. Wang Laichun, the non-executive Director and the Chairperson of the Board, and Mr. Wang Laisheng, the brother of Ms. Wang Laichun, as to 50% each; and (ii) approximately 0.27% by Mr. Wang Laisheng directly.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder. Asian Capital

LETTER FROM THE BOARD

has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in this connection. A letter of advice from Asian Capital has been incorporated in this circular on pages 30 to 58.

EGM

The EGM will be convened and held at Boardroom, Units 213-221, 2/F, Building 5E, 5 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong on Monday, 20 July 2026 at 3:00 p.m. to consider and, if thought fit, approve the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder. In compliance with the Listing Rules, the resolutions will be voted on by way of poll at the EGM.

Ms. Wang Laichun and her associates are regarded as having a material interest in the S&P Agreement, the Second Supplemental Master Supply Agreement and therefore are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Ms. Wang Laichun through her interest in the Vendor, an associate of Ms. Wang Laichun, held 1,380,594,000 Shares, representing approximately 61.85% of the issued share capital of the Company. Accordingly, the Vendor will abstain from voting at the EGM in respect of the resolution proposed to be passed for approving the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, save as disclosed above, no other Shareholders are required to abstain from voting at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting via the e-Meeting System at the EGM or any adjourned meeting (as the case may be) should you so wish.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 15 July 2026 to Monday, 20 July 2026, both dates inclusive, during which no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the

LETTER FROM THE BOARD

relevant Share certificates must be lodged for registration with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Tuesday, 14 July 2026.

RECOMMENDATION

The Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) consider that the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 28 to 29 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 30 to 58 of this circular and the additional information set out in the appendix to this circular.

By order of the Board
Time Interconnect Technology Limited
Cua Tin Yin Simon
Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the S&P Agreement, the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder.



匯聚科技有限公司
TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

25 June 2026

To the Independent Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE
ACQUISITION OF THE 51% ISSUED SHARE CAPITAL OF THE
TARGET COMPANY; AND
(2) PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

We refer to the circular of the Company dated 25 June 2026 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement and to advise the Independent Shareholders whether, in our opinion, the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement are fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and whether the S&P Agreement and the Second Supplemental Master Supply Agreement are in the interests of the Company and its Shareholders as a whole. Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the S&P Agreement and the Second Supplemental Master Supply Agreement.

We wish to draw your attention to the letter from the Board set out on pages 8 to 27 of the Circular which contains, inter alia, information about the S&P Agreement and the Second Supplemental Master Supply Agreement, and the letter of advice from the Independent Financial Adviser set out on pages 30 to 58 of the Circular which contains its advice in respect of the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taking into account the advice from the Independent Financial Adviser, we consider the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement are fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the S&P Agreement and the Second Supplemental Master Supply Agreement.

Yours faithfully,

Independent Board Committee

Ho Hin Shun

Independent

Non-executive Director

Luk Wai Shing

Independent

Non-executive Director

Chan Chung Shun Eric

Independent

Non-executive Director

Chan Kit Fun Fanny

Independent

Non-executive Director

Wu Che Yuen Justin

Independent

Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this Circular



ASIAN CAPITAL LIMITED
14/F
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

25 June 2026

*To: the Independent Board Committee and the Independent Shareholders of
Time Interconnect Technology Limited*

Dear Sirs,

**(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE
ACQUISITION OF THE 51% ISSUED SHARE CAPITAL OF THE
TARGET COMPANY; AND
(2) PROPOSED REVISION OF EXISTING ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTION**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Acquisition contemplated under the S&P Agreement; and (ii) the continuing connected transaction contemplated under the Second Supplemental Master Supply Agreement (including the Revised Master Supply Annual Caps), particulars of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 25 June 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise specified.

As at the Latest Practicable Date, the Target Company is owned by the Company and the Vendor as to 49% and 51%, respectively. On 23 April 2026 (after trading hours), the Company entered into the S&P Agreement with the Vendor, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares (i.e. 51% of the issued share capital of the Target Company) at an initial consideration of US\$12,700,000 (subject to adjustment), subject to the terms and conditions of the S&P Agreement. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

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As stated in the Letter from the Board, as the highest of the applicable percentage ratios (as defined under the Listing Rules) is greater than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, as at the Latest Practicable Date, the Vendor is the Controlling Shareholder which held approximately 61.85% of the issued Shares of the Company and is therefore a connected person of the Company. Accordingly, the Acquisition will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. The Acquisition is therefore subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as at the Latest Practicable Date, the Target Group is supplying cable products as raw materials to the Luxshare Precision Group. Upon Completion, the Target Group will become wholly-owned subsidiaries of the Group and the supply of cable products to the Luxshare Precision Group will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Based on the expected sales volume, it is anticipated that the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) will not be sufficient to meet the demand of the Luxshare Precision Group. As such, on 23 April 2026, the Company entered into the Second Supplemental Master Supply Agreement with Luxshare Precision to increase the existing annual caps for the supply of the Luxshare Precision Products.

As at the Latest Practicable Date, Luxshare Precision is a Controlling Shareholder interested in approximately 61.85% of issued Shares through the Vendor and is ultimately controlled by Ms. Wang Laichun and Mr. Wang Laisheng. As such, Luxshare Precision is a connected person of the Company and the transactions with Luxshare Precision will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

Reference is made to the announcement of the Company dated 6 May 2025 in respect of, among others, the Luxvisions Master Supply Agreement entered into between the Company and Luxvisions, pursuant to which the Group agreed to sell the Luxvisions Products in accordance with specifications as requested by the Luxvisions Group from time to time. Reference is also made to the announcement of the Company dated 12 November 2025 and the circular dated 31 December 2025 in respect of, among others, the Luxshare Master Supply Agreement entered into between the Company and Luxshare, pursuant to which the Group agreed to sell the Luxshare Products in accordance with specifications as requested by the Luxshare Group from time to time. Given that the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and

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the Second Supplemental Master Supply Agreement), the Luxshare Master Supply Agreement and the Luxvisions Master Supply Agreement (collectively the “**Master Supply Framework Agreements**”) are entered into with the Controlling Shareholders and their respective associates and are similar in nature, the transactions under the Master Supply Framework Agreements should be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under the Listing Rules) for the annual caps under the Master Supply Framework Agreements in aggregate is more than 5%, the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement) are subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Due to her beneficial interests in the Vendor and Luxshare Precision, Ms. Wang Laichun, the Chairperson and the non-executive Director, is regarded as having a material interest in the transactions contemplated under the S&P Agreement and the Second Supplemental Master Supply Agreement, and has abstained from voting on the relevant resolutions of the Board for approving the S&P Agreement, the Acquisition, the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, save for Ms. Wang Laichun, none of the Directors has any material interest in the S&P Agreement and the Second Supplemental Master Supply Agreement, and none of them is required to abstain from voting on the relevant resolutions of the Board.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement are fair and reasonable and whether the transactions contemplated thereunder (including the Revised Master Supply Annual Caps) are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole. Asian Capital has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in this connection.

OUR INDEPENDENCE

In the past two years and up to the Latest Practicable Date, we only acted as the independent financial adviser to the independent board committee of the Company regarding the continuing connected transactions as mentioned in the circular of the Company dated 31 December 2025, which comprised (i) the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) and the revision of the annual caps thereunder and (ii) the transactions contemplated under the Luxshare Master Supply Agreement and the proposed annual caps thereunder (the “**Past Appointment**”). It is noted that (i) we have not provided any services to the Company other than the Past Appointment and this appointment as the Independent Financial Adviser; (ii) apart from the normal professional fees for our services to the Company in

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connection with the Past Appointment and this appointment, no arrangement exists whereby we will receive any fees and benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence; (iii) we have maintained our independence from the Company during the Past Appointment; (iv) the service fees received separately or aggregately from the Past Appointment and this appointment do not constitute a significant portion of our total revenue; and (v) our independence from the Company has not been compromised because of the Past Appointment.

As at the Latest Practicable Date, there have been no relationships or interests existing between (i) Asian Capital Limited and (ii) the Group, Luxshare Precision, Luxshare or any of their respective subsidiaries or associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the S&P Agreement and the Second Supplemental Master Supply Agreement.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have considered, among other things, (i) the S&P Agreement, the Luxshare Precision Master Supply Agreement, the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement; (ii) the interim report of the Company (the “**2025 Interim Report**”) for the six months ended 30 June 2025 (“**HY2025**”) and the interim report of the Company (the “**2024 Interim Report**”) for the six months ended 30 June 2024 (“**HY2024**”); (iii) the annual report of the Company (the “**2025 Annual Report**”) for the year ended 31 December 2025 (“**FY2025**”) and the annual report of the Company (the “**2024 Annual Report**”) for the year ended 31 December 2024 (“**FY2024**”); (iv) the accountants’ report of the Target Group and Leoni LCS Group for the two years ended 31 December 2024 and 2025 prepared by Deloitte Touche Tohmatsu; (v) the unaudited pro forma financial information of the Enlarged Group; (vi) other information as set out in the Circular; and (vii) relevant market data and information available from public sources.

We have also relied on all relevant information and representations provided, and the opinions expressed, by the Directors and/or the management of the Company (the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof.

The Directors and the Management have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the Management, and they have confirmed that no material information has been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

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We consider that we have reviewed sufficient information currently available to reach an informed view and to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided by the Directors and/or the Management, nor have we conducted an independent investigation into the business, affairs, operations, financial position or future prospects of each of the Group, the Target Group and any of their respective associates.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholder, we have taken into account the following principal factors and reasons:

1. Background information of the parties

1.1 Information of the Group

Principal business of the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on the Stock Exchange since February 2018. The Group is headquartered in Hong Kong, and has manufacturing facilities in Shanghai, Jiangsu, Jiangxi and Guangdong in the PRC, Japan, Vietnam, Thailand and Mexico. The Group is principally engaged in the manufacture and sales of copper and optical fiber cable assemblies, digital cable products, copper wire products, medical products and server products. The Group supplies its products to customers worldwide, including global network solutions and infrastructure providers, global cloud service provider, multinational medical equipment manufacturer and automotive manufacturer.

Historical financial performance of the Group

A summary of the audited financial information of the Group for FY2024 and FY2025 and the unaudited financial information of the Group for HY2024 and HY2025, as extracted from the Company's respective annual reports and interim reports is set out below:

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	FY2025	FY2024	HY2025	HY2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>(restated)</i>		
Total revenue	12,409,577	7,388,751	4,853,745	2,666,123
<i>Cable assembly</i>	3,429,916	2,783,805	1,719,042	1,326,587
<i>Digital cable</i>	1,224,869	1,416,855	570,513	726,215
<i>Server</i>	7,400,300	3,188,091	2,564,190	613,321
<i>Copper wire</i>	354,492	–	–	–
Gross profit	1,468,819	1,082,827	642,792	492,794
Gross profit margin	11.8%	14.7%	13.2%	18.5%
Profit for the year/period	783,614	463,797	313,706	213,283

	As at	As at
	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
		<i>(restated)</i>
Total assets	9,173,823	4,822,426
– <i>Bank balances and cash</i>	767,107	425,848
Total liabilities	6,338,585	3,206,951
– <i>Bank borrowings</i>	1,262,982	243,159
Total equity	2,835,238	1,615,475

Financial performance of the Group

For FY2025, the Group recorded revenue amounting to HK\$12,409.6 million, representing an increase of HK\$5,020.8 million or 68.0% as compared with HK\$7,388.8 million for FY2024. The increase was mainly attributable to the increase of revenue from server sector and data centre in cable assembly sector driven by the AI boom. In particular, the new copper wire sector in FY2025 resulted from the acquisition of the Dejinchang Investment Limited (together with its subsidiaries, the “**DJC Group**”) completed in December 2025 contributed one month revenue for FY2025.

For FY2025, the gross profit of the Group amounting to HK\$1,468.8 million, representing an increase of HK\$ 386.0 million or 35.6% as compared with HK\$1,082.8 million for FY2024. The increase in gross profit was mainly attributable to the increase in revenue from data centre in cable assembly business and server sector as mentioned above. However, due to increase in the proportion of the lower-margin server sector (accounted for over half of the revenue of the Group in FY2025), the Group’s gross profit margin decreased from 14.7% (restated) for FY2024 to 11.8% for FY2025.

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For FY2025, the profit for the year of the Group amounting to HK\$783.6 million, representing an increase of HK\$319.8 million or 69.0% as compared with HK\$463.8 million for FY2024. The increase in profit was mainly attributable to the aforementioned increase in revenue and gross profit.

For HY2025, the Group recorded revenue amounting to HK\$4,853.7 million, represented an increase of HK\$2,187.6 million or 82.1% as compared with HK\$2,666.1 million for HY2024. The increase was mainly attributable to the increase of revenue from server and data centre in cable assembly sector driven from AI boom.

For HY2025, the gross profit of the Group amounting to HK\$642.8 million, representing an increase of HK\$150.0 million or 30.4% as compared with HK\$492.8 million for HY2024. The increase in gross profit was mainly attributable to the increase in revenue from cable assembly sector. However, due to the significant increase in revenue from server sector with lower profit margin (accounted for over half of the revenue of the Group in HY2025), the Group's gross profit margin decreased from 18.5% for FY2024 to 13.2% for FY2025.

For HY2025, the profit for the year of the Group amounting to HK\$313.7 million, representing an increase of HK\$100.4 million or 47.1% as compared with HK\$213.3 million for FY2024. The increase in profit was mainly attributable to the aforementioned increase in revenue and gross profit.

Financial position of the Group

As at 31 December 2025, the Group had total assets of HK\$9,173.8 million, comprising mainly property, plant and equipment of HK\$1,424.9 million, trade and other receivables of HK\$3,170.6 million, inventories of HK\$2,320.4 million, pledged bank deposits of HK\$775.8 and bank balances and cash of HK\$767.1 million. The total liabilities of the Group were approximately HK\$6,338.6 million, comprising mainly trade and other payables of HK\$3,641.8 million and bank borrowings of HK\$1,263.0 million.

The Group's total equity increased from HK\$1,615.5 million as at 31 December 2024 to HK\$2,835.2 million as at 31 December 2025, representing an increase of approximately HK\$1,219.8 million or 75.5%. The increase was mainly attributable to (i) the acquisition of the DJC Group completed in December 2025; and (ii) the net profit generated during FY2025.

Having considered the aforementioned (i) revenue growth and gross profit growth for FY2025 of 68.0% and 35.6% respectively, as compared to that for FY2024; (ii) revenue growth and gross profit growth for HY2025 of 82.1% and 30.4% respectively, as

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compared to that for HY2024; and (iii) strong financial position of the Group, we concur with the Management that the Group's supply of server and cable assembly products is expected to continue its upward trend.

1.2 Information of the Vendor and Luxshare Precision

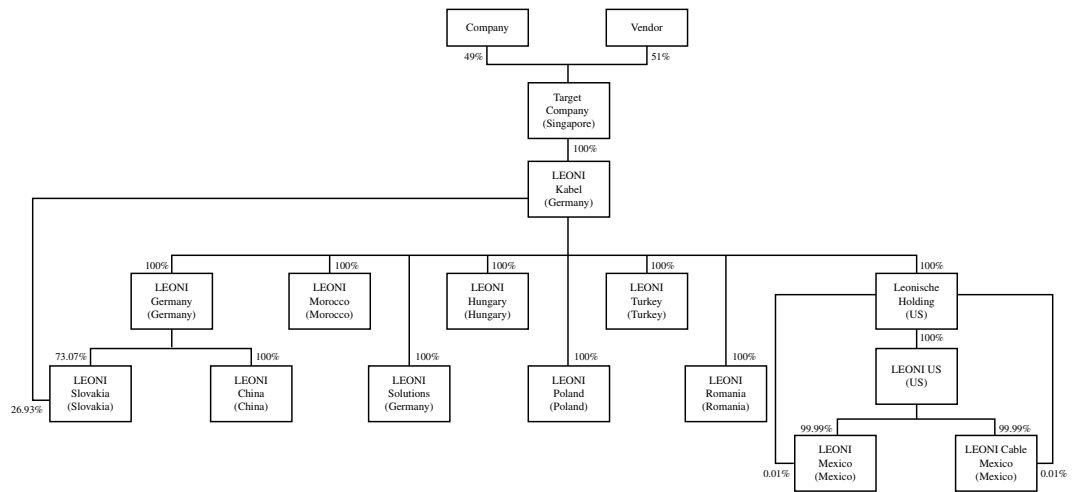
The Vendor is an investment holding company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Luxshare Precision. Luxshare Precision is a company incorporated in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 002475). The Luxshare Precision Group is principally engaged in the research, development, manufacturing and sales of products in the fields of consumer electronics, auto electronics, communication and data centers, and other end markets. As at the Latest Practicable Date, Luxshare Precision is owned as to (i) approximately 37.33% by Luxshare, which is in turn owned by Ms. Wang Laichun, the non-executive Director and the Chairman of the Board, and Mr. Wang Laisheng, the brother of Ms. Wang Laichun, as to 50% each; (ii) approximately 0.27% by Mr. Wang Laisheng directly.

1.3 Information of the Target Group

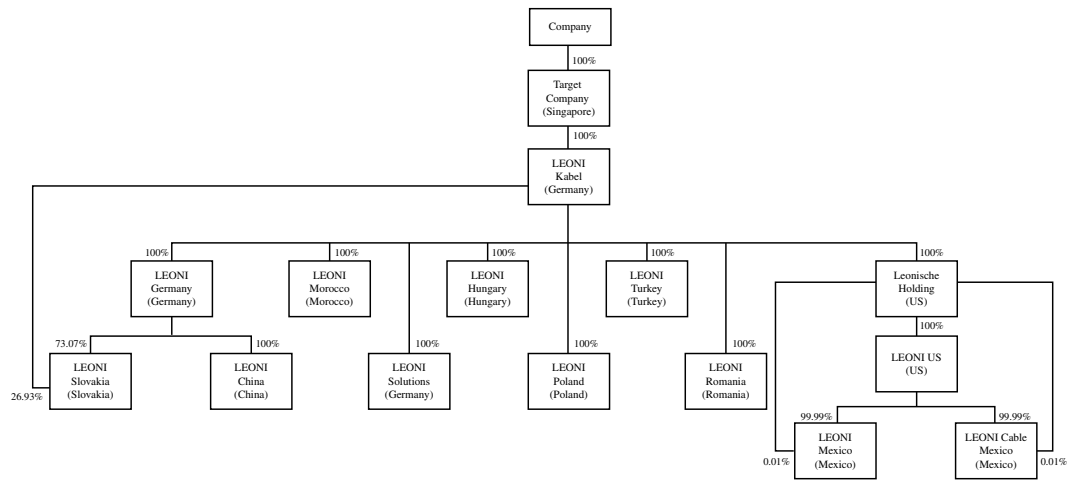
The Target Company was incorporated in Singapore with limited liability on 5 September 2024. As at the Latest Practicable Date, the Target Company is held as to 49% and 51% by the Company and the Vendor, respectively. Originally established as a holding company to pursue acquisition of overseas businesses, the Target Company extended its operation to indent trading of vehicle parts and accessories similar to the Leoni LCS Group's products following interest from Southeast Asian branch of a major, long-standing international customer for vehicle parts procurement services in Singapore. Since April 2025, the Target Company has been engaged in wholesale of vehicle parts and accessories by sourcing products from other suppliers including the Group, which was not related to the core business of the Target Group. During the year ended 31 December 2025, the revenue generated from the Target Company's trading business amounted to approximately HK\$69.7 million and the Target Group will continue to operate this trading business following Completion. On 9 July 2025, the Target Company completed the acquisition of the entire issued share capital of LEONI Kabel at the consideration of approximately EUR335 million (equivalent to approximately HK\$3,088.5 million) and became the holding company of the Leoni LCS Group. Through the acquisition of Leoni LCS Group, the Target Group is now engaged in developing, manufacturing and sales of copper cables transmitting power, signals and data for automotive sector and other industries. The major customers of the Target Group are mainly leading global automotive component suppliers. As at the Latest Practicable Date, the Target Group has ten production facilities located in China, Germany, Mexico, Poland, Hungary, Slovakia and Turkey, with an aggregate gross floor area of approximately 291,000 square meters.

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The shareholding structure of the Target Group as at the Latest Practicable Date



The shareholding structure of the Target Group immediately upon Completion



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Financial information of the Target Group

Based on the accountants' report of the Target Group for the period from 5 September 2024 (the date of incorporation of the Target Company) to 31 December 2024 and the year ended 31 December 2025 (as set out in Appendix IIA of the Circular), a summary of the financial information of the Target Group is set out below:

	For the year ended 31 December 2025	For the period from 5 September 2024 to 31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6,405,554	–
Gross Profit	851,643	–
(Loss)/profit before tax	216,258	(39)
(Loss)/profit after tax	163,738	(39)
	As at	As at
	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	7,213,276	3,104
Total liabilities	7,019,458	38
Net assets	193,818	3,066

Prior to the acquisition of the Leoni LCS Group, the Target Group only consisted of the Target Company which had not commenced any operation during the period from 5 September 2024 (date of incorporation) to 31 December 2024. Upon the acquisition of the Leoni LCS Group on 9 July 2025, the Target Company became the holding company of the Leoni LCS Group and the financial results of the Leoni LCS Group were consolidated into the consolidated financial statements of the Target Group. Therefore, the financial performance of the Target Group for the year ended 31 December 2025 mainly reflected the post-acquisition performance of the Leoni LCS Group. Furthermore, the Target Company has also commenced its trading business of vehicle parts and accessories during the year ended 31 December 2025, which generated revenue and net loss of approximately HK\$69.7 million and HK\$47.2 million, respectively.

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Financial information of the Leoni LCS Group

Based on the accountants' report of the Leoni LCS Group for the each of the two year ended 31 December 2024 and 2025 (as set out in Appendix IIB of the Circular), a summary of the financial information of the Leoni LCS Group is set out below:

	For the year ended 31 December 2025	For the year ended 31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	11,997,064	11,597,732
Gross profit	1,489,257	771,481
(Loss)/profit before tax	223,060	(515,511)
(Loss)/profit after tax	125,292	(598,446)
	As at	As at
	31 December 2025	31 December 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	7,166,487	5,697,903
Total liabilities	3,880,797	2,890,039
Net assets	3,285,690	2,807,864

The Leoni LCS Group generates its revenue mainly from the sales of automotive cables, charging cables and industry cables. The revenue of Leoni LCS Group remained relatively stable with a slight increase from HK\$11,597.7 million for FY2024 to HK\$11,997.1 million for FY2025, representing an increase of approximately HK\$399.3 million or 3.4%. Such increase was mainly due to the increase in sales demand of the charging cables and the appreciation of EUR that resulted in a higher reported sales upon translation into HK\$.

The gross profit of the Leoni LCS Group increased from HK\$771.5 million for FY2024 to HK\$1,489.3 million for FY2025, representing an increase of approximately HK\$717.8 million or 93.0%. Such increase was mainly due to the impairment on certain property, plant and equipment, intangible assets and right-of-use assets recognised for FY2024 to write-down to the fair value as reference to the acquisition cost of the Leoni LCS Group by the Target Company, while no further impairment was recognised during FY2025.

As a result of the above, the net loss of HK\$598.4 million for FY2024 was rebounded to a net profit of HK\$125.3 million for FY2025.

