THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 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).

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the shares or other securities of the Company.

匯 聚 科 技 有 限 公 司

TIME Interconnect Technology Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1729)

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

Financial adviser to the Company

FRONTPAGE 富比

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 6 to 24 of this circular. The Acquisition has been approved by written shareholder's approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

21 November 2025

CONTENTS

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

"Acquisition"	the acquisition of the entire issued capital of the Target Company 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
"BVI"	the British Virgin Islands
"Chairman"	the chairman 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 on the ten (10) business days of the date on which the last of the conditions precedent under the S&P Agreement has been satisfied or waived, or such other date may be agreed in writing between the Company and the Vendor
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the purchase price of the entire issued share capital of the Target Company of HK$460,000,000 payable by the Company to the Vendor for the Acquisition
"Consideration Shares"	new Shares to be allotted and issued by the Company to the Vendors credited as fully paid for the purpose of the settlement part of the consideration for the Sale Shares
"Director(s)"	the director(s) of the Company

"DJC New Material"	Deshengchang New Material (Thailand) Co., Ltd., a company incorporated in Thailand with limited liability and registered and paid-up capital of THB100,000,000
"DJC Thailand"	Dejinchang Optoelectronics Technology (Thailand) Co., Ltd., a company incorporated in Thailand with limited liability and registered and paid-up capital of THB460,000,000
"DJC Vietnam"	DZC Optoelectronics Technology (Vietnam) Company Limited, a company incorporated in Vietnam with limited liability and registered and paid-up capital of VND194,786,000,000
"Enlarged Group"	the Group as enlarged by the Acquisition upon Completion
"General Mandate"	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 23 May 2025 to allot and issue up to 390,156,800 new Shares
"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Jin Zhenghua
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of China
"Huizhou Huasheng"	Huizhou Huasheng Electronic Wire & Cable Co., Ltd. (惠州市華晟電子線材有限公司), a company established in the PRC with limited liability and registered and paid-up capital of US$1,320,000
"Huizhou New Materials"	Huizhou Dejinchang New Materials Co., Ltd (惠州德晉昌新材料有限公司), a company established in the PRC with limited liability and registered and paid-up capital of RMB80,000,000
"Huizhou Optoelectronics"	Huizhou Dejinchang Optoelectronics Technology Co., Ltd (惠州德晉昌光電科技有限公司), a company established in the PRC with limited liability and registered and paid-up capital of US$12,200,000
"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

"Jian Optoelectronics"	Jian DejinChang Optoelectronics Technology Co., Ltd (吉安德晉昌光電科技有限公司), a company established in the PRC with limited liability and registered and paid-up capital of RMB10,000,000
"Jin's Copper"	Jin's Copper Industries Co., Limited (金氏銅業有限公司), a company incorporated in Hong Kong with limited liability and issued and paid-up share capital of HK$1,000,000
"Latest Practicable Date"	18 November 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Long Stop Date"	30 June 2026
"Nantong Photoelectric"	Nantong Dejinchang Photoelectric Technology Co., Ltd (南通德晉昌光電科技有限公司), a company established in the PRC with limited liability and registered and paid-up capital of RMB50,000,000
"Nantong Zhenhongchang"	Nantong Zhenhongchang Technology Co., Ltd (南通臻弘錩科技有限公司), a company established in the PRC with limited liability and registered and paid-up capital of RMB15,000,000
"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
"RMB"	Renminbi, the lawful currency of the PRC
"S&P Agreement"	the conditional sale and purchase agreement dated 28 August 2025 entered into between the Company, the Vendor and the Guarantor in relation to the Acquisition
"Sale Shares"	the entire issued share capital of the Target Company at Completion

"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	the holder(s) of the Share(s)
"Shareholder's Debts"	the net amount owed by the Target Group to the Vendor, the Guarantor or any of their respective affiliates (other than the Target Group) as of the Completion Date calculated as the aggregate amount of all non-trade related, unsecured and non-interest bearing payables owed by the Target Group to such parties, less the aggregate amount of all non-trade related, unsecured and non-interest bearing receivables owed to the Target Group by such parties
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Dejinchang Investment Limited (德晉昌投資有限公司), a business company incorporated in BVI with limited liability and an issued share capital of US$128,207
"Target Group"	the Target Company and its subsidiaries, namely Jin's Copper, Huizhou Huasheng, Huizhou Optoelectronics, Huizhou New Materials, Jian Optoelectronics, Nantong Photoelectric, Nantong Zhenhongchang, DJC Thailand, DJC New Material and DJC Vietnam
"Thailand"	the Kingdom of Thailand
"THB"	Thai Baht, the lawful currency of Thailand
"US$"	United States Dollars, the lawful currency of the United States
"Vendor"	Jin's Investment Limited, a company incorporated in BVI with limited liability
"Vietnam"	the Socialist Republic of Vietnam
"VND"	Vietnamese Dong, the lawful currency of Vietnam

"%"	per cent

Unless the context requires otherwise, amounts in RMB in this circular have been translated into HK$ at the rate of RMB1=HK$1.1. No representation is made that any amounts in HK$ and RMB have been or could be converted at the above rate or at any other rates or at all.

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

Non-executive Director:
Ms. Wang Laichun *(Chairman)*

Independent non-executive Directors:
Mr. Ho Hin Shun
Mr. Luk Wai Shing
Mr. Chan Chung Shun Eric
Ms. Chan Kit Fun Fanny

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

21 November 2025

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

INTRODUCTION

Reference is made to the announcement of the Company dated 28 August 2025 and 10 October 2025.