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As at 31 December 2025, the Leoni LCS Group had total assets of HK\$7,166.5 million, comprising mainly property, plant and equipment of HK\$2,286.1 million, trade and other receivables of HK\$1,932.8 million, inventories of HK\$1,649.5 million, cash and cash equivalents of HK\$910.8 million. The total liabilities of the Leoni LCS Group were approximately HK\$3,880.8 million, comprising mainly trade and other payables of HK\$1,260.4 million and loan from a related party of HK\$1,961.5 million.

The Leoni LCS Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Leoni LCS Group's operations were primarily funded through the cash flow generated from its operating activities, the loans from shareholders and external borrowings.

2. Principal terms of the S&P Agreement

On 23 April 2026 (after trading hours), the Company entered into the S&P Agreement with the Vendor, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 51% of the issued share capital of the Target Company at an initial consideration of US\$12,700,000 (subject to adjustment), subject to the terms and conditions of the S&P Agreement.

As extracted from the Letter from the Broad, the principal terms of the S&P Agreement are as follows:

- Date:** 23 April 2026
- Parties:** (i) the Company as purchaser
- (ii) the Vendor as vendor

Asset to be acquired

The Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, representing 51% of the issued share capital of the Target Company, subject to the terms and conditions of the S&P Agreement. Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

Consideration

The Consideration has initially been determined at US\$12,700,000 (equivalent to approximately HK\$98,806,000) after arm's length negotiation between the Vendor and the Company having taken into consideration (i) 51% of the Initial NAV, such Initial NAV having amounted to approximately HK\$193.8 million; and (ii) the factors set out in the paragraph

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headed “Reasons for and benefits of the Acquisition” in the Letter from the Board. The initial Consideration shall be payable by the Company to the Vendor in cash upon Completion. It is expected that the Consideration will be fully financed by the net proceeds from the Placing.

Adjustment to Consideration

The initial Consideration is subject to adjustment. Within two months following the Completion, the Vendor and the Company shall determine the Completion NAV based on the Target Group’s consolidated financial statements prepared in consistent with IFRS, subject to the review or audit by the auditors of the Target Group. In the event the Completion NAV (i) exceeds the Initial NAV, the Company shall pay to the Vendor an amount equal to 51% of such excess (i.e. the Upward Adjustment); or (ii) is less than the Initial NAV, the Vendor shall reimburse the Company an amount equal to 51% of such shortfall. All the payments for the adjusted Consideration shall be made in cash within ten business days after both parties have agreed on the Completion NAV and determined the amount payable by one party to the other. If the post-adjustment total Consideration (being the sum of the initial Consideration plus the Upward Adjustment) would exceed US\$40,000,000 (i.e. the Maximum Consideration), the Upward Adjustment shall be deemed reduced to the extent required so that the total Consideration equals to the Maximum Consideration. The Maximum Consideration is determined by reference to 51% of the estimated net asset value as of Completion Date, which is projected based on the Target Group’s net asset value as at 31 December 2025 and the estimated increase in such net asset value prior to Completion, taking into account its total comprehensive income for the second half of 2025 and then rounded to the nearest ten-million increment. The Vendor agrees to waive the right to claim or receive any amount in excess of the Maximum Consideration and the Company has no obligation to pay any amount in excess thereof.

Conditions precedent

Completion is subject to the fulfilment or waiver of the following conditions precedent:

- (a) the approval of the board of directors and shareholders of the Vendor to enter into the Acquisition in accordance with the S&P Agreement, such respective approvals not having been withdrawn or revoked (and the delivery by the Vendor to the Company of the copies of the relevant resolutions);
- (b) the approval of the board of directors and the independent shareholders of the Company to enter into the Acquisition in accordance with the S&P Agreement and the Listing Rules, such respective approvals not having been withdrawn or revoked (and the delivery by the Company to the Vendor of the copies of the relevant resolutions);

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- (c) the Vendor acknowledges that the Company whose shares are listed on the Stock Exchange and that the S&P Agreement and the Acquisition shall be subject to and conditional upon obtaining the clearance from the Stock Exchange to proceed with the Acquisition on or before the Completion Date;
- (d) all the warranties of the Vendor being true and accurate and not misleading in all material respects and there being no material breach of any of the warranties of the Vendor;
- (e) all the warranties of the Company being true and accurate and not misleading in all material respects and there being no material breach of any of the warranties of the Company; and
- (f) there having been no material adverse event affecting the Target Group.

Save for condition (e) that can be waived by the Vendor, all other conditions precedent are not waivable by the Vendor or the Company. There is no long stop date under the S&P Agreement in respect of the fulfillment of the conditions precedent. The parties will however endeavor to take necessary steps to procure the fulfillment of the conditions precedent and proceed with Completion as soon as practicable after obtaining the Independent Shareholders' approval at the EGM. As at the Latest Practicable Date, none of the conditions precedent has been fulfilled or waived.

Completion

Completion shall take place within ten business days after the date on which the last of the conditions precedent has been met or waived, or on such other date the Vendor and the Company mutually agree in writing.

3. Reasons for and benefits of the Acquisition

As disclosed in the Letter from the Board, it has been the Group's core strategy to actively pursue diverse investment opportunities that support continuous growth while mitigating existing operational risks. The Target Company was established by the Group and the Vendor in September 2024 to spearhead overseas acquisitions. Since then, the Target Company has made significant progress and in July 2025, the Target Company completed the acquisition of the Leoni LCS Group, which is principally engaged in the development, manufacture and sales of copper cables transmitting power, signals and data for automotive sector and other industries.

In December 2025, the Company completed the acquisition of the entire issued share capital of Dejinchang Investment Limited, which is principally engaged in manufacturing and sales of copper wire products widely applied in electronic devices, electrical appliances, computers, communication equipment, automobiles, medical devices, aerospace equipment and solar energy products. This has

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enhanced the Group's ability to supply copper wire. In addition, the Group's business presence in the downstream automotive wire harness segment creates a seamless value chain with the Target Group's business. The Group has adopted a dual-track growth strategy, focusing on strengthening its core business through both organic growth and inorganic growth, i.e. strategic investments and acquisitions. To implement such growth strategy, the Group pursues both (i) vertical integration where the Group seeks to enhance its control over critical supply chain components and extend its manufacturing capabilities into other locales; and (ii) horizontal integration where the Group focuses on businesses aligned with its core capabilities, including the cable business, as well as high-growth segments. In this context, the Group has assessed potential acquisition opportunities from time to time and potential targets that align with the abovementioned strategies. Given that (i) the copper wires produced by DJC Group are fundamental raw materials of the copper cable products of the Group and the Target Group; (ii) the automotive cables produced by the Target Group are one of the major components of the Group's wire harness products; (iii) the Group does not currently operate in the overseas markets where the major production plants of the DJC Group and the Target Group are located, the acquisition of the DJC Group and the Target Group offer a compelling opportunity for vertical integration to strengthen the Group's supply chain of automotive segment and enable faster penetration into overseas markets. The Directors expected that the full ownership of the Target Group brought by the Acquisition will enable a more effective deployment of resources, streamlining management and operational efficiency across the Group's entire automotive segment. In particular, the Group will gain greater control over product production and development, enabling it to implement the automotive segment's business strategy more effectively and reduce operating costs through tighter coordination across the value chain. Consequently, the Group has negotiated with the Vendor to acquire the remaining interest in the Target Company.

With the Target Group's established presence located in Europe and the Americas, it allows the Group to achieve immediate penetration into these key overseas markets upon the Acquisition. In particular, the Group intends to leverage the global footprint of the Target Group and expand other business segments to reach out more global potential customers. The Acquisition also facilitates a comprehensive exchange of technical know-how between the Group and the Target Group, thereby accelerating research and development capabilities and enabling the delivery of more sophisticated, higher value-added products to customers. In particular, the Target Group has technical know-how in high-temperature-resistant materials and cooling technology for automotive and charging cables, which could be applied to other cables products of the Group in order to improve the efficiency of customer applications and expand their scope. Furthermore, the financial results of the Target Group will be consolidated into the Group's financial statements upon Completion. Given the Target Group's proven track record and substantial scale, the Acquisition is expected to broaden the Group's revenue base and yield a positive impact on its overall financial performance. Accordingly, the Directors consider the Acquisition to be beneficial to the Group's long-term development and instrumental in strengthening its global industry position.

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In view of the above, the Directors (other than the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the transactions contemplated under the S&P Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4. Financial effects of the Acquisition

Upon Completion, the Target Company will become a direct wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to the Circular, if the Acquisition had been completed on 31 December 2025, the unaudited consolidated total assets and total liabilities of the Enlarged Group as at 31 December 2025 would have increased to approximately HK\$16,169.1 million and approximately HK\$13,347.5 million respectively.

As set out in Appendix IIA to the Circular, for the year ended 31 December 2025, the audited consolidated revenue and profit after tax of the Target Group were approximately HK\$6,405.6 million and HK\$163.7 million, respectively. As the financial results of the Target Group had been combined with those of the Group after Completion, the earnings of the Group had been affected by the performance of the Target Group from Completion. The Acquisition is expected to contribute towards broadening the revenue and earnings base for the Enlarged Group in the future.

The aforesaid financial impact is shown for illustrative purposes only. The actual financial effect of the Acquisition (including any gain or loss, as the case maybe) will be subject to the review and final audit by the auditors of the Company and may be different from the amount stated.

5. Analysis of the Consideration for the Acquisition

In order to assess the fairness and reasonableness of the initial Consideration of US\$12,700,000 (equivalent to approximately HK\$98,806,000), we have considered valuation multiples, including price-to-earnings ratio (the “**P/E Ratio**”), price-to-sales ratio (the “**P/S Ratio**”) and price to book ratio (the “**P/B Ratio**”). As set out in Appendix IIB to the Circular, the Leoni LCS Group, which is currently the major contributor to the financial performance of the Target Group, recorded a net profit for the year ended 31 December 2023, a net loss for the year ended 31 December 2024, and a net profit again for the year ended 31 December 2025. Given that (i) the recent volatility in earnings of the Leoni LCS Group indicates that past earnings may not be reliable indicators of future earnings, which undermined the principal assumption for applying the P/E Ratio; (ii) the P/S Ratio only focuses on revenue and is less relevant and comparable when the Consideration was determined with primary reference to the net asset value (the “**NAV**”) of the Target Group; and (iii) the Target Group is engaged in the development, manufacturing and sales of copper cables transmitting power, signals and data for the automotive sector and other industries, which are characteristically asset-intensive and heavily reliant

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on its fixed assets, as evidenced by the unaudited property, plant and equipment of the Target Group amounted to over HK\$2.3 billion as at 31 December 2025, as shown in the accountants' report of the Target Group (as set out in Appendix IIA of the Circular), we consider the P/B Ratio be the most appropriate and representative benchmark.

Due to the distinct business nature of the Target Group (i.e. developing, manufacturing and sales of copper cables transmitting power, signals and data for automotive sector and other industries), no listed companies on the Stock Exchange that have the same business as the Target Group can be identified. Given that the purpose of the comparable analysis is to establish a representative valuation benchmark and determine a reasonable range of market multiples, we decided to extend the selection criteria to include listed companies in Hong Kong principally engaged in manufacturing and/or trading of copper cables and/or similar copper products as well (i.e. companies with a similar business nature as the Target Group). In conducting the P/B Ratio analysis, we have identified companies that (i) are listed on the Main Board of the Stock Exchange; and (ii) are engaged in manufacturing and/or trading of copper cables and/or similar copper products business with annual revenue from such segment accounts for more than 40% of the total revenue during their respective latest published full financial year. We are of the view that the 40% threshold is appropriate, as adopting a higher threshold would have been overly restrictive and would likely have resulted in an insufficient number of comparable companies, while a lower threshold would have materially reduced the comparability of the selected companies. In light of the diversified nature of the industry, we consider this threshold to provide a reasonable balance between relevance and sample size. Based on our research, we have identified 3 companies that meet the aforesaid selection criteria (the “**Comparable Companies**”) which represents an exhaustive list to the best of our knowledge. Although the sample size is relatively small, we are of the view that three companies are sufficient for the purpose of this analysis, taking into account that (i) the selected companies contained business segment engaged in copper cables and/or similar copper products related businesses, which share sufficient similarities with the business nature of the Target Group and thus provide a meaningful valuation reference; (ii) the valuation exercise was not intended to determine a precise value, but rather to assess whether the NAV-based Consideration is fair and reasonable; (iii) the three comparable companies were selected through a systematic screening process; and (iv) the selected companies already provide a reliable and narrow range. We consider that adding more comparable companies would not guarantee to render the valuation range more reliable and might instead increase the chance of introducing outliers, thus broadening the range. While FIT Hon Teng Limited recorded both a relatively higher P/B Ratio and a significantly larger market capitalisation compared with the other two comparable companies, we chose not to exclude it as an outlier (or discounting its multiple solely due to a higher P/B Ratio and larger market capitalisation) as it was selected through the systemic screening process that reflected comparable characteristics of the Target Group, in particular the percentage of revenue contribution. Excluding it post-screening would introduce subjectivity and undermine the integrity of the screening methodology. Considering the above, we are of the view that the selection of the Comparable Companies in the following table based on the aforementioned selection criteria is fair and representative, while allowing a sufficient number of Comparable Companies to be obtained for a meaningful analysis:

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Company name	Stock code	Principal business	Revenue contribution from copper cables and /or similar copper products ⁽¹⁾	Market capitalisation as at the Latest Practicable Date <i>(HK\$'million)</i>	NAV as at 31 December 2025 <i>(HK\$'million)</i>	P/B Ratio ⁽²⁾
Trigiant Group Limited	1300.HK	researches, develops, manufactures, and sells feeder cables, optical fibre cables, flame-retardant flexible cables, new-type electronic components, and accessories for mobile communications and telecommunications transmission.	41.9%	7,690.8	3,973.8	1.94
Putian Communication Group Limited	1720.HK	manufactures data and communications cables, optical fibers and fiber cables, and structured cabling system products	46.9%	671.0	679.4	0.99

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Company name	Stock code	Principal business	Revenue contribution from copper cables and /or similar copper products ⁽¹⁾	Market capitalisation as at the Latest Practicable Date <i>(HK\$'million)</i>	NAV as at 31 December 2025 <i>(HK\$'million)</i>	P/B Ratio ⁽²⁾
FIT Hon Teng Limited	6088.HK	develops, manufactures, and markets electronic and optoelectronic connectors, antennas, electroacoustic devices, cables, and modules for computers, communication equipment, consumer electronics, automobiles, industry, and green energy	86.7%	60,401.9	20,954.2	2.88
				Maximum		2.88
				Minimum		0.99
				Mean		1.94
				Median		1.94
The Target Group						1.00 ⁽³⁾

Note:

- The revenue contributions are calculated based on the relevant segment information disclosed in the latest published annual reports of the Comparable Companies. Since no further breakdown is available from public sources, the figures relate to segments that include, but are not solely attributable to, copper cables and/or similar copper products.
- The P/B Ratios of the Comparable Companies are calculated based on the then market capitalisation as at the Latest Practicable Date, divided by the net assets value as at 31 December 2025.
- Given that the Consideration shall be equals to the NAV of the Target Group on Completion date, the P/B Ratio of the Target Group implied by the Acquisition (the “**Implied P/B Ratio**”) would be 1.

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Based on the public available information, the P/B Ratios of the Comparable Companies ranged from approximately 0.99 times to approximately 2.88 times, with a mean and median of approximately 1.94 times.

A lower P/B Ratio generally indicates that the Target Group is being valued and acquired on more attractive terms relative to its net asset value. Given that the Implied P/B Ratio of the Target Group is below the mean and median of the P/B Ratios of the Comparable Companies, this suggests that the Company is acquiring the Target Group at a relatively lower valuation multiple compared to its peers. In other words, the initial Consideration represents a favourable purchase price for the Company, as it is effectively acquiring the Target Group's net assets on better terms than the market pricing of similar companies.

Taking into consideration (i) the comparative analysis for the Acquisition above; and (ii) the adjustment mechanism of the Consideration, under which the final Consideration shall be determined based on the Target Group's NAV within two months following Completion, we are of the view that the basis of determination of the Consideration is fair and reasonable.

6. Principal terms of Second Supplemental Master Supply Agreement

Currently, the Target Group is supplying cable products as raw materials to the Luxshare Precision Group. Upon Completion, the Target Group will become wholly-owned subsidiaries of the Group and the supply of the cable products to the Luxshare Precision Group will become continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Based on the expected sales volume, anticipating that the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) will not be sufficient to meet the demand of the Luxshare Precision Group, on 23 April 2026, the Company entered into the Second Supplemental Master Supply Agreement with Luxshare Precision to increase the existing annual caps for the supply of Luxshare Precision Products.

As extracted from the Letter from the Board, the principal terms of the Second Supplemental Master Supply Agreement are as follows:

Date:	23 April 2026
Parties:	(i) The Company (ii) Luxshare Precision
Subject matter:	The Company and Luxshare Precision agreed to revise the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) from HK\$1,598,000,000, HK\$1,758,000,000 and HK\$1,934,000,000 to HK\$3,497,000,000, HK\$5,306,000,000 and HK\$5,837,000,000 for the years ending 31 December 2026, 2027 and 2028, respectively.

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Save for the Revised Master Supply Annual Caps, all other material terms of the Luxshare Precision Master Purchase Agreement shall remain unchanged and in full force.

Pricing policy:

The terms of the sales shall be determined with reference to prevailing market terms and be on terms no less favourable to the Group than those made available to Independent Third Parties for similar products. In particular, the prices will be determined based on the standard price range of the relevant products set by the Group in accordance with its pricing policy. The Group's sales department has maintained a standard price range of the Group's products which are applicable to all customers including the Group's connected customers and independent customers. The standard price range is compiled by the sales department with reference to customers' demand, market competition and the market price of similar products sold by the competitors in the market. The selling prices of the products supplied to the Luxshare Precision Group (generally not exceeding HK\$2,000 per unit according to historical transactions in 2025) will be based on such standard price range, which shall be no less favourable to that offered to other independent customers for similar products (generally not exceeding HK\$2,000 per unit according to historical transactions in 2025). The standard price range will be reviewed and updated regularly by the sales department to reflect the market conditions. If a standard price range does not exist, pricing should be determined on a cost-plus basis, which is determined by the direct costs of producing the products (including materials, labour, utilities, equipment depreciation and subcontracting fees, if any) plus a profit margin to be agreed upon. The profit margins for the products sold to the Luxshare Precision Group are determined with reference to margins for products of comparable quality, specifications and quantities charged to the independent customers and shall be no less favourable to the profit margins offered to the independent customers for similar products. In general, profit margins for these products are not below 4%.

In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, the Group will compare selling prices of at least two comparable transactions for similar products sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis. The Group shall have the right to accept or reject the orders from the Luxshare Precision Group and would accept orders only if the Group will profit from the sales and would consider the Group's capacity to undertake purchase orders which are more profitable.

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We have discussed with the Management in relation to the pricing policy as stated above and were given to understand that the Group will, subject to practical availability and feasibility, compare standard price range of the relevant products set by the Group against selling prices of similar products sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis, and ensure the terms of sales and price are in line with prevailing market rates and conditions before conducting the transactions with the Luxshare Precision Group. If a standard price range does not exist, pricing will be determined on a cost-plus basis with reference to direct costs of producing the products plus a profit margin.

In order to assess the fairness and reasonableness of the pricing policy, we obtained a full list of all transactions (around 6,000) made between the Group and the Luxshare Precision Group from 1 January 2026 to 28 February 2026 (the “**Review Period**”). Given that (i) the Review Period covers the most recent period after the revised annual caps became effective under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement); (ii) the pricing policy and internal control procedures have remained consistent during the Review Period; and (iii) no discrepancy from the relevant pricing policy has been identified among all of the selected samples within the Review Period, with the standard price range of standard products in the samples reviewed being no less favourable than those offered to independent customers for the same products and the profit margins of non-standard products (products without standard price range) in the samples reviewed being comparable to the profit margins offered to independent customers for similar products, and any minor differences observed were reasonably explained by commercial factors such as volume discounts, extending the period further would not yield materially different insights given the stability of the pricing process, while the selected period is sufficient to demonstrate consistent application of the policy, we consider the Review Period to be adequate.

From the above list of transactions, we selected the five highest-value transactions for each month during the Review Period, resulting in a total of 10 sample transactions. We then obtained and reviewed the corresponding 10 sets of invoices issued by the Group to the Luxshare Precision Group, to understand the pricing process and verify its consistency across the sampled transactions. According to the pricing policy as set out in the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement), the Group would compare selling prices of at least two comparable transactions for similar products sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis. In line with this policy, for each of the sample transactions, we obtained and reviewed at least two comparable transactions with independent customers for products of a similar nature, in order to assess whether the pricing offered to the Luxshare Precision Group was no less favourable to the Group than that offered to Independent Third Parties.

Based on our review, we noted that half of the selected samples (i.e. 5 out of 10) consisted of standard products that allowed for direct comparison and we noted that the standard price range of those products were no less favourable than those offered to independent customers for the same products. The remaining 5 selected samples were non-standard products (i.e. with no standard price range) for which the Group determined the pricing on a cost-plus basis with a mark-up margin. In this

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regard, we examined the relevant cost sheets and profit margin for those 5 selected samples and compared them against independent customers for similar products. In such case, we noted that the profit margins in those 5 selected samples were comparable to the profit margins offered to independent customers for similar products. Among these 5 samples, three achieved higher profit margins than those offered to independent customers, while the remaining two recorded slightly lower profit margins compared to the corresponding comparable transactions. This was primarily attributable to the significantly larger sales volumes of the selected samples, which were at least six times higher than those of the comparable transactions with independent customers, thereby resulting in volume discounts. As such, we concur with the Management that the transactions conducted under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) have been carried out in accordance with the pricing policy.

Given that (i) we have selected the five highest-value transactions for each month throughout the Review Period; (ii) the selected samples covered both standard and non-standard products; and (iii) all of the selected samples have been conducted in accordance with the relevant pricing policy and no discrepancy has been identified, we are of the view that the selected samples and the sample size are sufficient and representative for understanding the pricing policy under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement).

Having considered the above, we are of the view that the terms of the Second Supplemental Master Supply Agreement (with the same terms as the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement)) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

7. The historical annual caps and the Revised Master Supply Annual Caps

Set out below are the existing annual caps and historical transaction amounts in respect of the transactions under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) for the period from 1 April 2025 (being the commencement of the term of the Luxshare Precision Master Supply Agreement) to 31 December 2025, for the two months ended 28 February 2026 and for the years ending 31 December 2026, 2027 and 2028, and the Revised Master Supply Annual Caps for the years ending 31 December 2027 and 2028 respectively.

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	For the period from 1 April 2025 to 31 December 2025 (HK\$'000)	For the year ending 31 December 2026 (HK\$'000)	For the year ending 31 December 2027 (HK\$'000)	For the year ending 31 December 2028 (HK\$'000)
Existing annual caps for supply of the Luxshare Precision Products	240,000	1,598,000 127,560	1,758,000	1,934,000
Historical transaction amounts for supply of the Luxshare Precision Products	212,081	(For the period from 1 January 2026 to 28 February 2026)	–	–
Utilisation rate	88.4%	7.98%	–	–
Revised annual caps for supply of Luxshare Precision Products	–	3,497,000	5,306,000	5,837,000

As stated in the Letter from the Board, in determining the Revised Master Supply Annual Caps, the Directors have taken into consideration (i) the historical transaction amounts of the sales of relevant products; (ii) the estimated demands of the Luxshare Precision Products from the Luxshare Precision Group; and (iii) the expected fluctuation of prices of the Luxshare Precision Products and raw materials, exchange rate as well as inflation. During the period from 1 January 2026 to 28 February 2026, the Group recorded the sales of Luxshare Precision Products for approximately HK\$127.6 million to the Luxshare Precision Group. Accounting for the historical seasonality observed in 2025 and the new business development of the Group, the Directors anticipated that the original estimated annual cap for Luxshare Precision Products during the year ending 31 December 2026 will be insufficient for the additional demands from the Luxshare Precision Group. Accordingly, the Directors have estimated the additional demands on top of the original estimation with reference to the latest development and business plans of the Luxshare Precision Group and the Group.

In particular, the Directors have estimated the expected demands of the Luxshare Precision Products to the Luxshare Precision Group following the Completion and it is proposed that the existing annual cap will be revised from approximately HK\$1,598 million to HK\$3,497 million for the year ending 31 December 2026. Currently, the Target Group is supplying its cable products to the Luxshare Precision Group for production. Between July 2025 and March 2026, the Leoni LCS Group recorded highest monthly sales of Luxshare Precision Products of approximately EUR31.6 million (or approximately HK\$288.5million) to the Luxshare Precision Group. Assuming the Completion had occurred in May 2026, the Directors have projected an eight-month demand for the cable products of

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approximately HK\$2,308 million for the year ending 31 December 2026. To ensure the current level of supply is maintained, the projection is based on the highest monthly sales of the cable products to the Luxshare Precision Group after the acquisition of the Leoni LCS Group. A buffer of 15% of approximately HK\$346 million was applied to such additional demands to accommodate any unexpected demands for the products, currency fluctuations and the potential increase in the price of copper for the production. In particular, the Board has considered (i) the strong demand for the products supplied by the Group, as evidenced by the revenue growth and gross profit growth of the Group for FY2025, as compared to that for FY2024; and (ii) the recent increase in copper price. Following the Completion, the Luxshare Precision Products supplied by the Group to the Target Group will no longer be continuing connected transactions. As such, the Directors have reduced the existing annual caps by approximately HK\$755 million, which represents the supply of Luxshare Precision Products to the Target Group as originally estimated for the year ending 31 December 2026.

The Group estimates the revised annual caps to be HK\$5,306 million for the year ending 31 December 2027 based on the annualised demands of the cable products as projected for the year ending 31 December 2026 and the 10% organic year-on-year growth in the overall amount of the Luxshare Precision Products to be purchased for the year ending 31 December 2027. A 10% organic year-on-year growth is further applied in projecting the revised annual caps for the year ending 31 December 2028 which amounted to HK\$5,837 million. The application of 10% organic year-on-year growth is considered to be prudent, given the strong demand for the products supplied by the Group, as evidenced by the revenue growth and gross profit growth of the Group for FY2025.

To assess the fairness and reasonableness of the Revised Master Supply Annual Caps, we have (i) reviewed schedules prepared by the Management in relation to the Group's budgeted and forecasted transaction amount with the Luxshare Precision Group; (ii) discussed with the Management in relation to the major assumptions made in preparing the forecast schedules and determining the Revised Master Supply Annual Caps; (iii) reviewed and compared computation of the original annual caps under the existing Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) against the Revised Master Supply Annual Caps; and (iv) assessed the reasonableness of the key assumptions and adjustments by cross-checking against the Group's recent financial performance, industry trends (including copper price fluctuations) and demand projections. We were given to understand that the Directors have taken into consideration the followings:

- (i) Based on the schedules prepared by the Management (which we have reviewed on a subsidiary by subsidiary basis), we noted that the original annual cap (i.e. HK\$1,598 million) for the year ending 31 December 2026 under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) was determined with reference to the estimated supply of the Luxshare Precision Products to the Luxshare Precision Group under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) for the year ending 31 December 2026, which was arrived at by aggregating the respective estimated supply of the relevant subsidiaries. We have reviewed the aggregation process and underlying subsidiary estimates and performed re-calculations for verification. We have

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not identified any discrepancies and we noted that the basis of preparation of the schedules in connection with the Revised Master Supply Annual Caps is consistent with those used for the original annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement).

- (ii) The anticipated increase in sales demands of HK\$2,308 million for the cable products to be supplied to the Luxshare Precision Group for the eight-month period ending 31 December 2026 following the Completion was estimated with reference to the highest monthly sales of cable products supplied to the Luxshare Precision Group by the Leoni LCS Group during the period from July 2025 to March 2026 (i.e. approximately EUR31.6 million or HK\$288.5 million). We have reviewed the breakdown of the monthly sales of the cables products supplied by Leoni LCS Group to the Luxshare Precision Group from July 2025 to March 2026 and calculation methodology for the estimation and we consider the estimation made by the Management to be reasonable in light of the historical peak performance (i.e. the month which recorded the highest monthly sales) and post-Completion business integration such that the supply of cables products by Leoni LCS Group to the Luxshare Precision Group will continue during the term of the Second Supplemental Master Supply Agreement. We have also performed re-calculations by using the historical peak monthly performance figure to verify the estimation made by the Management and we have not identified any discrepancies.
- (iii) Following the Completion, the Luxshare Precision Products supplied by the Group to the Target Group will no longer constitute continuing connected transactions under Chapter 14A of the Listing Rules. As such, the Directors have reduced the existing annual caps by HK\$755 million in the schedules, representing the supply of Luxshare Precision Products to the Target Group as originally estimated for the year ending 31 December 2026 under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement). We have reviewed and verified this adjustment against the relevant subsidiary-level forecasts and noted the reduction made to the Revised Master Supply Annual Caps were in line with the aforementioned adjustments.
- (iv) A buffer of 15% was applied to the additional demands resulting from the acquisition of the Target Group for the year ending 31 December 2026 to accommodate any unexpected demands for the Luxshare Precision Products, currency fluctuations and potential fluctuations in the price of copper (a major raw material for production), while sales demands for other relevant subsidiaries maintained a 10% buffer as used for the original estimations under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement). In particular, having considered (i) the strong demand for the products supplied by the Group, as evidenced by the revenue growth and gross profit growth of the Group for FY2025 of approximately 68.0% and 35.6% respectively, as compared to that for FY2024; (ii) the recent fluctuation in copper price (being the major raw material for the production of the Luxshare Precision Products)

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from an average copper price of USD9,945 per ton for FY2025 (as extracted from the 2025 Annual Report) to an average of over USD12,500 per ton (as advised by the Management) for the first quarter of 2026 (i.e. an increase of over 25%), which are in line with the copper price we independently researched and verified from our research on market data publicly available (sourced from London Metal Exchange), we consider a buffer of 15% applied to the additional demands to be prudent and justifiable.

- (v) The Group further estimated an approximately 10% organic growth in the amount of Luxshare Precision Products to be purchased for the years ending 31 December 2027 and 2028, after taking into account the annualised demands of the cable products projected for the year ending 31 December 2026. Given the aforesaid strong demand for the products supplied by the Group, as evidenced by the revenue growth and gross profit growth of the Group for FY2025 of approximately 68.0% and 35.6% respectively, as compared to that for FY2024, we consider the organic growth buffer applied to be prudent and justifiable.

In light of the foregoing, we are of the view that the Revised Master Supply Annual Caps has been formulated with sufficient and reasonable basis and we concur with the Directors' view that the Revised Master Supply Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

8. Reasons for and benefits of the new annual caps

The Target Group has been supplying cable products to the members of the Luxshare Precision Group for its production. However, the supply of cable products to the Luxshare Precision Group will become continuing connected transactions following the Completion and the Directors expected that the existing annual caps under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement) will not be sufficient based on the expected sales volumes to the Luxshare Precision Group. As such, the Directors decided to revise the existing annual caps so as to accommodate the demand from the Luxshare Precision Group. The Directors believe the increase in annual caps will allow the Group to continue to supply Luxshare Precision Products to the Luxshare Precision Group and maintain a stable source of income for the Group.

Taking into consideration the above, the Directors (excluding the independent non-executive Directors whose views shall be formed after taking into account of the advice of the Independent Financial Adviser) are of the view that the terms of the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps are entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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9. Internal control measures

The Company has implemented internal control procedures and policies to monitor continuing connected transactions and to ensure that all continuing connected transactions are entered into in accordance with pricing policies and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Group has closely observed the market conditions and monitored the prevailing market prices or market rates, including the pricings of transactions between the Group and Independent Third Parties in respect of similar products sold. In order to ensure the terms of sales and profit margin are in line with prevailing market rates and conditions, the sales department of the Group will compare selling prices of similar products sold to other customers, which are Independent Third Parties, not less frequently than on a quarterly basis. Accordingly, the Company is able to ensure that the pricing terms under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement) are on normal commercial terms and no less favourable than those available from Independent Third Parties.

The Company will closely monitor the continuing connected transactions to ensure that they are conducted in accordance with the terms of the relevant continuing connected transaction agreements. The finance department of the Group will also monitor the transaction amount with the Luxshare Precision Group under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement) from time to time so as to ensure that the transaction amount with the Luxshare Precision Group will not exceed the proposed annual caps for the respective financial years. The Company will set an alert amount when the actual transaction amount has reached 75% of the total annual caps so that the Company could timely comply with the requirements under Chapter 14A of the Listing Rules in the event that the total transaction amount with the Luxshare Precision Group are likely to be exceeded.

In addition, the independent non-executive Directors will conduct an annual review of the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement). The Company's external auditors will also review the transactions as contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement) annually to check and confirm, among others, whether the pricing terms have been adhered to and whether the relevant annual caps have been exceeded.

Accordingly, the Directors consider that the Company has established sufficient internal control measures to ensure the transactions under the Luxshare Precision Master Supply Agreement (as supplemented by the Second Supplemental Master Supply Agreement) are conducted in the usual and ordinary course of business of the Group, fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have discussed with the Management and understood that the Management is aware of the internal control procedures as set out above and will comply with the said internal control procedures when conducting the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement). Based on our sampling and analysis above (covering both standard and non-standard products), we noted that (i) for standard products, the standard price range of products in the samples reviewed were no less favourable than those offered to independent customers for the same products; and (ii) for non-standard products, the profit margins in the samples reviewed were comparable to the profit margins offered to independent customers for similar products, with minor differences observed were reasonably explained by commercial factors such as volume discounts, and we are not aware of any deviation from the relevant pricing policies. Further, we noted that the annual review performed by the independent non-executive Directors and the auditors of the Company identified no non-compliance issue with the aforesaid internal control measures.

Given the above, and taking into account our independent review and testing of the internal control procedures and pricing policy, we consider there exists appropriate and effective procedures and arrangements to ensure that the transactions contemplated under the Luxshare Precision Master Supply Agreement (as supplemented by the First Supplemental Master Supply Agreement and the Second Supplemental Master Supply Agreement) will be conducted on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and on normal commercial terms and in the ordinary and usual course of business of the Group.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the S&P Agreement and the Second Supplemental Master Supply Agreement have been entered into in the ordinary and usual course of business of the Group; and (ii) the terms of the S&P Agreement and the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
Asian Capital Limited
Louis HAU
Executive Director

Mr. Louis HAU is a licensed person registered with Securities and Futures Commission of Hong Kong and a responsible officer of Asian Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 14 years of experience in corporate finance in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for the nine months ended 31 December 2023 and the year ended 31 December 2024 and 2025 are disclosed in the following documents of the Company which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.time-interconnect.com):

- The audited consolidated financial statements of the Group for the year ended 31 December 2025 is disclosed in the 2025 annual report of the Company published on 29 April 2026 from page 95 to 207. Please also see below the link to the 2025 annual report of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0429/2026042900387.pdf>

- The audited consolidated financial statements of the Group for the year ended 31 December 2024 is disclosed in the 2024 annual report of the Company published on 29 April 2025, from pages 95 to 171. Please also see below the link to the 2024 annual report of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042901928.pdf>

- The audited consolidated financial statements of the Group for the nine months ended 31 December 2023 is disclosed in the 2023 annual report (for the nine months ended 31 December 2023) of the Company published on 29 April 2024, from pages 89 to 163. Please also see below the link to the 2023 annual report (for the nine months ended 31 December 2023) of the Company:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900337.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 30 April 2026, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Enlarged Group's indebtedness are as follows:

	As at
	30 April 2026
	<i>HK\$'000</i>
Current liabilities	
Bank borrowings	826,016
Lease liabilities	115,228
Loans from related companies	<u>6,030,702</u>
	<u>6,971,946</u>
Non-current liabilities	
Bank borrowings	162,015
Lease liabilities	334,418
Loans from related companies	<u>1,887,769</u>
	<u>2,384,202</u>
Total indebtedness	<u><u>9,356,148</u></u>

Bank borrowings

As at 30 April 2026, the Enlarged Group had total outstanding bank and other borrowings of approximately HK\$988.0 million, comprising (i) secured and guaranteed bank and other borrowings of approximately HK\$331.1 million; (ii) unsecured and unguaranteed bank and other borrowings of approximately HK\$347.8 million; (iii) unsecured and guaranteed bank and other borrowings of approximately HK\$57.7 million; and (iv) secured and unguaranteed bank and other borrowings of approximately HK\$251.4 million. Certain bank borrowings of the Enlarged Group were secured by land and buildings, plant and machinery, investment properties, leasehold land in right-of-use assets, trade receivable and pledged bank deposits of the Group. In addition, certain bank borrowings of the Enlarged Group were guaranteed by certain subsidiaries of the Group and certain directors of the Group's subsidiaries. The Enlarged Group's bank borrowings were repayable on demand or over a period of one to eight years as at 30 April 2026. Among the Enlarged Group's outstanding bank borrowings as at 30 April 2026, approximately HK\$826.0 million were repayable on demand or within

one year; approximately HK\$76.6 million were repayable more than one year but not exceeding two years; approximately HK\$67.3 million were repayable more than two years but not exceeding five years; and approximately HK\$18.1 million were repayable more than five years.

Lease liabilities

As at 30 April 2026, the Enlarged Group had lease liabilities of approximately HK\$449.6 million, which were secured by the rental deposits.

Loans from related companies

As at 30 April 2026, the Enlarged Group had loans from related companies of approximately HK\$7,918.5 million, comprising (i) unsecured interest-bearing loans of approximately HK\$7,803.3 million; and (ii) interest payables to the related companies of approximately HK\$115.2 million. Among the Enlarged Group's outstanding loans from related companies as at 30 April 2026, approximately HK\$6,030.7 million were repayable within one year and approximately HK\$1,887.8 million were repayable within two years to five years.

Contingent liabilities

Several subsidiaries of the Enlarged Group are involved in various legal proceedings and potential claims. Based on legal assessments, the Enlarged 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 Enlarged 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 Enlarged 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 Enlarged Group consider that the amount of obligation cannot be measured reliably. Accordingly, no provision for liability has been made in connection with this claim.

Save as disclosed above, the Enlarged Group had no other material contingent liabilities as at 30 April 2026.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables and accruals in the ordinary course of business, as at the close of business on 30 April 2026, the Enlarged Group did not have any debt securities issued and outstanding, or authorized or otherwise created but unissued, or any other term loans, other borrowings or

indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, lease liabilities, mortgages or charges, other material contingent liabilities or guarantees outstanding.

3. WORKING CAPITAL STATEMENT

Taking into account the effect of the Acquisition and the financial resources available to the Enlarged Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the Enlarged Group has sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had not been any material adverse change in the financial or trading position of the Group since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is a well-established supplier of customised interconnect solutions to manufacture and supply a wide variety of copper and optical fiber cable assemblies, digital cable products, medical products, copper wire products and servers in accordance to the specifications and designs of its individual customer partners. The Group's products are supplied to customers from broadly eight market sectors, including (i) telecommunication; (ii) data centre; (iii) industrial equipment; (iv) medical equipment; (v) automotive; (vi) digital cable; (vii) copper wire; and (viii) server.

Global economic conditions entering year 2026 remain challenging and uncertain. Global growth is expected to ease with risks tilted to the downside. Rising policy uncertainty, protectionist actions, supply chain fragmentation, demographic pressures, and fiscal vulnerabilities continue to weigh on investor confidence and business sentiment. Simultaneously, geopolitical tensions and commodity price volatility pose additional risks to global markets, particularly for economies reliant on imported raw materials. Despite these challenges, opportunities exist on the upside, notably in productivity gains driven by AI advancements and renewed reform momentum across key economies.

Within this complex global landscape, cloud technology adoption continues to accelerate worldwide. This expansion is driving strong structural demand for data centres, supported by the rapid development of telecommunications technologies and the increasing application of big data, IoT, gaming, and video streaming. The Group's server business built upon its go to market strategy and JDM/ODM model – remains well positioned to capture this growth, with deep customer customization and strong alignment with China's digital infrastructure initiatives. Furthermore, the emergence of AI

has significantly accelerated growth in the Group's server and data centre related businesses, as global investments in AI infrastructure have stimulated strong demand for semiconductors and electronic components. The Group expects AI to remain a major structural driver of future demand.

The Group is also strategically expanding in the medical equipment sector. Rising global health awareness has driven sustained demand for medical equipment cables. In line with this trend, the Group has invested in medical and health related companies, including a UK startup developing wearable robotic devices integrating textiles, copper wire, and AI technologies. These investments offer strong synergies with the Group's copper wire procurement, automation know-how, and manufacturing capabilities. The Group anticipates these ventures will facilitate product innovation, broaden its medical portfolio, and enhance market diversification. In addition, the Group's chief executive officer, Mr. Cua Tin Yin Simon, established the Medical Engineering and Innovation Council under the Federation of Hong Kong Industries to advance Hong Kong's medical engineering ecosystem. The inaugural Hong Kong Medtech Innovation World Cup launched in November 2025 to promote global medtech innovation. The Group expects continued strong growth in the medical equipment sector and will deepen its focus and capabilities accordingly.

Further strengthening its supply chain resilience, the Group acquired DJC Group in December 2025. Its copper wire manufacturing capabilities spanning China, Southeast Asia, and Asia Pacific markets – offer significant vertical integration benefits. The DJC Group's production facilities adhering to stringent quality control procedures that meet the Group's production standards for cable products, offer a compelling solution that the Group can explore sales to the USA and manufacturing products through utilising the DJC Group's production facilities. The acquisition enables the Group to secure upstream copper wire supply, reduce reliance on a single country supply chain, mitigate geopolitical risks, and improve product development efficiency. This integration enhances the Group's competitiveness and expands its reach into new sectors.

Looking forward, the Group will continue exploring organic and inorganic growth opportunities globally. With strengthened capabilities across telecommunication, data communication, healthcare, automotive, and industrial sectors, the Group is positioned to create sustained value for shareholders amid an evolving global landscape. Following Completion, the Group will leverage the synergies among the members of the Enlarged Group and integrate the resources to further develop the automotive business of the Group. In particular, the established presence of the Target Group in Europe and the Americas allows the Group to immediately enter into the markets of the respective regions and expand its business networks to those leading global automotive components suppliers in the automotive industry. The Acquisition also facilitate the development of the technical know-how which enable more efficient product development to meet the stringent industry standard and customer demands. The Directors expect the Acquisition will support the continuous development of the Group's existing business and enable the Group to seize business opportunities in the fast-changing business environment.

The following is the text of a report set out on pages IIA-1 to IIA-55, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



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.

Leap Forward Bloom Beyond
勤躍香港 綻放未來

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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
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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		5.9.2024	1.1.2025
	<i>NOTES</i>	to	to
		31.12.2024	31.12.2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6	–	6,405,554
Cost of sales		–	(5,553,911)
		<hr/>	<hr/>
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	–	(135,144)
		<hr/>	<hr/>
(Loss) profit before tax	10	(39)	216,258
Income tax expense	11	–	(52,520)
		<hr/>	<hr/>
(Loss) profit for the period/year		(39)	163,738
		<hr/>	<hr/>
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		–	(2,662)
		<hr/>	<hr/>
		(4)	31,539
		<hr/>	<hr/>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<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)
	–	(4,525)
Other comprehensive (expense) income	(4)	27,014
Total comprehensive (expense) income for the period/year	<u>(43)</u>	<u>190,752</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE TARGET GROUP

	<i>NOTES</i>	At 31 December	
		2024	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
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
		<u>–</u>	<u>2,662,854</u>
Current assets			
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
		<u>3,104</u>	<u>4,550,422</u>
Current liabilities			
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
		<u>38</u>	<u>4,662,910</u>
Net current assets (liabilities)		<u>3,066</u>	<u>(112,488)</u>
Total assets less current liabilities		<u>3,066</u>	<u>2,550,366</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

	<i>NOTES</i>	At 31 December	
		2024	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>
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>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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	<u>3,109</u>	<u>27,395</u>	<u>(5,259)</u>	<u>4,874</u>	<u>163,699</u>	<u>193,818</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

CONSOLIDATED STATEMENTS OF CASH FLOWS

	5.9.2024 to 31.12.2024 HK\$'000	1.1.2025 to 31.12.2025 HK\$'000
OPERATING ACTIVITIES		
(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
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)
Cash used in operations	–	(751,234)
Income tax paid	–	(54,101)
NET CASH USED IN OPERATING ACTIVITIES	–	(805,335)

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
INVESTING ACTIVITIES		
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>–</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>–</u>	<u>(2,292,997)</u>
FINANCING ACTIVITIES		
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>
NET CASH FROM FINANCING ACTIVITIES	<u>3,116</u>	<u>3,976,150</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,116	877,818
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	–	3,104
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(12)</u>	<u>32,237</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	<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 ³
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contract Referencing Nature-Dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
IFRS 19	Subsidiaries without Public Accountability: Disclosures ³
IFRS 20	Regulatory Assets and Regulatory Liabilities ⁴

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ 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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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 “Levies” (“**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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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);

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

- 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).

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6. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	HK\$'000	HK\$'000
Types of goods or services		
Automotive cables	–	5,777,375
Charging cables	–	316,298
Industry cables	–	311,881
	<u>–</u>	<u>6,405,554</u>
Total	<u>–</u>	<u>6,405,554</u>
Geographical markets		
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>
Total	<u>–</u>	<u>6,405,554</u>

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.

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

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	N/A	1,045,134
Customer B	N/A	639,846
	<u>N/A</u>	<u>639,846</u>

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7. OTHER OPERATING INCOME

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

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	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	–	7,989
	–	7,989
	–	7,989

9. FINANCE COSTS

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	–	135,144
	–	135,144

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10. (LOSS) PROFIT BEFORE TAX

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>(Loss) profit for the period/year is arrived at after charging (crediting):</i>		
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
Total staff costs	34	616,794
Capitalised in inventories	–	(376,065)
	34	240,729

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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

11. INCOME TAX EXPENSE

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax		
– Singapore	–	132
– Germany	–	5,875
– Other countries	–	56,998
	<u>–</u>	<u>63,005</u>
Deferred tax: <i>(note 17)</i>		
– 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.

APPENDIX IIA ACCOUNTANTS' REPORT OF 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	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<i>HK\$'000</i>	<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	Plant and machinery	Furniture, fixtures and equipment	Assets under construction	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<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>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

	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>
DEPRECIATION AND IMPAIRMENT					
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	5,546	7,554	1,695	(11)	14,784
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</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>
CARRYING VALUES					
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%

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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	–	–	–	–
At 31 December 2025				
Carrying amount	136,577	6,994	14,853	158,424
For the period ended 31 December 2024				
Depreciation	–	–	–	–
For the year ended 31 December 2025				
Depreciation	20,293	1,989	2,786	25,068
			5.9.2024	1.1.2025
			to	to
			31.12.2024	31.12.2025
			<i>HK\$'000</i>	<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			–	3,620

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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

15. INTANGIBLE ASSETS

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

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

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred tax assets	–	124,990
Deferred tax liabilities	–	(94,397)
	<u>–</u>	<u>(94,397)</u>
	<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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<u>(1,297)</u>	<u>198</u>	<u>50</u>	<u>1,845</u>	<u>796</u>
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.

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18. INVENTORIES

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

19. TRADE AND OTHER RECEIVABLES/OTHER FINANCIAL ASSETS

	At 31 December	
	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>
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>1,978,477</u>

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

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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
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	–	1,590,300
61 – 90 days	–	47,129
	–	1,637,429
	–	1,637,429

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	38	1,294,124
	38	1,294,124

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

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

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

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
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	–	257,589
Less: total future interest expenses	–	(29,077)
	–	228,512
	–	228,512
Analysed for reporting purposes as:		
Non-current liabilities	–	166,597
Current liabilities	–	61,915
	–	228,512
	–	228,512

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

23. OTHER PROVISIONS

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

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	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>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>1,883,200</u>
	-	<u>5,071,709</u>

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

	At 31 December	
	2024	2025
	HK\$'000	HK\$'000
Analysed for reporting purposes as:		
Non-current liabilities	–	1,883,200
Current liabilities	–	3,188,509
	<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.

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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:

	2025
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:

	2025
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.

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

	2025 <i>HK\$'000</i>
Service cost	302
Net interest expense recognised in profit or loss	1,412
Components of defined benefit costs recognised in profit or loss	1,714
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)	403
Components of defined benefit income recognised in other comprehensive income	(7,536)
Total	(5,822)

	Germany <i>HK\$'000</i>	Other countries <i>HK\$'000</i>	Total <i>HK\$'000</i>
<u>2025</u>			
Change in defined benefit obligations			
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	678	(477)	201
At 31 December	141,692	12,154	153,846
Change in plan assets			
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	(953)	–	(953)

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

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:

	Germany <i>HK\$'000</i>	Other countries <i>HK\$'000</i>	Total <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	36,125	–	36,125
Defined benefit obligations at the end of the fiscal year	141,692	12,154	153,846

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.

	2025 <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.

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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 shares '000	Amount HK\$'000	Number of shares '000	Amount 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.

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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)
	<hr/>
Total	3,090,424
	<hr/> <hr/>

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)
	<hr/>
	2,533,418
	<hr/> <hr/>

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.

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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
Financial assets		
At amortised cost	3,104	2,718,841
	<u>3,104</u>	<u>2,718,841</u>
Financial liabilities		
At amortised cost	38	6,170,757
	<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.

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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.

	5.9.2024	1.1.2025
	to	to
	31.12.2024	31.12.2025
	<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
	–	198

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.

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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:

Internal credit rating	Description	Trade receivables	Others
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

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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><u>7,106</u></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.

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	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
		<u>4,354,378</u>	<u>66,821</u>	<u>2,008,066</u>	<u>-</u>	<u>6,429,265</u>	<u>6,170,757</u>
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	<u>228,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,071,709</u>

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.

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- (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	–
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.

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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)

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

* *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.

APPENDIX IIA ACCOUNTANTS' REPORT OF THE TARGET GROUP

- (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.

The following is the text of a report set out on pages IIB-1 to IIB-61, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF LEONI KABEL GMBH AND ITS SUBSIDIARIES TO THE DIRECTORS OF TIME INTERCONNECT TECHNOLOGY LIMITED

INTRODUCTION

We report on the historical financial information of LEONI Kabel GmbH (“**LEONI Kabel**”) and its subsidiaries (together, the “**Automotive Cable Solutions Business**”) set out on pages IIB-4 to IIB-61, which comprises the consolidated statements of financial position of the Automotive Cable Solutions Business at 31 December 2023, 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 Automotive Cable Solutions Business for each of the three years 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 IIB-4 to IIB-61 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 Time Interconnect Singapore Pte. Limited.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of LEONI Kabel are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 3 to the Historical Financial Information, and for such internal control as the directors of LEONI Kabel 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 Automotive Cable Solutions Business is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Leap Forward Bloom Beyond
勤躍香港 綻放未來

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 and presentation 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 LEONI Kabel, 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 Automotive Cable Solutions Business’ financial position at 31 December 2023, 2024 and 2025, and of the Automotive Cable Solutions Business’ financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation 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**

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page IIB-4 as we considered necessary.

Dividends

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2026

**HISTORICAL FINANCIAL INFORMATION OF THE AUTOMOTIVE CABLE SOLUTIONS
BUSINESS****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 Automotive Cable Solutions Business for the Relevant Periods. The consolidated financial statements have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards as adopted by the European Union and were audited by Deloitte GmbH, certified public accountants registered in Germany 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

	NOTES	Year ended 31 December		
		2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000
Revenue	6	12,436,350	11,597,732	11,997,064
Cost of sales		<u>(9,717,185)</u>	<u>(10,826,251)</u>	<u>(10,507,807)</u>
Gross profit		2,719,165	771,481	1,489,257
Other operating income	7	61,610	45,943	36,826
Other revenue	8	6,109	24,783	15,891
Selling expenses		(482,127)	(465,259)	(497,822)
General and administrative expenses		(554,947)	(487,931)	(504,027)
Research and development expenses		(52,346)	(58,256)	(61,087)
Other operating expenses		(55,985)	(10,844)	(36,855)
Finance costs	9	<u>(339,022)</u>	<u>(335,428)</u>	<u>(219,123)</u>
Profit (loss) before tax	10	1,302,457	(515,511)	223,060
Income tax expense	11	<u>(271,454)</u>	<u>(82,935)</u>	<u>(97,768)</u>
Profit (loss) for the year		<u>1,031,003</u>	<u>(598,446)</u>	<u>125,292</u>
Other comprehensive income (expenses)				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange differences arising on translation from functional currency to presentation currency		115,552	(203,023)	349,790
Remeasurement of defined benefit pension plans		(9,137)	(1,445)	10,951
Income tax relating to items that will not be reclassified to profit or loss		<u>4,512</u>	<u>(101)</u>	<u>(6,370)</u>
		<u>110,927</u>	<u>(204,569)</u>	<u>354,371</u>

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations	(9,498)	12,816	(97,225)
Fair value gain (loss) on hedging instruments designated in cash flow hedges	18,597	(44,758)	45,108
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>1,462</u>	<u>(6,300)</u>	<u>1,545</u>
	<u>10,561</u>	<u>(38,242)</u>	<u>(50,572)</u>
Other comprehensive income (expenses)	<u>121,488</u>	<u>(242,811)</u>	<u>303,799</u>
Total comprehensive income (expenses) for the year	<u><u>1,152,491</u></u>	<u><u>(841,257)</u></u>	<u><u>429,091</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE AUTOMOTIVE
CABLE SOLUTIONS BUSINESS

	NOTES	At 31 December		
		2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
Non-current assets				
Property, plant and equipment	14	2,783,966	2,087,899	2,286,146
Right-of-use assets	14	221,045	182,089	158,424
Intangible assets	15	70,836	44,627	51,218
Deferred tax assets	17	80,264	95,959	124,990
Other financial assets	19	7,383	26,135	21,537
Other non-current assets		4,462	1,659	1,900
		<u>3,167,956</u>	<u>2,438,368</u>	<u>2,644,215</u>
Current assets				
Inventories	18	1,543,930	1,415,873	1,649,451
Trade and other receivables	19	2,275,374	1,708,307	1,932,799
Taxation recoverable		25,332	28,676	29,250
Cash and cash equivalents	20	284,056	106,679	910,772
		<u>4,128,692</u>	<u>3,259,535</u>	<u>4,522,272</u>
Current liabilities				
Trade and other payables	21	2,035,245	2,012,633	1,260,358
Lease liabilities	22	43,702	52,412	61,915
Borrowings	23	36,782	28,444	–
Other provisions	24	62,909	38,991	96,976
Tax liabilities		22,706	18,127	31,133
Amounts due to related companies	25	1,009,640	102,764	–
Loan from a related company	26	–	–	78,337
		<u>3,210,984</u>	<u>2,253,371</u>	<u>1,528,719</u>
Net current assets		<u>917,708</u>	<u>1,006,164</u>	<u>2,993,553</u>
Total assets less current liabilities		<u>4,085,664</u>	<u>3,444,532</u>	<u>5,637,768</u>

		At 31 December		
	NOTES	2023	2024	2025
		HK\$'000	HK\$'000	HK\$'000
Non-current liabilities				
Lease liabilities	22	196,648	214,379	166,597
Deferred tax liabilities	17	44,037	58,111	89,927
Other provisions	24	122,516	114,955	118,263
Pension provisions	27	83,152	81,491	84,211
Amounts due to related companies	25	173,450	162,539	–
Loan from a related company	26	–	–	1,883,200
Other payables	21	9,123	5,193	9,880
		<u>628,926</u>	<u>636,668</u>	<u>2,352,078</u>
Net assets		<u>3,456,738</u>	<u>2,807,864</u>	<u>3,285,690</u>
Capital and reserves				
Share capital	28	–	–	47,413
Reserves	28	<u>3,456,738</u>	<u>2,807,864</u>	<u>3,238,277</u>
Total equity		<u>3,456,738</u>	<u>2,807,864</u>	<u>3,285,690</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Additional paid-in capital	Retained earnings/ invested equity attributable to owner of LEONI Kabel	Translation reserve	Cash flow hedging reserve	Remeasurement of defined benefit plans reserve	Total equity
	HK\$'000	HK\$'000	HK\$'000 (Note (a))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	-	-	1,925,903	69,306	-	(12,129)	1,983,080
Profit for the year	-	-	1,031,003	-	-	-	1,031,003
Translation adjustments from functional currency to presentation currency	-	-	-	115,552	-	-	115,552
Exchange differences arising on translation of foreign operations	-	-	-	(9,498)	-	-	(9,498)
Changes arising from remeasurement of defined benefit plans	-	-	-	-	-	(4,625)	(4,625)
Fair value changes on hedging instruments designated in cash flow hedges	-	-	-	-	20,059	-	20,059
Total comprehensive income (expense) for the year	-	-	1,031,003	106,054	20,059	(4,625)	1,152,491
Equity transactions with LEONI AG (Note (b))	-	-	321,167	-	-	-	321,167
At 31 December 2023	-	-	3,278,073	175,360	20,059	(16,754)	3,456,738
Loss for the year	-	-	(598,446)	-	-	-	(598,446)
Translation adjustments from functional currency to presentation currency	-	-	-	(203,023)	-	-	(203,023)
Exchange differences arising on translation of foreign operations	-	-	-	12,816	-	-	12,816
Changes arising from remeasurement of defined benefit plans	-	-	-	-	-	(1,546)	(1,546)
Fair value changes on hedging instruments designated in cash flow hedges	-	-	-	-	(51,058)	-	(51,058)
Total comprehensive expense for the year	-	-	(598,446)	(190,207)	(51,058)	(1,546)	(841,257)
Other	-	-	(7,570)	-	-	-	(7,570)
Equity transactions with LEONI AG (Note (b))	-	-	199,953	-	-	-	199,953

	Share capital <i>HK\$'000</i>	Additional paid-in capital <i>HK\$'000</i>	Retained earnings/ invested equity attributable to owner of LEONI Kabel <i>HK\$'000</i> <i>(Note (a))</i>	Translation reserve <i>HK\$'000</i>	Cash flow hedging reserve <i>HK\$'000</i>	Remeasurement of defined benefit plans reserve <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 31 December 2024	-	-	2,872,010	(14,847)	(30,999)	(18,300)	2,807,864
Profit for the year	-	-	125,292	-	-	-	125,292
Translation adjustments from functional currency to presentation currency	-	-	-	349,790	-	-	349,790
Exchange differences arising on translation of foreign operations	-	-	-	(97,225)	-	-	(97,225)
Changes arising from remeasurement of defined benefit plans	-	-	-	-	-	4,581	4,581
Fair value changes on hedging instruments designated in cash flow hedges	-	-	-	-	46,653	-	46,653
Total comprehensive income for the year	-	-	125,292	252,565	46,653	4,581	429,091
Equity transactions with LEONI AG <i>(Note (b))</i>	-	-	48,735	-	-	-	48,735
Allocation of invested equity according to the legal structure upon completion of the Group Reorganisation <i>(note 3)</i>	47,413	2,184,032	(2,231,445)	-	-	-	-
At 31 December 2025	47,413	2,184,032	814,592	237,718	15,654	(13,719)	3,285,690

Notes:

- (a) Until the internal purchase of Leonische Holding Inc., the Automotive Cable Solutions Business was not a subgroup, for which consolidated financial statements had to be prepared according to IFRS 10 "Consolidated Financial Statements". Therefore, the net assets attributable to the LEONI AG Group were presented as invested equity. After the internal purchase of Leonische Holding Inc., the invested equity was allocated according to the legal structure of LEONI Kabel GmbH.
- (b) Equity transactions with LEONI AG represent transactions with LEONI AG and its remaining subsidiaries that are treated as contributions or withdrawals, particularly corporate cost allocation, taxes and charges for usage of shared assets etc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
OPERATING ACTIVITIES			
Profit (loss) before tax	1,302,457	(515,511)	223,060
Adjustments for:			
Interest income	(6,109)	(24,783)	(15,891)
Finance costs	339,022	335,428	219,123
Depreciation of property, plant and equipment	143,976	293,469	217,103
Amortisation of intangible assets	382	5,367	5,200
(Gain) loss on disposal of property, plant and equipment and intangible assets	(8,055)	9,912	441
Gain on disposal of right-of-use assets	–	(235)	(1,111)
(Reversal of) impairment losses on property, plant and equipment	(1,075,756)	636,615	2,410
(Reversal of) impairment losses on intangible assets	(59,167)	23,763	52
Unrealised exchange loss (gain), net	130	9,661	(91,908)
Operating cash flows before movements in working capital	636,880	773,686	558,479
Decrease (increase) in inventories	174,938	31,946	(57,596)
(Increase) decrease in trade and other receivables	(90,399)	249,935	(68,275)
(Increase) decrease in other assets	(8,126)	103,792	(22,897)
Decrease in liabilities	(38,491)	(37,021)	(920,297)
Increase (decrease) in restructuring provisions	1,731	(2,865)	44,112
Increase (decrease) in other provisions	46,505	(23,775)	(5,690)
Cash generated from (used in) operations	723,038	1,095,698	(472,164)
Income tax paid	(104,226)	(104,067)	(84,822)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	618,812	991,631	(556,986)

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
INVESTING ACTIVITIES			
Capital expenditure for property, plant and equipment	(283,659)	(268,293)	(212,510)
Capital expenditure for intangible assets	(6,598)	(6,149)	(7,381)
Proceeds from disposal of property, plant and equipment	10,719	728	1,795
Interest received	–	602	7,240
	<u> </u>	<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(279,538)</u>	<u>(273,112)</u>	<u>(210,856)</u>
FINANCING ACTIVITIES			
Repayment of financial debts	(797,159)	(931,890)	(370,036)
Interest paid	(392,013)	(156,037)	(153,522)
Cash receipts from acceptance of financial debts	321,492	69	1,864,928
Capital contribution from LEONI AG	176,095	215,696	179,889
	<u> </u>	<u> </u>	<u> </u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(691,585)</u>	<u>(872,162)</u>	<u>1,521,259</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(352,311)	(153,643)	753,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	626,467	284,056	106,679
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>9,900</u>	<u>(23,734)</u>	<u>50,676</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>284,056</u>	<u>106,679</u>	<u>910,772</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

LEONI Kabel is a company incorporated in Germany with limited liability. The principal activities of LEONI Kabel together with its subsidiaries (the “**Leoni LCS Group**”) is developing, manufacturing and sales of copper cables transmitting power, signals and data for the automotive sector and various other industries (the “**Automotive Cable Solution 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 principal place of the business of LEONI Kabel is based at An der Lände 3 in Roth and is entered in the commercial register with the Nuremberg local court (HRB 24181). The particulars of the subsidiaries are set out in Note 33.

During the years ended 31 December 2023 and 2024, LEONI Kabel was wholly owned by LEONI AG, a limited liability company incorporated in Germany with the ultimate controlling parent being Pierer Invest GmbH which is owned by Stefan Pierer. Upon the acquisition of the entire interest in LEONI Kabel by Time Interconnect Singapore Pte. Limited (the “**Target Company**”), which is a limited liability company incorporated in Singapore, on 9 July 2025 (the “**Acquisition of LEONI Kabel**”), the intermediate holding company of LEONI Kabel was changed to 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 on the Shenzhen Stock Exchange. In the opinion of the directors of LEONI Kabel, the ultimate controlling party of Luxshare Precision and LEONI Kabel are Wang Laichun and Wang Laisheng.

The Historical Financial Information is presented in Hong Kong Dollar (“**HK\$**”), which is different from LEONI Kabel’s functional currency of Euro (“**EUR**”), as the directors of LEONI Kabel consider that it is more relevant to the shareholders of Time Interconnect Technology Limited, which is listed on The Stock Exchange of Hong Kong Limited.

The statutory financial statements of LEONI Kabel for the years ended 31 December 2023 and 2024 were prepared in accordance with IFRS Accounting Standards as adopted by the European Union and were audited by Deloitte GmbH, certified public accountants registered in Germany. The statutory financial statements of LEONI Kabel for the year ended 31 December 2025 was 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.

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

- ¹ Effective for annual periods beginning on or after a date to be determined
- ² Effective for annual periods beginning on or after 1 January 2026
- ³ Effective for annual periods beginning on or after 1 January 2027
- ⁴ 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 Automotive Cable Solutions Business 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. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION 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 and the conventions applicable for Group Reorganisation (details are set out below).

During the Relevant Periods, the Automotive Cable Solutions Business, which comprising LEONI Kabel and the companies as set out in note 33 (collectively the “**Automotive Cable Solutions Business Entities**”), underwent a group reorganisation to restructure all these companies engaged in Automotive Cable Solutions Business to be under the control of LEONI Kabel as described below (“**Group Reorganisation**”).

Prior to 21 December 2023, the Automotive Cable Solution Business was operated by LEONI AG, a limited liability company incorporated in Germany, of which the ultimate beneficial owner was Stefan Pierer through the wholly-owned subsidiaries namely LEONI Kabel and its subsidiaries and Leonische Holding Inc., and its subsidiaries.

On 21 December 2023, Leonische Holding, Inc. acquired 100% of the equity interests in Leoni Wiring Systems, Inc. from KB Kabel Beteiligungs-GmbH, a fellow subsidiary of LEONI Kabel, at a cash consideration of EUR132,000,000. The principal activity of Leoni Wiring Systems, Inc. and its subsidiaries is providing wiring systems solutions which are different from the Automotive Cable Solutions Business. Upon completion of the acquisition, Leoni Wiring Systems, Inc. and its subsidiaries became wholly-owned subsidiaries of Leonische Holding, Inc..

For the purpose of the Acquisition of LEONI Kabel by the Target Company, LEONI AG underwent the Group Reorganisation, which involved transfers of equity interests with the detailed steps set out below.

- i. On 31 March 2025, Leonische Holding, Inc. transferred 100% of the equity interests in Leoni Wiring Systems, Inc. to KB Kabel Beteiligungs-GmbH for a nominal cash consideration of EUR1.
- ii. On 31 March 2025, after the transfer of Leoni Wiring Systems, Inc. by Leonische Holding Inc., LEONI Kabel acquired 100% of the equity interests in Leonische Holding Inc. from Leoni Bordnetz-Systeme GmbH at a cash consideration of EUR77,000,000. Upon completion of the acquisition, Leonische Holding Inc. became a wholly owned subsidiary of LEONI Kabel.

Upon completion of the Group Reorganisation, LEONI Kabel became the holding company of the entities engaged in Automotive Cable Solutions Business controlled by LEONI AG. The Automotive Cable Solution Business carried out by Automotive Cable Solution Business Entities before and after the Group Reorganisation have been under the common control of Stefan Pierer up to the Acquisition of LEONI Kabel by the Target Company on 9 July 2025.

In connection with the Acquisition of LEONI Kabel by the Target Company and the proposed acquisition of the Target Company by the Company, consolidated financial statements of the Automotive Cable Solutions Business (the Underlying Financial Statements) have been derived from the historical accounting records of the Automotive Cable Solutions Business Entities, which derive from the historical carrying amounts extracted from the consolidated financial statements of LEONI AG, the predecessor holding company of Automotive Cable Solutions Business Entities. The Automotive Cable Solutions Business represents a collection of economic activities which represents a business under IFRS Accounting Standards. The Underlying Financial Statements were purported to reflect the historical results of operations and the historical assets and liabilities of the Automotive Cable Solutions Business that was the subject of the Acquisition of LEONI Kabel by the Target Company, and accordingly, excluded all businesses and activity related to Leoni Wiring Systems, Inc. and its subsidiaries that has not formed part of the legal group upon completion of the Group Reorganisation.

Although the Automotive Cable Solutions Business was conducted by separate group of legal entities, for the purpose of preparing the Underlying Financial Statements, certain account balances of the financial statements of the Automotive Cable Solutions Business Entities were allocated between the Automotive Cable Solutions Business and the wiring systems solutions business that operated through Leoni Wiring Systems, Inc. and its subsidiaries and retained by LEONI AG, and these allocations were made on specifically identifiable basis or using other reasonable methods, since certain Automotive Cable Solution Business Entities held Leoni Wiring Systems Inc., which operated the wiring systems solutions business during the Relevant Periods, did not form part of the Automotive Cable Solutions Business.

The directors of the LEONI Kabel believe that the allocation bases underlying the preparation of the Underlying Financial Statements are reasonable reflections of the financial performance and financial position of Automotive Cable Solutions Business according to its utilisation of the resources of the Automotive Cable Solutions Business Entities. However, the actual costs and expenses that Automotive Cable Solutions Business would have been incurred as a separate group of legal entities could be higher or lower than the allocated costs reflected in the Underlying Financial Statements. As such, the Underlying Financial Statements may not necessarily reflect the actual financial position, results of operations or cash flows of Automotive Cable Solutions Business had it been operated as a stand-alone business throughout the Relevant Periods.

The Historical Financial Information has been prepared to present the financial position, financial performance and cash flows of the Automotive Cable Solutions Business, and the assets and liabilities of the wiring systems solutions business to be disposed net of the cash consideration acquired is presented as the net parent investment in the statements of changes in equity of the Automotive Cable Solutions Business. Other intra-group balances, transactions and unrealised gains/losses on intra-group transactions between Automotive Cable Solutions Business Entities were eliminated when preparing the Historical Financial Information. Transactions and balances between the Automotive Cable Solutions Business and other entities within LEONI AG Group, including Leoni Wiring Systems, Inc. and its subsidiaries, have been presented as external transactions and balances, details of which have been disclosed as related party transactions and balances in accordance with IAS 24 "Related Party Disclosures".

The directors of LEONI Kabel consider that it is appropriate to present the Historical Financial Information on a carve-out basis in view of the following factors: (1) the scope of Automotive Cable Solutions Business is clearly identified as the Automotive Cable Solutions Business Entities that can be clearly delineated from the other business retained by LEONI AG; (2) Automotive Cable Solutions Business and the wiring systems solutions business were operated separately under different legal entities, management, sales and business strategies, although there were certain extent of sharing of common resources among the two businesses; and (3) the revenue generated and expenses incurred by the Automotive Cable Solutions Business and its assets and liabilities were recorded in the accounting records of the legal entities which operate Automotive Cable Solutions Business.

The Historical Financial Information of Automotive Cable Solutions Business comprises the assets, liabilities, revenue and expenses directly attributable to its specific business departments which were recorded in the accounting records of the Automotive Cable Solutions Business Entities. Assets and liabilities of wiring systems solutions business which were not separately distinguished between the two businesses were allocated based on legal ownership or obligations or other reasonable methods. Costs and expenses of the wiring systems solutions business which were not separately distinguished between the two businesses in the past, were allocated using reasonable methods.

The directors believe that the basis of preparation described above results in the Historical Financial Information reflecting the assets and liabilities associated with the Automotive Cable Solutions Business and reflects costs and expenses associated with the functions that would be necessary to operate independently. However, as the Automotive Cable Solutions Business did not operate as a stand-alone entity during the Relevant Periods, the Historical Financial Information may not be indicative of the Automotive Cable Solutions Business' future performance and do not necessarily reflect what its financial performance, financial position, and cash flows would have been had the Automotive Cable Solutions Business operated as a separate entity during the Relevant Periods.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

Control is achieved when LEONI Kabel:

- 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' accounting policies.

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

Accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where there is a shorter period.

Revenue from contracts with customers

The Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' performance as the Automotive Cable Solutions Business performs;
- the Automotive Cable Solutions Business' performance creates or enhances an asset that the customer controls as the Automotive Cable Solutions Business performs; or
- the Automotive Cable Solutions Business' performance does not create an asset with an alternative use to the Automotive Cable Solutions Business and the Automotive Cable Solutions Business 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.

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.

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.

All other financial assets are subsequently measured at FVTPL.

Impairment of financial assets

The Automotive Cable Solutions Business performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, other financial assets 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 Automotive Cable Solutions Business’ 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 Automotive Cable Solutions Business always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually based on internal credit rating. For all other instruments, the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business in accordance with the contract and the cash flows that the Automotive Cable Solutions Business expects to receive, discounted at the effective interest rate determined at initial recognition.

The Automotive Cable Solutions Business recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade 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 in the ‘Other operating income’ (note 7) as part of the exchange gain.

Derecognition of financial assets

The Automotive Cable Solutions Business 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 Automotive Cable Solutions Business are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

The Automotive Cable Solutions Business derecognises financial liabilities when, and only when, the Automotive Cable Solutions Business' 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 Automotive Cable Solutions Business designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Internally-generated intangible assets – research and development expenditure

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.

Impairment on property, plant and equipment and intangible assets

At the end of each reporting period, the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

The Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' operations are translated into the presentation currency of the Automotive Cable Solutions Business (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 Automotive Cable Solutions Business' net assets in EUR to the Automotive Cable Solutions Business' presentation currency (i.e. HK\$) are recognised directly in other comprehensive income and accumulated in translation reserve. 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' defined benefit obligations and the related current service cost and, where applicable, past service cost, the Automotive Cable Solutions Business 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 years, the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business remeasures the net defined benefit liability or asset before the plan amendment, curtailment or settlement, the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' 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 Automotive Cable Solutions Business reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 Employee Benefits 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business has a present obligation (legal or constructive) as a result of a past event, it is probable that the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Automotive Cable Solutions Business' 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 year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Automotive Cable Solutions Business' 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business recognises the right-of-use asset and the related lease liabilities, the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business applies IAS 12 *Income Taxes* requirements to lease liabilities and the related assets separately. The Automotive Cable Solutions Business 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 Automotive Cable Solutions Business must incur to make the sale.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Automotive Cable Solutions Business' accounting policies, the management of the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 2023, 2024 and 2025, the carrying amount of inventories are HK\$1,543,930,000 (net of allowance for inventories of HK\$44,841,000), HK\$1,415,873,000 (net of allowance for inventories of HK\$57,930,000), and HK\$1,649,451,000 (net of allowance for inventories of HK\$54,007,000), respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Types of goods or services			
Automotive cables	11,116,843	10,518,352	10,781,829
Charging cables	675,786	472,582	601,168
Industry cables	643,721	606,798	614,067
	<u>12,436,350</u>	<u>11,597,732</u>	<u>11,997,064</u>
Total			
	<u>12,436,350</u>	<u>11,597,732</u>	<u>11,997,064</u>
Geographical markets			
Europe, Middle East, and Africa ("EMEA") (Note (a))	6,837,754	6,141,535	6,172,636
Americas	3,248,423	3,088,705	3,299,926
Asia Pacific (Note (b))	2,350,173	2,367,492	2,524,502
	<u>12,436,350</u>	<u>11,597,732</u>	<u>11,997,064</u>
Total	<u>12,436,350</u>	<u>11,597,732</u>	<u>11,997,064</u>

Notes:

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

(ii) Performance obligations for contracts with customers

The Automotive Cable Solutions Business 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. This is generally the case upon delivery of the products. Such sales revenues are as a matter of principle recognised in the amount of the consideration to which the Automotive Cable Solutions Business expects to be entitled exchange for those goods or services.

Income from the developing, manufacturing and sales of cables is recognised at the time when the control is transferred to the customer.

The granted payment terms are normally 30 to 90 days from the date of delivery.

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

At 31 December 2023, 2024 and 2025, all contracts have an original expected duration of one 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 LEONI Kabel, 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 Automotive Cable Solutions Business. No other discrete financial information is provided other than the Automotive Cable Solution Business’ result and financial provision as a whole. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

Geographical information

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

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EMEA <i>(Note (a))</i>	2,053,957	1,458,530	1,659,019
Americas	512,718	420,733	439,383
Asia Pacific <i>(Note (b))</i>	513,634	437,011	399,286
	<u>3,080,309</u>	<u>2,316,274</u>	<u>2,497,688</u>
Total	<u>3,080,309</u>	<u>2,316,274</u>	<u>2,497,688</u>

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 years contributing 10% or above of the total revenue of the Automotive Cable Solutions Business are as follows:

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Customer A	2,258,438	1,978,356	2,077,197
Customer B	1,431,115	N/A*	1,235,943

* The corresponding customer did not contribute over 10% of the total revenue of the Automotive Cable Solutions Business in that year.

7. OTHER OPERATING INCOME

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Gains on disposals of property, plant and equipment as well as intangible assets (<i>Note (a)</i>)	9,779	799	398
Government subsidies (<i>Note (b)</i>)	7,179	634	1,221
Compensation (<i>Note (c)</i>)	16,363	14,573	14,408
Rental income	6,407	6,361	6,602
Gains on disposals of right-of-use assets	–	235	1,111
Exchange gains	–	4,281	–
Others	21,882	19,060	13,086
	<u>61,610</u>	<u>45,943</u>	<u>36,826</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\$1,724,000, HK\$10,711,000 and HK\$839,000 for the years ended 31 December 2023, 2024 and 2025, respectively.
- (b) The amount mainly represents various subsidies received from the government authorities. Unconditional government grants are recognised in profit and loss when received.
- (c) The amount mainly represents compensation and service agreement payments arising from contractual agreements with divested entities of the Automotive Cable Solutions Business.

8. OTHER REVENUE

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Interest income	6,109	24,783	15,891

9. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Interest expenses from liabilities and borrowing	320,703	294,077	198,552
Interest expenses from lease liabilities	14,158	18,569	14,665
Net interest cost from pension obligations	2,596	3,377	2,617
Other finance costs	1,565	19,405	3,289
	<u>339,022</u>	<u>335,428</u>	<u>219,123</u>

10. PROFIT (LOSS) FOR THE YEAR

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Profit (loss) for the year is arrived at after charging (crediting):			
Auditor's remuneration	6,827	4,751	6,281
Cost of inventories recognised as expense Including: write-down of inventories, net of reversal (Note (a))	9,717,185	10,826,251	10,507,807
Depreciation of property, plant and equipment	143,976	293,469	217,103
Amortisation of intangible assets	382	5,367	5,200
Impairment loss recognised on trade receivables, net of reversal	(4,543)	(4,275)	(3,225)
Staff costs:			
Salaries and other benefits	951,255	958,455	978,281
Director's emoluments (Note (b))	8,971	10,224	11,472
Social-security contributions, expenses for pensions and retirement and fringe benefits	266,997	289,305	295,951
Total staff costs	1,227,223	1,257,984	1,285,704
Capitalised in inventories	(718,283)	(737,031)	(745,135)
	<u>508,940</u>	<u>520,953</u>	<u>540,569</u>

Notes:

- (a) Write-down of inventories amounted to HK\$1,315,000, reversal of HK\$3,356,000 and HK\$6,468,000 for the years ended 31 December 2023, 2024 and 2025, respectively.
- (b) For the years ended 31 December 2023, 2024 and 2025, all of the five highest paid employees are directors.

11. INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Current tax			
– Germany	14,590	12,257	9,820
– Other countries	<u>80,800</u>	<u>83,435</u>	<u>87,742</u>
	<u>95,390</u>	<u>95,692</u>	<u>97,562</u>
Deferred tax: (note 17)			
– Germany	(4,987)	2,800	880
– Other countries	<u>181,051</u>	<u>(15,557)</u>	<u>(674)</u>
	<u>176,064</u>	<u>(12,757)</u>	<u>206</u>
	<u><u>271,454</u></u>	<u><u>82,935</u></u>	<u><u>97,768</u></u>

Tax credit of HK\$5,974,000, and tax expense of HK\$6,401,000 and HK\$4,825,000, respectively, were recognised in other comprehensive income for the years ended 31 December 2023, 2024 and 2025.

For the Automotive Cable Solutions Business' German companies, 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%), unchanged from the previous year. 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.

The Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' ultimate parent company changed during 2025, having until 9 July 2025 been a company based in Germany and from 10 July 2025 being one based in Hong Kong. Both Germany and Hong Kong have passed a law on applying the global minimum tax rate. The Automotive Cable Solutions Business has taken the necessary internal measures to fully observe these laws.

The Automotive Cable Solutions Business applies the safe harbour rules to be transitionally used and provided for in the minimum tax rules. In the 2025 reporting year, all the countries in which the Automotive Cable Solutions Business operates fell under the safe harbour rule. Therefore, no provisions for global minimum tax were recognised in the Automotive Cable Solutions Business.

The income tax expense for the year is reconciled to the profit (loss) 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:

	Year ended 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before tax	1,302,457	(515,511)	223,060
Tax at the statutory profit tax rate of 29.1%	378,755	(149,911)	64,866
Tax effect of expenses not deductible for tax purpose	134	8,929	9,523
Tax effect of income not taxable for tax purpose	(4,269)	(5,698)	(58,595)
Tax effect of tax losses not recognised	–	223,812	168,558
Utilisation of tax losses previously not recognised	(128,194)	–	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	12,140	5,099	(15,858)
(Over)under-provision in prior years	(1,621)	5,623	(69,249)
Others	14,509	(4,919)	(1,477)
Income tax expense for the year	271,454	82,935	97,768

12. DIVIDENDS

No dividend has been declared or paid by the Automotive Cable Solutions Business 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 1 January 2023	1,592,275	2,846,111	582,468	326,152	5,347,006
Currency differences	89,291	111,190	27,167	8,435	236,083
Additions	59,073	76,183	30,518	178,502	344,276
Disposals	(18,740)	(65,026)	(26,934)	(348)	(111,048)
Reclassification	8,941	271,608	16,388	(296,937)	–
At 31 December 2023	1,730,840	3,240,066	629,607	215,804	5,816,317
Currency differences	(126,216)	(145,949)	(34,640)	(9,778)	(316,583)
Additions	87,180	64,837	31,709	182,139	365,865
Disposals	(53,481)	(129,179)	(107,138)	(1,252)	(291,050)
Reclassification	6,207	136,680	20,798	(163,685)	–

	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>
At 31 December 2024	1,644,530	3,166,455	540,336	223,228	5,574,549
Currency differences	189,840	252,373	49,027	17,534	508,774
Additions	33,645	43,629	34,895	113,686	225,855
Disposals	(21,866)	(46,052)	(29,273)	–	(97,191)
Reclassification	14,011	190,098	12,296	(216,405)	–
At 31 December 2025	<u>1,860,160</u>	<u>3,606,503</u>	<u>607,281</u>	<u>138,043</u>	<u>6,211,987</u>
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2023	521,814	2,335,836	547,143	293,536	3,698,329
Currency differences	29,867	88,755	23,035	7,142	148,799
Depreciation	70,468	63,726	9,782	–	143,976
Reversal of impairment	(94,702)	(618,811)	(96,706)	(265,537)	(1,075,756)
Disposals	(14,486)	(63,743)	(25,813)	–	(104,042)
At 31 December 2023	512,961	1,805,763	457,441	35,141	2,811,306
Currency differences	(41,189)	(98,313)	(27,079)	(4,608)	(171,189)
Depreciation	90,036	160,166	43,267	–	293,469
Impairment	53,901	437,676	71,507	73,531	636,615
Disposals	(42,242)	(117,940)	(105,458)	–	(265,640)
At 31 December 2024	573,467	2,187,352	439,678	104,064	3,304,561
Currency differences	67,343	201,670	40,684	8,963	318,660
Depreciation	73,678	117,109	26,316	–	217,103
Impairment	–	31	1,362	1,017	2,410
Disposals	(6,484)	(41,974)	(26,859)	–	(75,317)
At 31 December 2025	<u>708,004</u>	<u>2,464,188</u>	<u>481,181</u>	<u>114,044</u>	<u>3,767,417</u>
CARRYING VALUES					
At 31 December 2023	<u>1,217,879</u>	<u>1,434,303</u>	<u>172,166</u>	<u>180,663</u>	<u>3,005,011</u>
At 31 December 2024	<u>1,071,063</u>	<u>979,103</u>	<u>100,658</u>	<u>119,164</u>	<u>2,269,988</u>
At 31 December 2025	<u>1,152,156</u>	<u>1,142,315</u>	<u>126,100</u>	<u>23,999</u>	<u>2,444,570</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:

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

The Automotive Cable Solutions Business as lessee

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

	Land, leasehold rights and buildings HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
At 31 December 2023				
Carrying amount	<u>202,347</u>	<u>5,525</u>	<u>13,173</u>	<u>221,045</u>
At 31 December 2024				
Carrying amount	<u>166,404</u>	<u>7,217</u>	<u>8,468</u>	<u>182,089</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 year ended 31 December 2023				
Depreciation	<u>26,484</u>	<u>1,987</u>	<u>2,301</u>	<u>30,772</u>
For the year ended 31 December 2024				
Depreciation	<u>43,645</u>	<u>6,342</u>	<u>9,030</u>	<u>59,017</u>
For the year ended 31 December 2025				
Depreciation	<u>37,456</u>	<u>3,182</u>	<u>4,984</u>	<u>45,622</u>
	Year ended 31 December			
	2023	2024	2025	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Expense relating to short-term leases	3,947	2,581	1,766	
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	507	3,637	1,241	
Variable lease payments not included in the measurement of lease liabilities	2,487	2,261	1,007	
Total cash outflow for leases	72,640	80,972	77,058	
Additions to right-of-use assets	<u>62,530</u>	<u>99,704</u>	<u>24,358</u>	

The Automotive Cable Solutions Business leases various offices, warehouses, and motor vehicles for its operations. Lease contracts are entered into for term 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 Automotive Cable Solutions Business 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	Customer relationship and order backlog HK\$'000	Development costs HK\$'000	Total HK\$'000
COST				
At 1 January 2023	51,728	3,066	73,077	127,871
Addition	824	–	5,774	6,598
Disposal	(450)	–	–	(450)
Transfer	900	–	(900)	–
Exchange adjustments	<u>2,849</u>	<u>134</u>	<u>2,937</u>	<u>5,920</u>
At 31 December 2023	55,851	3,200	80,888	139,939
Addition	1,470	–	4,679	6,149
Disposal	(17,564)	–	(260)	(17,824)
Transfer	521	–	(521)	–
Exchange adjustments	<u>(2,838)</u>	<u>(201)</u>	<u>(4,811)</u>	<u>(7,850)</u>
At 31 December 2024	37,440	2,999	79,975	120,414
Addition	2,363	–	5,018	7,381
Disposal	(914)	–	–	(914)
Transfer	2,742	–	(2,742)	–
Exchange adjustments	<u>4,679</u>	<u>366</u>	<u>8,900</u>	<u>13,945</u>
At 31 December 2025	<u>46,310</u>	<u>3,365</u>	<u>91,151</u>	<u>140,826</u>
AMORTISATION AND IMPAIRMENT				
At 1 January 2023	51,537	3,066	69,379	123,982
Provided for the year	263	–	119	382
Eliminated on disposal	(450)	–	–	(450)
Impairment loss reversal in the year	(5,740)	–	(53,427)	(59,167)
Exchange adjustments	<u>2,583</u>	<u>134</u>	<u>1,639</u>	<u>4,356</u>
At 31 December 2023	48,193	3,200	17,710	69,103
Provided for the year	2,940	–	2,427	5,367
Eliminated on disposal	(17,539)	–	(260)	(17,799)
Impairment loss recognised in the year	3,435	–	20,328	23,763
Exchange adjustments	<u>(2,605)</u>	<u>(201)</u>	<u>(1,841)</u>	<u>(4,647)</u>
At 31 December 2024	34,424	2,999	38,364	75,787
Provided for the year	1,588	–	3,612	5,200
Eliminated on disposal	(914)	–	–	(914)

	Trademarks, rights, software and other <i>HK\$'000</i>	Customer relationship and order backlog <i>HK\$'000</i>	Development costs <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment loss recognised in the year	52	–	–	52
Exchange adjustments	4,266	366	4,851	9,483
At 31 December 2025	<u>39,416</u>	<u>3,365</u>	<u>46,827</u>	<u>89,608</u>
CARRYING VALUES				
At 31 December 2023	<u>7,658</u>	<u>–</u>	<u>63,178</u>	<u>70,836</u>
At 31 December 2024	<u>3,016</u>	<u>–</u>	<u>41,611</u>	<u>44,627</u>
At 31 December 2025	<u>6,894</u>	<u>–</u>	<u>44,324</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
Customer relationship and order backlog	1 – 3 years
Development costs	10 – 15 years

The annual impairment test resulted in an impairment of intangible assets by HK\$23,763,000 and HK\$52,000 for the years ended 31 December 2024 and 2025, as well as impairment reversals amounting to HK\$59,167,000 for the year ended 31 December 2023, respectively.

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 Automotive Cable Solutions Business therefore constitutes a cash-generating unit for the purpose of impairment testing the assets.

LEONI AG announced the sale of its Automotive Cable Solutions Business in May 2022. When the buyer surprisingly refused to close the sale in December 2022, however, the envisaged refinancing could no longer be implemented as planned. This led to an increased risk of insolvency following the buyer's refusal to transfer the Automotive Cable Solutions Business, which was expressed in customers' curtailed ability to award contracts as well as other operational risks.

As this curtailed ability to award contracts was no longer a factor after LEONI Kabel's completed refinancing in the 2023 financial year, the recoverable amounts of the cash-generating units were reassessed. In the impairment test, the recoverable amount was based on the fair value less cost to sell and was determined based on the level 3 fair value hierarchy of parameters pursuant to IFRS 13. As a matter of principle, the cash flows relevant to the impairment test stem from the medium-term planning with a planning horizon of five years as approved by LEONI AG's Supervisory Board, for the preparation and plausibility check of which the market circumstances are considered and a peer group comparison is carried out. In addition, such other third-party sources as data from IHS Markit (IHS) as the provider of automotive-related market data was used. As part of ascertaining the fair values for the cash-generating units, the Automotive Cable Solutions Business applied as key assumptions and measurement parameters a long-term growth rate of 1%. The recoverable amount determined was based on an

average growth rate of 4.5% as well as an average EBIT margin of 4.2% and a WACC of 10.0%. The impairment reversal of non-current assets amounted to HK\$1,134,923,000 and was reflected in full in the income statement under cost of sales for the year ended 31 December 2023.

The 2024 impairment test called for write-downs on property, plant and equipment, intangible assets and rights-of-use assets and as a result, impairment of HK\$660,378,000 were recognised on 31 December 2024. As part of impairment testing, the recoverable amount was determined on the basis of fair values less cost to sell and arrived at to HK\$3,582,293,000. This was extrapolated from the transactions involving LEONI AG's sale of Automotive Cable Solutions Business to the Time Interconnect Group and corresponds to the fair values of the expected purchase price payment, which depends partially on future business performance.

The Automotive Cable Solutions Business' 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business in Halver necessitated a write-down on property, plant and equipment of HK\$2,462,000, 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		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Deferred tax assets	80,264	95,959	124,990
Deferred tax liabilities	<u>(44,037)</u>	<u>(58,111)</u>	<u>(89,927)</u>
	<u>36,227</u>	<u>37,848</u>	<u>35,063</u>

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 2023, 2024 and 2025:

	Depreciation/ amortisation	Inventories	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	267,806	(12,479)	(44,014)	211,313
(Charge) credit to profit or loss	(290,372)	7,466	106,842	(176,064)
Credit to other comprehensive income	-	-	5,974	5,974
Exchange adjustments	<u>(8,055)</u>	<u>(5)</u>	<u>3,064</u>	<u>(4,996)</u>

	Depreciation/ amortisation <i>HK\$'000</i>	Inventories <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2023	(30,621)	(5,018)	71,866	36,227
Credit (charge) to profit or loss	171,925	(1,050)	(158,118)	12,757
Charge to other comprehensive income	–	–	(6,401)	(6,401)
Exchange adjustments	(8,114)	818	2,561	(4,735)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2024	133,190	(5,250)	(90,092)	37,848
(Charge) credit to profit or loss	(23,194)	(2,608)	25,596	(206)
Charge to other comprehensive income	–	–	(4,825)	(4,825)
Exchange adjustments	20,275	(1,908)	(16,121)	2,246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2025	<u>130,271</u>	<u>(9,766)</u>	<u>(85,442)</u>	<u>35,063</u>

No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At 31 December 2023, 2024 and 2025, the Automotive Cable Solutions Business has unused tax losses of HK\$344,993,000, HK\$600,856,000, and HK\$847,386,000, respectively, available for offset against future profits. No deferred tax asset has been recognised in respect of HK\$165,142,000, HK\$338,050,000 and HK\$498,631,000, respectively, due to the unpredictability of future profit streams.

At 31 December 2023, 2024 and 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\$1,405,806,000, HK\$749,340,000 and HK\$526,996,000 at 31 December 2023, 2024 and 2025, respectively.

18. INVENTORIES

	At 31 December		
	2023 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>
Raw materials and consumables	742,510	730,812	825,997
Work in progress	257,145	218,272	232,120
Finished goods	544,275	466,789	591,334
	<u> </u>	<u> </u>	<u> </u>
	<u>1,543,930</u>	<u>1,415,873</u>	<u>1,649,451</u>

19. TRADE AND OTHER RECEIVABLES/OTHER FINANCIAL ASSETS

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables from contracts with customers	1,932,168	1,463,220	1,620,382
Less: Allowances for credit losses	<u>(14,049)</u>	<u>(9,346)</u>	<u>(7,094)</u>
	1,918,119	1,453,874	1,613,288
Value-added tax and other tax recoverable	136,508	55,677	90,835
Other receivables	129,454	138,897	156,425
Advance to suppliers	53,338	26,419	39,542
Prepayments and deposits	<u>45,338</u>	<u>59,575</u>	<u>54,246</u>
Total trade and other receivables	<u><u>2,282,757</u></u>	<u><u>1,734,442</u></u>	<u><u>1,954,336</u></u>

At 1 January 2023, trade receivables from contracts with customers (net of allowances for credit losses) amounted to HK\$1,615,033,000.

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed for reporting purposes as:			
Non-current assets	7,383	26,135	21,537
Current assets	<u>2,275,374</u>	<u>1,708,307</u>	<u>1,932,799</u>
	<u><u>2,282,757</u></u>	<u><u>1,734,442</u></u>	<u><u>1,954,336</u></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		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	1,853,246	1,432,380	1,569,104
61 – 90 days	<u>64,873</u>	<u>21,494</u>	<u>44,184</u>
	<u><u>1,918,119</u></u>	<u><u>1,453,874</u></u>	<u><u>1,613,288</u></u>

The Automotive Cable Solutions Business allows a credit term from 30 to 90 days. At 31 December 2023, 2024 and 2025, included in the Automotive Cable Solutions Business' trade receivables balance are debtors with aggregate carrying amount of HK\$84,986,000, HK\$95,712,000, and HK\$40,873,000, respectively, which are past due at the reporting date.

At 31 December 2023, 2024 and 2025, carrying amount of trade receivables amounted to HK\$90,879,000, HK\$70,744,000 and nil, respectively, have been pledged to banks to secure banking facilities granted to the Automotive Cable Solutions Business.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Automotive Cable Solutions Business are short-term bank deposits with an original maturity of three months or less and carry interest at market rates which was 0%, range from 0% to 1.20% and range from 0% to 1.85% per annum at 31 December 2023, 2024 and 2025, respectively.

21. TRADE AND OTHER PAYABLES

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	1,832,541	1,841,708	1,009,846
Other payables and accrued charges	51,198	55,259	107,572
Accrued staff costs	106,004	80,290	97,895
Liabilities relating to social security and other obligations	30,712	29,092	26,258
Value-added tax and other tax payables	23,913	11,477	28,667
	<u>2,044,368</u>	<u>2,017,826</u>	<u>1,270,238</u>

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed for reporting purposes as:			
Non-current liabilities	9,123	5,193	9,880
Current liabilities	<u>2,035,245</u>	<u>2,012,633</u>	<u>1,260,358</u>
	<u>2,044,368</u>	<u>2,017,826</u>	<u>1,270,238</u>

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

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 90 days	1,591,324	1,819,517	997,162
91 – 180 days	236,535	10,426	6,560
Over 180 days	4,682	11,765	6,124
	<u>1,832,541</u>	<u>1,841,708</u>	<u>1,009,846</u>

The average credit period on purchases of goods of the Automotive Cable Solutions Business is 30 to 90 days.

22. LEASE LIABILITIES

	At 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Total minimum lease payments:			
Within one year	46,727	68,566	70,363
Within a period of more than one year but not exceeding two years	49,147	65,283	50,449
Within a period of more than two years but not exceeding five years	104,703	120,114	97,397
Within a period of more than five years	<u>70,854</u>	<u>69,549</u>	<u>39,380</u>
	271,431	323,512	257,589
Less: total future interest expenses	<u>(31,081)</u>	<u>(56,721)</u>	<u>(29,077)</u>
	<u>240,350</u>	<u>266,791</u>	<u>228,512</u>
Analysed for reporting purposes as:			
Non-current liabilities	196,648	214,379	166,597
Current liabilities	<u>43,702</u>	<u>52,412</u>	<u>61,915</u>
	<u>240,350</u>	<u>266,791</u>	<u>228,512</u>

The weighted average incremental borrowing rates applied to lease liabilities at 6.42% per annum, 6.65% per annum and 5.53% per annum during the years ended 31 December 2023, 2024 and 2025, respectively.

23. BORROWINGS

	At 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Bank loans are repayable:			
Within one year	<u>36,782</u>	<u>28,444</u>	<u>–</u>

At 31 December 2023 and 2024, the weighted average effective interest rate of bank borrowings is 9.5% per annum and 8.5% per annum respectively. Details of pledge of assets are disclosed in note 34.

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.

25. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies relate to cash pooling arrangement with LEONI AG and its subsidiaries which are non-trade related, unsecured, interest bearing at an internally agreed interest rate and repayable at maturity.

26. LOAN FROM A RELATED COMPANY

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Intermediate holding company	—	—	1,961,537
	<u>—</u>	<u>—</u>	<u>1,961,537</u>
The carrying amounts of the loan are repayable:			
Within one year	—	—	78,337
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	—	—	1,883,200
	<u>—</u>	<u>—</u>	<u>1,961,537</u>
Analysed for reporting purposes as:			
Non-current liabilities	—	—	1,883,200
Current liabilities	—	—	78,337
	<u>—</u>	<u>—</u>	<u>1,961,537</u>

At 31 December 2025, 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 Automotive Cable Solutions Business 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. The shareholder loans carry a fixed interest rate of 3.5%, or 4.5% per annum.

27. PENSION PROVISIONS

The Automotive Cable Solutions Business 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 96.8%, 93.8% and 92.1% of the Automotive Cable Solutions Business for the years ended 31 December 2023, 2024 and 2025, respectively. 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 Automotive Cable Solutions Business.

The plans expose the Automotive Cable Solutions Business 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:

	2023	2024	2025
Discount rates	3.3%	3.4%	4.1%
Long-term rate of wage and salary increase	2.5%	2.5%	2.5%
Rate of compensation increases	2.0%	2.0%	2.0%

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

	2023	2024	2025
Discount rates	3.8%	3.3%	3.4%
Long-term rate of wage and salary increase	2.5%	2.5%	2.5%
Rate of compensation increases	2.0%	2.0%	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:

	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Service cost	1,341	2,074	1,328
Net interest expense recognised in profit or loss	<u>2,598</u>	<u>3,385</u>	<u>2,612</u>
Components of defined benefit costs recognised in profit or loss	<u>3,939</u>	<u>5,459</u>	<u>3,940</u>
Measurement of the net defined benefit obligations:			
– Actuarial losses due to the change in demographic assumptions	–	–	181
– Actuarial losses (gains) arising from changes in financial estimates	6,615	126	(8,114)
– Actuarial losses (gains) arising from changes in experience adjustments	730	899	(3,397)
– Return on plan assets (excluded interest income based on discount rate)	<u>1,792</u>	<u>420</u>	<u>379</u>
Components of defined benefit expense (income) recognised in other comprehensive income	<u>9,137</u>	<u>1,445</u>	<u>(10,951)</u>
Total	<u><u>13,076</u></u>	<u><u>6,904</u></u>	<u><u>(7,011)</u></u>

The trend in net pension obligations, which is comprised of the change in the defined benefit obligation and the change in the fair value of plan assets is as follows:

	Germany <i>HK\$'000</i>	Other countries <i>HK\$'000</i>	Total <i>HK\$'000</i>
2023			
Change in defined benefit obligations			
At 1 January	119,844	3,440	123,284
Service cost	543	798	1,341
Interest cost	4,585	–	4,585
Actuarial losses (gains)	7,413	(68)	7,345
Contributions by plan participants	2,811	–	2,811
Exchange adjustments	5,468	559	6,027
Benefits paid	(4,280)	(272)	(4,552)
At 31 December	<u>136,384</u>	<u>4,457</u>	<u>140,841</u>
Change in plan assets			
At 1 January	52,235	–	52,235
Interest income	1,987	–	1,987
Return on plan assets (excluded interest income based on discount rate)	(1,792)	–	(1,792)
Contributions by the employer	272	–	272
Contributions by plan participants	2,811	–	2,811
Exchange adjustments	2,346	–	2,346
Benefits paid	(170)	–	(170)
At 31 December	<u>57,689</u>	<u>–</u>	<u>57,689</u>
Net liability due to defined benefit plans	<u><u>78,695</u></u>	<u><u>4,457</u></u>	<u><u>83,152</u></u>
2024			
Change in defined benefit obligations			
At 1 January	136,384	4,457	140,841
Service cost	764	1,310	2,074
Interest cost	4,292	874	5,166
Actuarial (gains) losses	(1,470)	2,495	1,025
Contributions by plan participants	2,772	–	2,772
Exchange adjustments	(8,637)	(1,504)	(10,141)
Reclassification of personnel provisions	–	3,612	3,612
Benefits paid	(4,662)	(2,646)	(7,308)
At 31 December	<u>129,443</u>	<u>8,598</u>	<u>138,041</u>

	Germany <i>HK\$'000</i>	Other countries <i>HK\$'000</i>	Total <i>HK\$'000</i>
Change in plan assets			
At 1 January	57,689	–	57,689
Interest income	1,781	–	1,781
Return on plan assets (excluded interest income based on discount rate)	(420)	–	(420)
Contributions by the employer	294	–	294
Contributions by plan participants	2,772	–	2,772
Exchange adjustments	(3,726)	–	(3,726)
Benefits paid	(1,840)	–	(1,840)
At 31 December	<u>56,550</u>	<u>–</u>	<u>56,550</u>
Net liability due to defined benefit plans	<u><u>72,893</u></u>	<u><u>8,598</u></u>	<u><u>81,491</u></u>
	Germany <i>HK\$'000</i>	Other countries <i>HK\$'000</i>	Total <i>HK\$'000</i>
2025			
Change in defined benefit obligations			
At 1 January	129,443	8,598	138,041
Service cost	224	1,104	1,328
Interest cost	4,630	–	4,630
Actuarial (gains) losses	(11,951)	621	(11,330)
Contributions by plan participants	2,923	–	2,923
Exchange adjustments	15,596	2,383	17,979
Accrual from LEONI AG related to carve-out	3,259	–	3,259
Benefits paid	(2,432)	(552)	(2,984)
At 31 December	<u>141,692</u>	<u>12,154</u>	<u>153,846</u>
Change in plan assets			
At 1 January	56,550	–	56,550
Interest income	2,018	–	2,018
Return on plan assets (excluded interest income based on discount rate)	(379)	–	(379)
Contributions by the employer	293	–	293
Contributions by plan participants	2,923	–	2,923
Exchange adjustments	7,232	–	7,232
Accrual from LEONI AG related to carve-out	1,975	–	1,975
Benefits paid	(977)	–	(977)
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\$102,067,000, HK\$98,301,000 and HK\$113,582,000 in funded obligations and HK\$38,774,000, HK\$39,740,000 and HK\$40,264,000 in unfunded obligations at 31 December 2023, 2024 and 2025, respectively.

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:

	Germany <i>HK\$'000</i>	Other countries <i>HK\$'000</i>	Total <i>HK\$'000</i>
2023			
Current employees with non-vested benefits	68,964	–	68,964
Current employees with vested benefits	–	4,457	4,457
Former employees with non-vested benefits	32,938	–	32,938
Pensioners	34,482	–	34,482
Defined benefit obligations at the end of the fiscal year	<u>136,384</u>	<u>4,457</u>	<u>140,841</u>
2024			
Current employees with non-vested benefits	64,291	–	64,291
Current employees with vested benefits	–	8,598	8,598
Former employees with non-vested benefits	35,343	–	35,343
Pensioners	29,809	–	29,809
Defined benefit obligations at the end of the fiscal year	<u>129,443</u>	<u>8,598</u>	<u>138,041</u>
2025			
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	36,125	–	36,125
Defined benefit obligations at the end of the fiscal year	<u>141,692</u>	<u>12,154</u>	<u>153,846</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.

	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Discount rate plus 1%	(13,017)	(11,781)	(12,157)
Discount rate minus 1%	15,516	13,989	14,307
Rate of compensation plus 0.5%	1,404	1,333	1,459
Rate of compensation minus 0.5%	(1,308)	(1,241)	(1,359)
Life expectancy plus 1 year	1,808	1,716	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 years.

The average duration of the benefit obligations was 11 years, 10 years and 9 years in Germany at 31 December 2023, 2024 and 2025, respectively.

The contributions expected to be made by the Automotive Cable Solutions Business to defined benefit plan during the following 12 months will be amounted to HK\$272,000, HK\$294,000 and HK\$293,000 at 31 December 2023, 2024 and 2025, respectively.

28. SHARE CAPITAL AND RESERVES

In the periods presented, the Automotive Cable Solutions Business was not a group that was required to prepare consolidated financial statements in line with IFRS 10. The equity of Group is therefore presented as a net investment of LEONI AG including the retained earnings. Other comprehensive income is presented separately and includes the cumulative changes for currency translation differences, actuarial gains and losses as well as cash flow hedges.

29. CAPITAL RISK MANAGEMENT

The Automotive Cable Solutions Business manages its capital to ensure that entities in the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Automotive Cable Solutions Business consists of net debt, which includes the borrowings, amounts due to related companies, loan from a related company and lease liabilities, net of cash and cash equivalents and equity of the Automotive Cable Solutions Business, comprising issued share capital, retained earnings and other reserves.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
At amortised cost	<u>2,346,459</u>	<u>1,734,824</u>	<u>2,692,313</u>
Financial liabilities			
At amortised cost	<u>3,076,323</u>	<u>2,164,696</u>	<u>3,036,767</u>

(b) Financial risk management objectives and policies

The major financial instruments include trade and other receivables, other financial assets, cash and cash equivalents, trade and other payables, lease liabilities, borrowings, amounts due to related companies and loan from a related company. Details of these financial instruments are disclosed in respective notes. The risk 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 Automotive Cable Solutions Business to market risk arising from changes in foreign exchange rates. In addition, the Automotive Cable Solution Business has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Automotive Cable Solution Business to foreign currency risk.

Although the Automotive Cable Solutions Business conducts business mainly in EUR or in the local currency of the respective country, the Automotive Cable Solutions Business 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.

Selection of the hedging instrument to be used is based on regular, in-depth analysis of the underlying transaction to be hedged. Principally, the hedging transactions are in Mexican peso ("MXN"), USD, Polish zloty ("PLN"), Chinese Renminbi ("RMB") as well as Hungarian Forint ("HUF"). The objective is to limit the impact of exchange rate variation on net income. Apart from the actual hedging transactions, we primarily take advantage of the option of netting foreign currency items within the Automotive Cable Solutions Business to hedge our operating business activity. As a further currency-hedging measure, as a matter of principle we finance our foreign subsidiaries in their respective functional currencies by way of refinancing in the corresponding currency.

The Automotive Cable Solutions Business as a whole had currency-hedging transactions amounting to HK\$403,271,000, HK\$546,934,000 and HK\$711,196,000 at 31 December 2023, 2024 and 2025, respectively, and maturing within 15 months. The total fair value of forward exchange transactions existing at the end of each year presented was net assets of HK\$19,261,000 (included in other receivables of HK\$22,479,000 and other payables of

HK\$3,217,000), net liabilities of HK\$25,501,000 (included in other receivables of HK\$1,568,000 and other payables of HK\$27,070,000), and net assets of HK\$19,969,000 (included in other receivables of HK\$19,984,000 and other payables of HK\$15,000) at 31 December 2023, 2024 and 2025, respectively. The cash flows from the underlying transactions are mostly expected during the 2024 to 2026 financial year. The changes in fair value recognised in other comprehensive income are reclassified to the income statement in relation to the earnings effect of the underlying transaction.

There is an economic relationship between the hedged items and the hedging instruments because the terms of the forward exchange contracts match the future transactions that will occur with high probability (this is the case with the nominal amount, currency and probable payment date). The underlying risk of the forward exchange contracts is identical to the hedged risk components. The Automotive Cable Solutions Business has therefore stipulated a 1 to 1 hedge ratio for its hedging relationships.

The Automotive Cable Solutions Business' monetary assets and liabilities denominated in foreign currency at the end of each reporting period and the carrying amounts are as follows:

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets			
RMB	–	–	401
USD	18,802	26,550	133,696
MXN	–	–	10,896
PLN	–	98	565
HUF	243	317	474
TRY	859	496	219
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
RMB	–	–	9
USD	1,353	3,421	80,602
HUF	1,969	1,910	1,313
TRY	2,073	3,495	3,009
	<u> </u>	<u> </u>	<u> </u>

Sensitivity analysis

The following table details the Automotive Cable Solutions Business' sensitivity to a 10% increase and decrease in the foreign currencies against EUR. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the years end for a 10% change in foreign currency rates. A positive number below indicates an increase in post-tax loss or decrease in post-tax profit for the year where foreign currencies strengthen 10% against EUR. For a 10% weakening of foreign currencies against EUR, there would be an opposite impact on the post-tax profit or loss for the year.

	Year ended 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Impact on profit or loss			
– RMB	–	–	(28)
– USD	(1,237)	(1,640)	(3,764)
– MXN	–	–	(773)
– PLN	–	(7)	(40)
– HUF	122	113	59

	Year ended 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
– TRY	<u>86</u>	<u>213</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 Automotive Cable Solution Business's net exposure to currency risk arising from the hedging relationship and inter-group balance is insignificant.

Interest rate risk

The management of the Automotive Cable Solutions Business closely monitors interest rate movement and manages the potential risk. The Automotive Cable Solutions Business currently does not have an interest rate hedging policy. However, the management of the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business determines that the impact from changes in interest rates is insignificant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Automotive Cable Solutions Business' counterparties default on their contractual obligations resulting in financial losses to the Automotive Cable Solutions Business. The Automotive Cable Solutions Business' credit risk exposure are primarily attributable trade receivables, other receivables, deposits and bank balances. The Automotive Cable Solutions Business 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 Automotive Cable Solutions Business has concentration of credit risk on certain individual customers at 31 December 2023, 2024 and 2025.

For the Automotive Cable Solutions Business, the two largest trade receivable balances at 31 December 2023, 2024 and 2025, accounted for HK\$625,564,000, HK\$518,648,000 and HK\$588,536,000, respectively, and 33%, 36% and 36%, respectively, of the trade receivables and the largest trade receivable balance was HK\$582,595,000, HK\$363,531,000 and HK\$432,414,000, respectively, and 30%, 25% and 27%, respectively, of the Automotive Cable Solutions Business' total trade receivables at 31 December 2023, 2024 and 2025, respectively.

In order to minimise the credit risk of those receivables, the management of the Automotive Cable Solutions Business closely monitors the recoverability of the amount due. In this regard, the management of the Automotive Cable Solutions Business considers that the Automotive Cable Solutions Business' credit risk is significantly reduced.

In order to minimise the credit risk, the management of the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business has applied the simplified approach of IFRS 9 to measure the loss allowance at lifetime ECL. In addition, the Automotive Cable Solutions Business performs impairment assessment under ECL model on trade receivables individually.

Other receivables and deposits

The Automotive Cable Solutions Business 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

As of 31 December 2023, 2024 and 2025, the Automotive Cable Solutions Business performed impairment assessment on bank balances by reference to the average loss rates for respective credit rating grades published by international credit-rating agencies and concluded that the ECL is insignificant.

The Automotive Cable Solutions Business' internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Others
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 Automotive Cable Solutions Business have no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below details the credit risk exposures of the Automotive Cable Solutions Business' financial assets:

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
				At 31 December		
				2023	2024	2025
				HK\$'000	HK\$'000	HK\$'000
Trade receivables – contracts with customers	19	Low risk	Lifetime ECL	1,314,001	776,912	1,280,020
		Average risk	Lifetime ECL	29,833	36,278	11,461
		Above-average risk	Lifetime ECL	588,334	650,030	328,901

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount		
				At 31 December		
				2023	2024	2025
				HK\$'000	HK\$'000	HK\$'000
Other receivables and deposits	19	Low risk	12m ECL	144,284	174,271	168,253
Bank balances	20	N/A	12m ECL	<u>284,056</u>	<u>106,679</u>	<u>910,772</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 Automotive Cable Solutions Business using internal credit rating:

	HK\$'000
At 1 January 2023	17,949
Impairment loss under ECL reversed, net	(4,543)
Exchange adjustments	<u>643</u>
At 31 December 2023	14,049
Impairment loss under ECL reversed, net	(4,275)
Exchange adjustments	<u>(428)</u>
At 31 December 2024	9,346
Impairment loss under ECL reversed, net	(3,225)
Exchange adjustments	<u>973</u>
At 31 December 2025	<u><u>7,094</u></u>

Liquidity risk

In the management of the liquidity risk, the Automotive Cable Solutions Business monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Automotive Cable Solutions Business to finance the Automotive Cable Solutions Business' operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Automotive Cable Solutions Business' 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 Automotive Cable Solutions Business 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	1 to 2 years	2 to 5 years	Over 5 years	Undiscounted cash flows	Carrying amount						
								%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<u>At 31 December 2023</u>													
Trade and other payables	-	1,856,451	-	-	-	1,856,451	1,856,451						

	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
Borrowings	9.50	36,782	-	-	-	36,782	36,782
Amounts due to related companies	6.85	1,183,090	-	-	-	1,183,090	1,183,090
		<u>3,076,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,076,323</u>	<u>3,076,323</u>
Lease liabilities	6.42	<u>46,727</u>	<u>49,147</u>	<u>104,703</u>	<u>70,854</u>	<u>271,431</u>	<u>240,350</u>
<u>At 31 December 2024</u>							
Trade and other payables	-	1,870,949	-	-	-	1,870,949	1,870,949
Borrowings	8.50	28,444	-	-	-	28,444	28,444
Amounts due to related companies	6.85	265,303	-	-	-	265,303	265,303
		<u>2,164,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,164,696</u>	<u>2,164,696</u>
Lease liabilities	6.65	<u>68,566</u>	<u>65,283</u>	<u>120,114</u>	<u>69,549</u>	<u>323,512</u>	<u>266,791</u>
<u>At 31 December 2025</u>							
Trade and other payables	-	1,075,230	-	-	-	1,075,230	1,075,230
Loan from a related company	3.54	145,158	66,821	2,008,066	-	2,220,045	1,961,537
		<u>1,220,388</u>	<u>66,821</u>	<u>2,008,066</u>	<u>-</u>	<u>3,295,275</u>	<u>3,036,767</u>
Lease liabilities	5.53	<u>70,363</u>	<u>50,449</u>	<u>97,397</u>	<u>39,380</u>	<u>257,589</u>	<u>228,512</u>

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

The management of the Automotive Cable Solutions Business 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.

31. 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 1 January 2023	231,882	717,074	-	867,247	-
Financing cash flows (Note (i))	(51,541)	(696,306)	(392,013)	272,181	-
Other changes (Note (ii))	60,009	16,014	392,013	43,662	-

	Lease liabilities	Borrowings	Interest payables	Amounts due to related companies	Loan from a related company
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2023	240,350	36,782	–	1,183,090	–
Financing cash flows (<i>Note (i)</i>)	(53,924)	(6,226)	(156,037)	(871,671)	–
Other changes (<i>Note (ii)</i>)	<u>80,365</u>	<u>(2,112)</u>	<u>156,037</u>	<u>(46,116)</u>	<u>–</u>
At 31 December 2024	266,791	28,444	–	265,303	–
Financing cash flows (<i>Note (i)</i>)	(58,379)	(30,178)	(153,522)	(281,479)	1,864,928
Other changes (<i>Note (ii)</i>)	<u>20,100</u>	<u>1,734</u>	<u>153,522</u>	<u>16,176</u>	<u>96,609</u>
At 31 December 2025	<u><u>228,512</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>1,961,537</u></u>

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, interest expenses and addition/modification/termination of lease liabilities.

32. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Automotive Cable Solutions Business entered into the following transactions and balances with related companies:

Relationship	Nature of balances/transactions	2023	2024	2025
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Fellow subsidiaries	Revenue	2,328,462	2,060,218	2,296,576
	Other operating income from administrative services provided	16,622	9,285	4,485
	Administrative services obtained	307,765	152,120	151,034
	Interest income	5,773	23,688	10,518
	Finance costs	147,652	128,866	59,032
	Amounts due from fellow subsidiaries (included in trade and other receivables)	582,595	363,531	534,069
	Amounts due to fellow subsidiaries (included in trade and other payables)	52	19,618	4,960
	Amounts due to related companies	1,183,090	265,303	–
	Holding company	Finance costs	–	–
Loan from a related company		–	–	1,961,537

Note: At 31 December 2023 and 2024, the Automotive Cable Solutions Business' assets are also pledged to banks to secure the banking facilities of LEONI AG Group, in addition to those of the Automotive Cable Solutions Business.

Management compensation

The compensation for management in the key positions within the Automotive Cable Solutions Business corresponds to that for the senior management amounted to HK\$7,540,000, HK\$11,482,000 and HK\$11,330,000 for the years ended 31 December 2023, 2024 and 2025, respectively. The short-term benefits included, along with the fixed compensation, a variable component of HK\$2,106,000, HK\$6,107,000 and HK\$6,398,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

The remuneration of key management is determined by the Automotive Cable Solutions Business 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 years ended 31 December 2023, 2024 and 2025, the compensation for former executives and their surviving dependants amounted to HK\$365,000, HK\$378,000 and HK\$414,000, respectively. Provision for pension obligations amounting to HK\$12,907,000, HK\$12,969,000 and HK\$12,158,000, respectively, was made for this purpose.

All other presented transactions are completed on standard market terms.

33. PARTICULARS OF SUBSIDIARIES OF LEONI KABEL

Name of entity	Place of operation/ establishment	Issued and fully paid share capital/registered capital at 31 December			Shareholding/equity interest attributable as at 31 December			Principal activities	Notes
		2023 '000	2024 '000	2025 '000	2023	2024	2025		
Leonische Holding, Inc.	USA	US\$0.02	US\$0.02	US\$0.02	100%	100%	100%	Investment holding	(1)
LEONI Cable, Inc.	USA	US\$0.03	US\$0.03	US\$0.03	100%	100%	100%	Sales and distribution automotive cables	(1)
LEONI Cable S.A. de C.V.	Mexico	MXN34,960	MXN34,960	MXN34,960	100%	100%	100%	Production of automotive cables	(2)
LEONI Cable de Chihuahua S.A. de C.V.	Mexico	MXN50	MXN50	MXN50	100%	100%	100%	Sales and distribution automotive cables	(2)
LEONI Cable Assemblies GmbH	Germany	EUR30	EUR30	EUR30	100%	100%	100%	Investment holding	(4)
LEONI High Temp Solutions GmbH	Germany	EUR2,525	EUR2,525	EUR2,525	100%	100%	100%	Production of specialised high-temperature cables	(3)
LEONI Slovakia spol. s.r.o.	Slovakia	EUR9,904	EUR9,904	EUR9,904	100%	100%	100%	Production and sales of automotive cables	(5)
LKH LEONI Kábelgyár Hungária Kft.	Hungary	EUR1,010	EUR1,010	EUR1,010	100%	100%	100%	Production and sales of automotive cables	(6)

Name of entity	Place of operation/ establishment	Issued and fully paid share capital/registered capital at 31 December			Shareholding/equity interest attributable as at 31 December			Principal activities	Notes
		2023 '000	2024 '000	2025 '000	2023	2024	2025		
LEONI Kabel Polska sp. z o.o.	Poland	PLN45,000	PLN45,000	PLN45,000	100%	100%	100%	Production and sales of automotive cables	(7)
Leoni Kablo ve Teknolojileri Sanayi ve Ticaret Ltd. Şirketi	Turkey	TRY714	TRY714	TRY714	100%	100%	100%	Production and sales of automotive cables	(8)
LEONI Cable Solutions RO S.R.L.	Romania	N/A	N/A	RON245	N/A	N/A	100%	Provision of internal information technology services	(9)
LEONI Cable Solutions Morocco S.A.S.U.	Morocco	N/A	N/A	EUR50	N/A	N/A	100%	Inactive	(10)
LEONI Cable (China) Co., Ltd. * 莱尼电气线缆(中国)有限公司	The PRC	US\$36,324	US\$36,324	US\$36,324	100%	100%	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 years ended 31 December 2023 and 2024 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 Galaz, Yamazaki, Ruiz Urquiza, S. C., certified public accountants registered in Mexico in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. The statutory financial statements of the companies 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 High Temp Solutions GmbH for the years ended 31 December 2023 and 2024 were prepared in accordance with IFRS Accounting Standards as adopted by the European Union and were audited by Deloitte GmbH, certified public accountants registered in Germany in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. The statutory financial statements of the company for the year ended 31 December 2025 was prepared in accordance with IFRS Accounting Standards as adopted by the European Union and was 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 years ended 31 December 2023 and 2024 were prepared in accordance with IFRS Accounting Standards as adopted by the European Union and were audited by Deloitte Audit 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. The statutory financial statements of the company for the year ended 31 December 2025 was prepared in accordance with IFRS Accounting Standards as adopted by the European Union and was 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 years ended 31 December 2023 and 2024 were prepared in accordance with Act C of 2000 on Accounting effective in Hungary and were audited by Deloitte Auditing and Consulting Ltd., certified public accountants registered in Hungary in accordance with Hungarian National Standards on Auditing issued by The Chamber of Hungarian Auditors. The statutory financial statements of the company for the year ended 31 December 2025 was prepared in accordance with Act C of 2000 on Accounting effective in Hungary and was 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 Auditor.
- (7) The statutory financial statements of LEONI Kabel Polska sp. z o.o. for the years ended 31 December 2023 and 2024 were prepared in accordance with Accounting Act of 29 September 1994 and were audited by Deloitte Assurance Polska, 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. The statutory financial statements of the company for the year ended 31 December 2025 was prepared in accordance with Accounting Act of 29 September 1994 and was 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 years ended 31 December 2023 and 2024 were prepared in accordance with Financial Reporting Standards for Large and Medium sized Entities and were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik 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. The statutory financial statements of the company for the year ended 31 December 2025 was prepared in accordance with Financial Reporting Standards for Large and Medium sized Entities and was audited by BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş., certified public accountants registered in Turkey in accordance with Standards on Independent Auditing which is 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 years ended 31 December 2023 and 2024 were prepared in accordance with China Accounting Standard for Business Enterprises and were audited by Changzhou JinZheng XingYe Certified Public Accountants, 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. The statutory financial statements of the company for the year ended 31 December 2025 was prepared in accordance with China Accounting Standard for Business Enterprises and was 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 China 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.

34. PLEDGE OF ASSETS

At 31 December 2023, 2024 and 2025, certain assets of the Automotive Cable Solutions Business were pledged to banks to secure banking facilities granted to the Automotive Cable Solutions Business. The carrying values of these assets at the end of the reporting period were as follows:

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	2,438,655	1,900,558	–
Bank balances	32,175	22,479	36,472
Trade receivables	90,879	70,744	–
Inventories	91,729	67,191	–
Other financial assets	9,444	5,941	–
	<u>2,662,882</u>	<u>2,066,913</u>	<u>36,472</u>

35. COMMITMENTS

- (a) The Automotive Cable Solutions Business had the following capital commitments at the end of the reporting period:

	At 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for:			
– Property, plant and equipment	<u>15,335</u>	<u>16,925</u>	<u>14,287</u>

- (b) Operating lease commitments

The Automotive Cable Solutions Business leased certain properties under operating lease arrangements. Leases for properties were with terms of 12 months or less. At 31 December 2023, 2024 and 2025, the Automotive Cable Solutions Business had total future minimum lease payments under non-cancellable operating leases in relation to these lease arrangements is HK\$31,001,000, HK\$1,504,000 and HK\$3,044,000, respectively.

(c) Litigation, claims and contingent liabilities

Several subsidiaries of the Automotive Cable Solutions Business are involved in various legal proceedings and potential claims. Based on legal assessments, the Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business 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 Automotive Cable Solutions Business' business.

36. SUBSEQUENT EVENTS

No significant activities or events have taken place subsequent to 31 December 2025 that have a material impact on the Automotive Cable Solutions Business.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Automotive Cable Solutions Business, LEONI Kabel or any of its subsidiaries have been prepared in respect of any period subsequent to the end of the Relevant Periods.

Set out below is the management discussion and analysis of the Target Group for the period from 5 September 2024 (the date of incorporation of the Target Company) to 31 December 2024 and the year ended 31 December 2025 (the “Reporting Period A”) and the management discussion and analysis of the Leoni LCS Group for the years ended 31 December 2023, 2024 and 2025 (the “Reporting Period B”), which are prepared based on the financial information of the Target Group and the Leoni LCS Group as set out in Appendix IIA and Appendix IIB to this circular, respectively. Given that the Target Company was only established on 5 September 2024 whereas the Leoni LCS Group has been in existence throughout the last three financial years, the management discussion and analysis has covered the Reporting Period A and the Reporting Period B so as to provide more meaningful and comprehensive information regarding the Target Group and the Leoni LCS Group.

BUSINESS REVIEW

The Target Company was incorporated in Singapore with limited liability on 5 September 2024. As at the Latest Practicable Date, the Target Company is held as to 49% and 51% by the Company and the Vendor, respectively. Originally established as a holding company to pursue acquisition of overseas businesses, the Target Company extended its operation to indent trading of vehicle parts and accessories similar to the Leoni LCS Group’s products following interest from Southeast Asian branch of a major, long-standing international customer for vehicle parts procurement services in Singapore. Since April 2025, the Target Company has been engaged in wholesale of vehicle parts and accessories by sourcing products from other suppliers including the Group, which was not related to the core business of the Target Group. During the year ended 31 December 2025, the revenue generated from the Target Company’s trading business amounted to approximately HK\$69.7 million and the Target Group will continue to operate this trading business following Completion. On 9 July 2025, the Target Company completed the acquisition of the entire issued share capital of LEONI Kabel and became the holding company of the Leoni LCS Group. As at the Latest Practicable Date, the Target Group has 14 subsidiaries which are incorporated in China, Germany, Mexico, the United States of America, Morocco, Poland, Hungary, Slovakia, Romania and Turkey. Through the acquisition of Leoni LCS Group, the Target Group is now engaged in developing, manufacturing and sales of copper cables transmitting power, signals and data for the automotive sector and other industries.

FINANCIAL REVIEW

(A) Financial Review of the Target Group

Financial performance of the Target Group

Set out below is the extract of the consolidated statements of profit or loss and other comprehensive income 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.

	For the period from 5 September 2024 (date of incorporation) to 31 December 2024 HK\$'000	For the year ended 31 December 2025 HK\$'000
Revenue	–	6,405,554
Gross profit	–	851,643
(Loss) profit for the period/year	(39)	163,738

Prior to the acquisition of the Leoni LCS Group, the Target Group only consisted of the Target Company which had not commenced any operation during the period from 5 September 2024 (date of incorporation) to 31 December 2024. Upon the acquisition of the Leoni LCS Group on 9 July 2025, the Target Company became the holding company of the Leoni LCS Group and the financial results of the Leoni LCS Group were consolidated into the consolidated financial statements of the Target Group. Therefore, the financial performance of the Target Group for the year ended 31 December 2025 mainly reflected the post-acquisition performance of the Leoni LCS Group. Furthermore, following interest from Southeast Asian customer for vehicle parts procurement services in Singapore, the Target Company has commenced its trading business of vehicle parts and accessories during the year ended 31 December 2025, which generated revenue and net loss of approximately HK\$69.7 million and HK\$47.2 million, respectively. The net loss incurred by the Target Company for the year ended 31 December 2025 was primarily attributable to the interest expenses arising from the loans borrowed from the Vendor.

Segment information

The Target Group only operates in one single segment which is the manufacture and sale of automotive cable solutions business during the Reporting Period A. In this regard, no segmental information is presented.

Capital structure, liquidity and financial resources

As at 31 December 2024 and 2025, the Target Group had net assets of approximately HK\$3.1 million and HK\$193.8 million, respectively. The Target Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Target Group's operations were primarily funded through the cash flow generated from its operating activities and the loans from related companies.

As at 31 December 2024 and 2025, the Target Group had cash and cash equivalents (including restricted bank balances) of approximately HK\$3.1 million and HK\$913.2 million, respectively, which were denominated in SGD, RMB, US\$, EUR, HUF, TRY, PLN and MXN. The Target Group did not have any bank borrowings as at 31 December 2024 and 2025.

Gearing ratio

The gearing ratio of the Target Group, which was calculated based on the total debt (summation of loan from a related company and lease liabilities) divided by total equity of the Target Group, was approximately nil and 2,734.6% as at 31 December 2024 and 2025, respectively.

Charges on assets

As at 31 December 2025, the Target Group's bank deposits of approximately HK\$34.1 million were pledged to banks to secure the banking facilities granted to the Target Group.

Capital Commitment

As at 31 December 2025, the Target Group had capital commitments of approximately HK\$14.3 million, which were mainly related to the acquisition of the property, plant and equipment for the production of the Target Group.

Contingent liabilities

Several subsidiaries of the Target Group are involved in various legal proceedings and potential claims with an aggregate estimated amounts of approximately EUR0.4 million. 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.

Saved as disclosed above, the Target Group did not have any significant contingent liabilities or material litigation as at 31 December 2024 and 2025.

Foreign exchange exposure

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.

Selection of the hedging instrument to be used is based on regular, in-depth analysis of the underlying transaction to be hedged. Principally, the hedging transactions are in MXN, US\$, PLN, RMB as well as HUF. The objective is to limit the impact of exchange rate variation on net income. Apart from the actual hedging transactions, the Target Group primarily take advantage of the option of netting foreign currency items within the Target Group to hedge its operating business activity. As a further currency-hedging measure, as a matter of principle, the Target Group finance its foreign subsidiaries in their respective functional currencies by way of refinancing in the corresponding currency.

Significant investments, material acquisitions and disposals

Save for the acquisition of the Leoni LCS Group on 9 July 2025, the Target Group did not have any significant investments or material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period A.

Future plan for material investment or capital assets

As at the Latest Practicable Date, the Target Group had no plans to commence new businesses or to carry out any material investments or capital asset acquisitions.

Employee and remuneration policies

As at 31 December 2024 and 2025, the Target Group had 1 and 3,250 employees, respectively, and the total remuneration including the contribution to mandatory retirement benefits schemes, wages and salaries and other employee benefits amounted to approximately HK\$34,000 and HK\$616.8 million for the Reporting Period A, respectively.

The Target Group regularly reviews its remuneration policy and related packages. While the Target Group has not adopted or implemented any share option scheme, bonuses will be awarded to employees according to the assessment of their performance on a case-by-case basis. The remuneration policy of the employees of the Target Group is determined based on their responsibilities, abilities, skills, experience and performance as well as market salary levels. The Target Group also provides training to the employees to enhance their skills and knowledge periodically.

(B) Financial Review of the Leoni LCS Group*Financial performance of the Leoni LCS Group**Revenue*

The Leoni LCS Group generates its revenue mainly from the sales of automotive cables, charging cables and industry cables. The Leoni LCS Group's revenue decreased from approximately HK\$12,436.4 million for the year ended 31 December 2023 to approximately HK\$11,597.7 million for the year ended 31 December 2024, which was attributable to the decrease in sales demand from customers in the EMEA regions. The Target Group's revenue rebounded to approximately HK\$11,997.1 million, which was mainly due to the increase in sales demand of the charging cables and the appreciation of EUR that resulted in a higher reported sales upon translation into HK\$.

Cost of sales

The Leoni LCS Group recorded an increase in cost of sales from approximately HK\$9,717.2 million for the year ended 31 December 2023 to approximately HK\$10,826.3 million for the year ended 31 December 2024. The cost of sales of the Leoni LCS Group for the year ended 31 December 2023 was relatively lower as certain property, plant and equipment, intangible assets and right-of-use assets impaired in prior year due to insolvency risks was subsequently reversed in 2023 upon successful implementation of restructuring and refinancing plans. The cost of sales of the Leoni LCS Group remained relatively stable at approximately HK\$10,507.8 million for the year ended 31 December 2025 as compared to that for 2024.

Gross profit

The gross profit of the Leoni LCS Group decreased from approximately HK\$2,719.2 million for the year ended 31 December 2023 to approximately HK\$771.5 million for the year ended 31 December 2024. Such decrease was mainly due to (i) the absence of the abovementioned reversal of impairment that reflected in the cost of sales for the year ended 31 December 2023; and (ii) the impairment on certain property, plant and equipment, intangible assets and right-of-use assets recognised for the year ended 31 December 2024 to write-down the carrying amounts of these non-current assets to the fair value with reference to the acquisition cost of the Leoni LCS Group by the Target Company. The gross profit of the Leoni LCS Group rebounded to approximately HK\$1,489.3 million for the year ended 31 December 2025 as no further impairment was recognised during the year.

Other operating income

The other operating income of the Leoni LCS Group decreased from approximately HK\$61.6 million for the year ended 31 December 2023 to approximately HK\$45.9 million for the year ended 31 December 2024, which was mainly attributable to decrease in government subsidies received and the gains on disposals of property, plant and equipment as well as intangible assets. The other operating income of the Leoni LCS Group further decrease to approximately HK\$36.8 million for the year ended 31 December 2025, which was mainly attributable to decrease in the exchange gain from operations and state tax refund over payroll.

Other revenue

The other revenue of the Leoni LCS Group mainly represents interest income received, which amounted to approximately HK\$6.1 million, HK\$24.8 million and HK\$15.9 million for the year ended 31 December 2023, 2024 and 2025.

Selling expenses

The selling and distribution expenses of the Leoni LCS Group decreased from approximately HK\$482.1 million for the year ended 31 December 2023 to approximately HK\$465.3 million for the year ended 31 December 2024. Such decrease was mainly due to the decrease in freight and transportation charges as a result of the decrease in sales of the Leoni LCS Group during the year ended 31 December 2024. Thereafter, the selling and distribution expenses of Target Group increased to approximately HK\$497.8 million for the year ended 31 December 2025, which was driven by the increase in freight and transportation charges as a result of the rebound of the sale demands of the Leoni LCS Group's products during the year.

General and administrative expenses

The general and administrative expenses of the Leoni LCS Group decreased from approximately HK\$555.0 million for the year ended 31 December 2023 to approximately HK\$487.9 million for the year ended 31 December 2024 as higher central administrative costs was charged by the parent company in 2023. Thereafter, the general and administrative expenses of the Leoni LCS Group increased to approximately HK\$504.0 million for the year ended 31 December 2025, which was mainly due to the appreciation of EUR against HK\$ that resulted in a higher reported amount upon translation.

Research and development expenditure

The research and development expenditure of the Leoni LCS Group remained relatively stable at approximately HK\$52.3 million, HK\$58.3 million and HK\$61.1 million for the years ended 31 December 2023, 2024 and 2025, respectively.

Other operating expenses

The Leoni LCS Group recorded the other operating expenses of approximately HK\$56.0 million, HK\$10.8 million and HK\$36.9 million for the years ended 31 December 2023, 2024 and 2025, respectively. The other operating expenses of the Leoni LCS Group for the year ended 31 December 2024 was relatively lower as no real estate taxes was incurred during the year.

Finance costs

The finance costs of the Leoni LCS Group remained relatively stable at approximately HK\$339.0 million and HK\$335.4 million for the year ended 31 December 2023 and 2024, respectively. The finance costs of the Leoni LCS Group decreased to approximately HK\$219.1 million for the year ended 31 December 2025 as the Leoni LCS Group has repaid its bank borrowings and borrowed its funds from the Luxshare Precision Group with lower interest rate during the year after the acquisition by the Target Company.

Income tax expenses

The income tax expenses of the Leoni LCS Group decreased from approximately HK\$271.5 million for the year ended 31 December 2023 to approximately HK\$82.9 million for the year ended 31 December 2024. The relatively higher income tax expenses for the year ended 31 December 2023 was mainly due to the deferred tax expense recognised in respect of the reversal of impairment on certain property, plant and equipment, intangible assets and right-of-use assets for prior years. Thereafter, the income tax expenses of the Leoni LCS Group increased to approximately HK\$97.8 million for the year ended 31 December 2025, which was mainly due to the increase in taxable income during the year.

Profit for the year

Upon implementation of refinancing plans, the insolvency risks faced by the Leoni LCS Group were successfully addressed and the impairment loss on the non-current assets recognised in previous financial years of approximately HK\$1,134.9 million has been reversed and reflected in the cost of sales during the year ended 31 December 2023 (the “**2023 Impairment Reversal**”), leading to the relatively high net profit of approximately HK\$1,031.0 million. During the year ended 31 December 2024, the impairment loss on non-current assets of approximately HK\$660.4 million was recognised to reflect the fair values of these non-current assets with reference to the acquisition costs of the Leoni LCS Group by the Target Company (the “**2024 Impairment**”). With the absence of 2023 Impairment Reversal and 2024 Impairment, the Leoni LCS Group recorded significant loss of approximately HK\$598.4 million for the year ended 31 December 2024. Given that there was no significant impairment or reversal of impairment recognised for the non-current assets of the Leoni LCS Group, the net profit of the Leoni LCS Group has been normalised and amounted to approximately HK\$125.2 million for the year ended 31 December 2025.

Having considered that (i) should the 2023 Impairment Reversal and 2024 Impairment be excluded, the Leoni LCS Group would recorded net loss of approximately HK\$103.9 million, net profit of approximately HK\$61.9 million and HK\$125.2 million for the year ended 31 December 2023, 2024 and 2025, respectively, representing a continuous improvement in the financial performance over the past three years; (ii) the Consideration was determined with reference to the net asset value of the Target Group, which was not affected by the fluctuations in earnings over the past few financial years; (iii) the Acquisition can provide immediate financial contribution to the Group; and (iv) the established presence of the Target Group in overseas markets allows the Group to expand its production and sales networks to other countries immediately, the Directors considered that the Acquisition is fair and reasonable.

Segment information

The Leoni LCS Group only operates in one single segment which is the manufacture and sale of automotive cable solutions business during the Reporting Period B. In this regard, no segmental information is presented.

Capital structure, liquidity and financial resources

As at 31 December 2023, 2024 and 2025, the Leoni LCS Group had net assets of approximately HK\$3,456.7 million, HK\$2,807.9 million and HK\$3,285.7 million, respectively. The Leoni LCS Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Leoni LCS Group’s operations were primarily funded through the cash flow generated from its operating activities, the loans from related companies and external borrowings.

The capital structure of the Leoni LCS Group comprised mainly issued share capital and reserves. In particular, the reserves of the Leoni LCS Group consisted of (i) the additional paid-in capital arising from the reorganisation of the Leoni LCS Group prior to acquisition by the Target Company; (ii) the retained earnings accumulated over the years; (iii) the translation reserves arising from the translation of the reporting currency of individual entity into presentation currency for the consolidated financial statements of the Leoni LCS Group; (iv) the cash flow hedging reserves in relation to the hedging instruments; and (v) remeasurement of defined benefits plans reserves in relation to the defined benefits plans funded by the Leoni LCS Group for its employees. As at 31 December 2023, 2024 and 2025, the reserves of the Leoni LCS Group amounted to approximately HK\$3,456.7 million, HK\$2,807.9 million and HK\$3,238.3 million, respectively. Given that the Leoni LCS Group was acquired by the Target Company on 9 July 2025, only post-acquisition reserves of the Leoni LCS Group will be consolidated with that of the Target Group. As such, the reserves of the Leoni LCS Group as at 31 December 2025 is significantly higher than that of the Target Group as the pre-acquisition reserves of the Leoni LCS Group has been eliminated upon acquisition by the Target Company on 9 July 2025.

As at 31 December 2023, 2024 and 2025, the Leoni LCS Group had cash and cash equivalents (including restricted bank balances) of approximately HK\$284.1 million, HK\$106.7 million and HK\$910.8 million, respectively, which were denominated in TRY, RMB, US\$, EUR, HUF, PLN and MXN. As at 31 December 2023, 2024 and 2025, the Leoni LCS Group had interest-bearing bank borrowings of approximately HK\$36.8 million, HK\$28.4 million and nil, respectively, which were borne with floating interest rate. The Leoni LCS Group's bank borrowings were denominated in EUR. The weighted average effective interest rate of bank borrowings as at 31 December 2023 and 2024 is 9.5% per annum and 8.5% per annum, respectively. The interest-bearing bank borrowings of the Target Group were repayable within one year as at 31 December 2023 and 2024, respectively.

Gearing ratio

The gearing ratio of the Leoni LCS Group, which was calculated based on the total debt (summation of bank borrowings, lease liabilities, amounts due to related companies and loan from a related company) divided by total equity of the Leoni LCS Group, was approximately 42.2%, 20.0% and 66.7% as at 31 December 2023, 2024 and 2025, respectively.

Charges on assets

As at 31 December 2023, 2024 and 2025, certain assets of the Leoni LCS Group were pledged to banks to secure banking facilities granted to the Leoni LCS Group. The carrying values of these assets at the end of the reporting period were as follows:

	As at 31 December		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	2,438,655	1,900,558	–
Bank balances	32,175	22,479	34,147
Trade receivables	90,879	70,744	–
Inventories	91,729	67,191	–
Other financial assets	9,444	5,941	–
	<u>2,662,882</u>	<u>2,066,913</u>	<u>34,147</u>

Capital Commitment

As at 31 December 2023 and 2024 and 2025, the Leoni LCS Group had capital commitments of approximately of HK\$15.3 million, HK\$16.9 million and HK\$14.3 million, respectively, which were mainly related to the acquisition of property, plant and equipment for the production of the Leoni LCS Group.

Contingent liabilities

Several subsidiaries of the Leoni LCS Group are involved in various legal proceedings and potential claims with an aggregated estimated amounts of approximately EUR0.4 million. Based on legal assessments, the Leoni LCS 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 Leoni LCS 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 Leoni LCS 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 Leoni LCS Group consider that the amount of obligation cannot be measured reliably. Accordingly, no provision for liability has been made in connection with this claim.

Saved as disclosed above, the Leoni LCS Group did not have any significant contingent liabilities or material litigation as at 31 December 2023, 2024 and 2025.

Foreign exchange exposure

Certain group entities have sales denominated in foreign currency, other than the functional currency of respective entities, which expose the Leoni LCS Group to market risk arising from changes in foreign exchange rates. In addition, the Leoni LCS Group has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Leoni LCS Group to foreign currency risk. Although the Leoni LCS Group conducts business mainly in EUR or in the local currency of the respective country, the Leoni LCS 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.

Selection of the hedging instrument to be used is based on regular, in-depth analysis of the underlying transaction to be hedged. Principally, the hedging transactions are in MXN, US\$, PLN, RMB as well as HUF. The objective is to limit the impact of exchange rate variation on net income. Apart from the actual hedging transactions, the Leoni LCS Group primarily take advantage of the option of netting foreign currency items within the Leoni LCS Group to hedge its operating business activity. As a further currency-hedging measure, as a matter of principle, the Leoni LCS Group finance its foreign subsidiaries in their respective functional currencies by way of refinancing in the corresponding currency.

Significant investments, material acquisitions and disposals

The Leoni LCS Group did not have any significant investments or material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period B.

Future plan for material investment or capital assets

As at the Latest Practicable Date, the Leoni LCS Group had no plans to commence new businesses or to carry out any material investments or capital asset acquisitions.

Employee and remuneration policies

As at 31 December 2023, 2024 and 2025, the Leoni LCS Group had 3,471, 3,318 and 3,249 employees, respectively, and the total remuneration including the contribution to mandatory retirement benefits schemes, wages and salaries and other employee benefits amounted to approximately HK\$1,227.2 million, HK\$1,258.0 million and HK\$1,285.7 million for the Reporting Period B, respectively.

The Leoni LCS Group regularly reviews its remuneration policy and related packages. While the Leoni LCS Group has not adopted or implemented any share option scheme, bonuses will be awarded to employees according to the assessment of their performance on a case-by-case basis. The remuneration policy of the employees of the Leoni LCS Group is determined based on their responsibilities, abilities, skills, experience and performance as well as market salary levels. The Leoni LCS Group also provides training to the employees to enhance their skills and knowledge periodically.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

On 23 April 2026, Time Interconnect Technology Limited (the “**Company**”) entered into the sales and purchase agreement (the “**S&P Agreement**”) with Luxshare Precision Limited (the “**Vendor**”), the immediate parent company of the Company, pursuant to which the Company has conditionally agreed to acquire 51% share capital of Time Interconnect Singapore Pte. Ltd. (the “**Target Company**”) and its subsidiaries (collectively referred to as the “**Target Group**”) (the “**Proposed Acquisition**”).

The unaudited pro forma financial information has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) to provide information on the Company and its subsidiaries (collectively referred to as the “**Group**”) and the Target Group (collectively referred to as the “**Enlarged Group**”) to illustrate the effect of the Proposed Acquisition on the Group’s financial position as at 31 December 2025 as if the Proposed Acquisition had taken place on 31 December 2025.

The unaudited pro forma consolidated statement of assets and liabilities as at 31 December 2025 and related notes (hereinafter collectively referred to as the “**Unaudited Pro Forma Financial Information**”) of the Enlarged Group are prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2025 as extracted from the published annual report of the Company for the year ended 31 December 2025; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 December 2025 as extracted from the Accountants’ Report on the Target Group set out in Appendix IIA to this circular dated 25 June 2026 (the “**Circular**”), after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Proposed Acquisition that are (i) directly attributable to the Proposed Acquisition; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the Unaudited Pro Forma Financial Information of the Enlarged Group may not give a true picture of the financial position of the Enlarged Group would have been if the Proposed Acquisition had been completed on 31 December 2025 or any future date.

The Unaudited Pro forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in Appendix I to the Circular and the historical financial information of the Target Group as set out in Appendix IIA to the Circular and other financial information included elsewhere in the Circular.

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**
Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group					Pro forma of
	as at 31					the Enlarged
	December 2025					Group as at 31
	Pro forma adjustments					December 2025
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
Non-current assets						
Property, plant and equipment	1,424,921	-	-	2,304,785	-	3,729,706
Investment properties	70,166	-	-	-	-	70,166
Right-of-use assets	307,810	-	-	158,424	-	466,234
Intangible assets	110,152	-	-	51,218	-	161,370
Deposits paid for acquisition of property, plant and equipment	31,067	-	-	-	-	31,067
Goodwill	31,105	-	-	-	-	31,105
Associates	101,298	(95,011)	-	-	-	6,287
Equity investment at fair value through other comprehensive income	2,611	-	-	-	-	2,611
Rental deposits	4,020	-	-	-	-	4,020
Deferred tax assets	42,444	-	-	124,990	-	167,434
Other financial assets	-	-	-	21,537	-	21,537
Other non-current assets	-	-	-	1,900	-	1,900
	<u>2,125,594</u>	<u>(95,011)</u>	<u>-</u>	<u>2,662,854</u>	<u>-</u>	<u>4,693,437</u>
Current assets						
Inventories	2,320,421	-	-	1,651,073	-	3,971,494
Financial assets at fair value through profit or loss	1,300	-	-	-	-	1,300
Trade and other receivables	3,170,551	-	(24,146)	1,956,940	-	5,103,345
Contract assets	9,405	-	-	-	-	9,405
Taxation recoverable	3,671	-	-	29,250	-	32,921
Pledged bank deposits	775,774	-	-	-	-	775,774
Bank balances and cash	767,107	(98,807)	-	913,159	-	1,581,459
	<u>7,048,229</u>	<u>(98,807)</u>	<u>(24,146)</u>	<u>4,550,422</u>	<u>-</u>	<u>11,475,698</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**
**Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group –
Continued**

	The Group as at 31 December 2025	Pro forma adjustments				Pro forma of the Enlarged Group as at 31 December 2025
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000
Current liabilities						
Trade and other payables	3,641,818	-	(24,146)	1,284,244	13,650	4,915,566
Contract liabilities	214,165	-	-	-	-	214,165
Amounts due to related companies	3,036	-	-	-	-	3,036
Lease liabilities	39,146	-	-	61,915	-	101,061
Taxation payable	81,695	-	-	31,266	-	112,961
Bank and other borrowings	1,091,371	-	-	-	-	1,091,371
Loans from related companies	880,552	-	-	3,188,509	-	4,069,061
Other provisions	-	-	-	96,976	-	96,976
	<u>5,951,783</u>	<u>-</u>	<u>(24,146)</u>	<u>4,662,910</u>	<u>13,650</u>	<u>10,604,197</u>
Net current assets/(liabilities)	<u>1,096,446</u>	<u>(98,807)</u>	<u>-</u>	<u>(112,488)</u>	<u>(13,650)</u>	<u>871,501</u>
Total assets less current liabilities	<u>3,222,040</u>	<u>(193,818)</u>	<u>-</u>	<u>2,550,366</u>	<u>(13,650)</u>	<u>5,564,938</u>
Non-current liabilities						
Other payables	-	-	-	9,880	-	9,880
Lease liabilities	126,592	-	-	166,597	-	293,189
Bank and other borrowings	171,611	-	-	-	-	171,611
Loans from a related company	-	-	-	1,883,200	-	1,883,200
Deferred tax liabilities	88,065	-	-	94,397	-	182,462
Other provisions	-	-	-	118,263	-	118,263
Long service payment obligation	534	-	-	84,211	-	84,745
	<u>386,802</u>	<u>-</u>	<u>-</u>	<u>2,356,548</u>	<u>-</u>	<u>2,743,350</u>
Net assets	<u>2,835,238</u>	<u>(193,818)</u>	<u>-</u>	<u>193,818</u>	<u>(13,650)</u>	<u>2,821,588</u>

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**Note 1**

The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2025 set out in the published annual report of the Company for the year ended 31 December 2025.

Note 2

The Company entered into the S&P Agreement with the Vendor pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell 51% of the issued share capital of the Target Company. The cash consideration is initially determined at US\$12,700,000 with reference to 51% of the net asset value of the Target Group as at 31 December 2025.

Pursuant to the S&P Agreement, the consideration is subject to adjustment based on the net asset value of the Target Group at the completion date.

For the purpose of preparation of unaudited pro forma financial information, the consideration is assumed to be approximately US\$12,700,000 (equivalent to approximately HK\$98,807,000).

The adjustment represents (i) the payment of consideration of US\$12,700,000 (equivalent to approximately HK\$98,807,000) to be satisfied by cash, pursuant to the S&P Agreement and (ii) derecognition of previously held 49% equity interest in the Target Group accounted for as interest in an associate. These amounts are reflected as the cost of the investment in the Target Group at the completion date. No representation is made that United States Dollar amount have been, could have been or may be converted to Hong Kong Dollar amount, or vice versa, at that date.

Note 3

The adjustment represents elimination of the trade receivables and trades payables between the Group and the Target Group.

Note 4

The adjustment represents the assets and liabilities on the consolidated statement of financial position of the Target Group as at 31 December 2025 as extracted from the Accountants' Report on the Target Group set out in Appendix IIA to the Circular.

The Proposed Acquisition was considered as a business combination under common control as the Company and the Target Group are both ultimately controlled by Luxshare Precision Industry Co., Ltd. The acquisition of the Target Group was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" ("AG 5") issued by the HKICPA.

In accordance with AG 5, the financial information reflects the combination of financial statements items of the Enlarged Group as if the combining businesses has been under common control from the date when they first came under the control of the controlling party. The assets and liabilities of the Enlarged Group are recognised at their carrying amounts in the consolidated financial statements of Luxshare Precision Industry Co., Ltd.

For the purpose of preparation of unaudited pro forma financial information, the financial information of the assets and liabilities of the Group and those of the Target Group are combined as if the Proposed Acquisition has been completed on 31 December 2025.

Note 5

The adjustment represents the estimated transaction costs, including legal and professional fees of approximately HK\$13,650,000, that are directly attributable to the Proposed Acquisition and will be settled by cash after the completion date.

Note 6

Save as aforesaid, no other adjustments have been made to reflect any trading or other transactions of the Enlarged Group entered into subsequent to 31 December 2025, including the below transactions:

(i) On 20 February 2026, 108,000,000 new shares of the Company have been placed to not less than six places at placing price of HK\$15.22 per share. The net proceeds from the placing is approximately HK\$1,634.5 million. The details of the placing are set out in the announcements of the Company dated 10 and 20 February 2026 respectively.

(ii) On 19 May 2026, 138,096,000 new shares of the Company have been placed to not less than six places at placing price of HK\$21.00 per share. The net proceeds from the placing is approximately HK\$2,884.5 million. The details of the placing are set out in the announcements of the Company dated 12 and 19 May 2026 respectively.

Subsequent to 31 December 2025, the Group has not acquired or agreed to acquire or is not proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the next published accounts of the Company.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Enlarged Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



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To the Directors of TIME INTERCONNECT TECHNOLOGY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Time Interconnect Technology Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025 and related notes as set out on pages IV-1 to IV-5 of the Company’s circular dated 25 June 2026 (the “**Circular**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-5 of the Circular in connection with the proposed acquisition of 51% share capital of Time Interconnect Singapore Pte. Ltd. (the “**Target Company**”) and its subsidiaries (collectively referred to as the “**Target Group**”) (the “**Proposed Acquisition**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-5 of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group’s financial position as at 31 December 2025 as if the Proposed Acquisition had taken place on 31 December 2025. As part of this process, information about the Group’s financial position has been extracted by the directors of the Company from the Group’s consolidated financial statements for the year ended 31 December 2025, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “*Code of Ethics for Professional Accountants*” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition at 31 December 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong

25 June 2026

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the interests or short positions of each of the Directors and the chief executive in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) to be notified to the Company and the Stock Exchange are set out as follows:

Long position in shares of the Company

Name of Director	Capacity/nature	Number of Shares held/ interested	Approximate percentage of interest	Number of underlying shares held pursuant to share options	Total interests	Approximate percentage in total interests to the issued share capital of the Company
Mr. Cua Tin Yin Simon	Beneficial Owner	10,488,000	0.47%	10,480,000	20,968,000	0.94%
Mr. Wong Chi Kuen	Beneficial Owner	7,528,000	0.34%	8,520,000	16,048,000	0.72%
Mr. Chung Kwai Wing	Beneficial Owner	1,466,000	0.07%	3,400,000	4,866,000	0.22%
Ms. Wang Laichun ^(Note)	Interest of controlled corporation	1,380,594,000	61.85%	—	1,380,594,000	61.85%
Mr. Ho Hin Shun	Beneficial Owner	688,000	0.03%	1,800,000	2,488,000	0.11%
Mr. Luk Wai Shing	Beneficial Owner	1,824,000	0.08%	1,800,000	3,624,000	0.16%
Mr. Chan Chung Shun Eric	Beneficial Owner	—	—	1,800,000	1,800,000	0.08%
Dr. Wu Che Yuen Justin	Beneficial Owner	94,000	0.01%	—	94,000	0.01%

Note:

Ms. Wang Laichun holds 50% of issued share capital of Luxshare. Luxshare holds 37.33% of the issued share capital of Luxshare Precision, and the Vendor is wholly-owned by Luxshare Precision. Therefore, Ms. Wang Laichun is deemed, or taken to be, interested in all the shares held by the Vendor for the purpose of the SFO. Ms. Wang Laichun is the sole director of the Vendor and the chairperson and general manager of Luxshare Precision.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders' interests and short positions in shares, underlying shares and debentures

As at the Latest Practicable Date, the following persons/entities (other than the Directors or chief executive of the Company) had or were deemed to have an interest or a short positions in the Shares, the underlying shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group:

Long positions in shares and underlying shares of the Company

Name	Capacity/Nature	Number of shares held/interested	Approximate percentage of interest
The Vendor	Beneficial Owner	1,380,594,000	61.85%
Luxshare Precision ^(Note 1)	Interest of controlled corporation	1,380,594,000	61.85%
Luxshare ^(Note 2)	Interest of controlled corporation	1,380,594,000	61.85%
Mr. Wang Laisheng ^(Note 3)	Interest of controlled corporation	1,380,594,000	61.85%

Notes:

- 1) The Vendor, a limited liability company incorporated in Hong Kong which is wholly-owned by Luxshare Precision. Therefore, Luxshare Precision is deemed, or taken to be, interested in all the shares held by the Vendor for the purpose of the SFO.
- 2) Luxshare holds 37.33% of the issued ordinary share capital of Luxshare Precision, and the Vendor is wholly-owned by Luxshare Precision. Therefore, Luxshare is deemed to, or taken to be, interested in all the shares held by the Vendor for the purpose of the SFO.
- 3) Mr. Wang Laisheng holds 50% of issued share capital of Luxshare. Luxshare hold 37.33% of the issued share capital of Luxshare Precision, and the Vendor is wholly-owned by Luxshare Precision. Therefore, Mr. Wang Laisheng is deemed, or taken to be, interested in all the shares held by Luxshare Precision Limited for the purpose of the SFO. Mr. Wang Laisheng is the vice chairman of Luxshare Precision.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had or were deemed to have an interest or a short position in the shares or the underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

3. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in other competing business.

4. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors or expert had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, none of the member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the issue of this circular, and which are or may be material:

- a) the placing agreement dated 11 May 2026 (the “**Placing Agreement I**”) entered into between the Company and Macquarie Capital Limited as placing agent, pursuant to which Macquarie Capital Limited has conditionally agreed to procure, on a best efforts basis, not less than six placeses to subscribe for 138,096,000 new Shares at the placing price of HK\$21.00 per Share;
- b) the S&P Agreement;
- c) the placing agreement dated 10 February 2026 (the “**Placing Agreement II**”) entered into between the Company and Macquarie Capital Limited as placing agent, pursuant to which Macquarie Capital Limited has conditionally agreed to procure, on a best efforts basis, not less than six placeses to subscribe for 108,000,000 new Shares at the placing price of HK\$15.22 per Share;

- d) the First Supplemental Master Supply Agreement;
- e) the conditional sale and purchase agreement dated 28 August 2025 (the “**Jin’s S&P Agreement**”) entered into between the Company as the purchaser, Jin’s Investment Limited as the vendor and Mr. Jin Zhenghua as the guarantor of the vendor, pursuant to which the Company conditionally agreed to acquire, and Jin’s Investment Limited conditionally agreed to sell the entire issued share capital of Dejinchang Investment Limited at the consideration of HK\$460,000,000; and
- f) the Luxshare Master Supply Agreement.

8. EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this circular:

Name	Qualification
Asian Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
BDO Limited	Certified Public Accountants

Each of the above experts had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, advice and opinion and references to its name in the form and context in which it appeared.

As at the Latest Practicable Date, each of the above experts did not have any shareholding in any member of the Enlarged Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group. In addition, each of the above experts did not have any interest in any assets which have been, since 31 December 2025 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

9. GENERAL

- (1) The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

- (2) The principal place of business of the Company is Units 213-221, 2/F, Building 5E, 5 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong.
- (3) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, 17/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong.
- (4) The secretary of the Company is Ms. Ng Hoi Ying who is a member of The Hong Kong Institute of Certified Public Accountants.
- (5) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the website of the Company (<http://www.time-interconnect.com>) and the Stock Exchange's website (<http://www.hkexnews.hk>) for a period of 14 days from the date of this circular:

- (a) the Placing Agreement I;
- (b) the S&P Agreement;
- (c) the Placing Agreement II;
- (d) the Jin's S&P Agreement;
- (e) the Luxshare Precision Master Supply Agreement;
- (f) the First Supplemental Master Supply Agreement;
- (g) the Second Supplemental Master Supply Agreement;
- (h) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 28 to 29 of this circular;
- (i) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 30 to 58 of this circular;
- (j) the accountants' report on the Target Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IIA of this circular;

- (k) the accountants' report on the Leoni LCS Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IIB of this circular;
- (l) the report on the unaudited pro forma financial information of the Enlarged Group from BDO Limited, the text of which is set out in Appendix IV to this circular;
- (m) the written consents referred to in the paragraph headed "Experts and consents" in this appendix; and
- (n) this circular.

NOTICE OF EGM



匯聚科技有限公司
TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**EGM**”) of Time Interconnect Technology Limited (the “**Company**”) will be held at Boardroom, Units 213-221, 2/F, Building 5E, 5 Science Park East Avenue, Hong Kong Science Park, Shatin, Hong Kong on Monday, 20 July 2026 at 3:00 p.m., for the following purpose of considering and, if thought fit, passing with or without amendment, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the S&P Agreement (as defined in the circular of the Company dated 25 June 2026 (the “**Circular**”)), entered into between the Company as the purchaser and Luxshare Precision Limited (the “**Vendor**”) as the vendor, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the 51% of the issued share capital of Time Interconnect Singapore Pte. Ltd. and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents (including under the seal of the Company) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the S&P Agreement and the transactions contemplated thereunder.”

2. “**THAT:**

- (a) the execution of the Second Supplemental Master Supply Agreement and the Revised Master Supply Annual Caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions hereunder be and is hereby approved; and

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- (b) any one or more directors of the Company be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents (including under the seal of the Company) as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Second Supplemental Master Supply Agreement and the transactions contemplated thereunder.”

By order of the Board
Time Interconnect Technology Limited
Cua Tin Yin Simon
Executive Director and Chief Executive Officer

Hong Kong, 25 June 2026

Registered Office

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head office and principal place of business in Hong Kong

Unit 213-221, 2/F, Building 5E
5 Science Park East Avenue
Hong Kong Science Park
Shatin, Hong Kong

Notes:

1. A form of proxy for use by shareholders at the EGM is enclosed.
2. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend the EGM and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each of such proxies is so appointed
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of any officer or attorney duly authorised on its behalf.
4. In order to be valid, the proxy form must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and, in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment

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thereof (as the case may be). Completion and return of the proxy form will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish and in such event, the proxy form will be deemed to be revoked.

5. The register of members of the Company will be closed from Wednesday, 15 July 2026 to Monday, 20 July 2026, both days inclusive. During such period, no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all duly completed share transfer documents, accompanied by relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Tuesday, 14 July 2026 for registration. The record date for the attending and voting at the EGM is therefore Monday, 20 July 2026.
6. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
7. The voting on the resolution will be conducted by way of a poll
8. For the avoidance of doubt, holders of treasury shares of the Company (if any) are not entitled to vote at the EGM.