On 28 August 2025 (after the trading hours), the Company, the Vendor and the Guarantor entered into the S&P Agreement, pursuant to which the Company conditionally agreed to acquire, and the Vendor conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at the consideration of HK$460,000,000, subject to the terms and conditions of the S&P Agreement. The consideration for the Sale Shares shall be settled as to HK$130,000,000 by cash and as to HK$330,000,000 by the allotment and issuance of the Consideration Shares by the Company to the Vendor under the General Mandate. In addition, pursuant to the S&P Agreement, the Company shall procure the Target Group to repay the Shareholder's Debt in an amount not exceeding HK$190,000,000.

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Acquisition and other information as required under the Listing Rules.

THE S&P AGREEMENT

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

Date

28 August 2025

Parties

(i) the Company as purchaser;

(ii) the Vendor as vendor;

(iii) the Guarantor as guarantor

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is wholly-owned by the Guarantor, and each of the Vendor and the Guarantor are Independent Third Parties as at the Latest Practicable Date.

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, 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. Based on the section headed "Unaudited Pro Forma Financial Information of the Enlarged Group" in Appendix IV to this circular, the Group is expected to recognise a gain on bargain purchase of approximately HK$44.5 million in its profit or loss, assuming Completion were to take place on 30 June 2025. The actual gain arising from the Acquisition will be subject to the financial performance of the Target Group before Completion and audit and may be different from the amount stated. For detailed information of the Target Group, please refer to the section headed "Information of the Target Group" below.

Consideration

The consideration for the Sale Shares is determined at HK$460,000,000 after arm's length negotiation between the Vendor and the Company with reference to (i) the net asset value of the Target Group as at 30 June 2025; (ii) the financial performance of the Target Group in recent years; and (iii) the factors set out in the paragraph headed "Reasons for and the benefits of the proposed Acquisition" below.

In determining the consideration of the Sale Shares, the Directors have reviewed the audited consolidated financial statements of the Target Group and considered the net asset value of the Target Group as at 30 June 2025. The Directors noted that the Target Group owns three production facilities located in Huizhou as well as Nantong in the PRC and Thailand and one investment property which comprises a portion of the production facilities in Thailand that is leased to other tenants (collectively the "**Properties**"). As reflected in the audited consolidated financial statements of the Target Group, the Properties were measured at cost less accumulated depreciation by the Target Group, with an aggregate carrying amount of approximately RMB297,945,000 as at 30 June 2025. Upon Completion, the Properties shall be re-measured at fair value in accordance with applicable accounting standards before being consolidated into the Group's statement of financial position. The Company has consulted an independent valuer, who has provided a preliminary estimate of the fair value of approximately RMB433,732,000 for the Properties as at 30 June 2025. The preliminary estimate of the fair value of the Properties indicates a valuation surplus of approximately RMB135,787,000 over their combined carrying amount as at 30 June 2025 (the "**Valuation Surplus**"). Had this Valuation Surplus been accounted for, the Target Group's net asset value would have increased to approximately RMB316,122,000 based on the audited consolidated financial statements of the Target Group as at 30 June 2025.

To assess the fairness and reasonableness of the Consideration, the Directors did not engage an independent valuer to perform the business valuation on the Target Group but have conducted comparable company analysis to compare the Target Group with the market price and trading multiple of similar comparable companies. Such analysis compares the trading multiples as represented by the Consideration against those industry peers for which latest pricing data and financial information are available, such that an objective assessment can be carried out. The Directors have searched, on a best effort basis, for comparable companies that (i) are listed in the Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange; (ii) are principally engaged in manufacturing and sales of copper wire products with products similar to the Target Group; (iii) do not own a copper mine and procure copper from suppliers for production; (iv) produce products without using the recycled copper; and (v) have non-current assets constituting more than 20% of total assets similar to the Target Group. In formulating the above selection criteria for the comparable companies, the Directors took into account the business model and the capital structure of the Target Group to identify industry peers that share similar business characteristics. In particular, the Target Group produces copper wire products with non-recycled copper procured from external suppliers. The selection criteria was designed to identify peers with similar cost structure with the Target Group for comparability. In addition, given that the Target Group has substantial capital investment in its production facilities, the selection criteria focused on capital-intensive peers to enable the assessment of the asset deployment efficiency across the Target Group and its peers. Based on the above selection criteria, the Directors have identified three comparable companies (the "**Comparable Companies**") which, to the best of the knowledge of the Directors, comprise an exhaustive list of comparable companies. The Directors were aware that the valuation exercise was intended not to determine a precise value, but rather to establish a plausible, fair, and reasonable valuation range to facilitate negotiation with the Vendor. The Directors noted that the three comparable companies were selected through a rigorous screening process. Since the calculated valuation multiples are tightly clustered with the P/B ranging between 1.8 and 3.2 times, they already provide a reliable and narrow range. Consequently, 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 Zhejiang Tony Electronic Co Ltd. ("**Zhejiang Tony**") had a relatively smaller market capitalization and operational scale compared with the other two companies, the Directors chose not to exclude it as an outlier as Zhejiang Tony was selected through the rigorous screening process and reflected similar characteristics of the Target Group. This decision was based on the premise that while two rigorously selected companies can define a range, a larger sample size reduces bias and better captures sector diversity.

In respect of the comparable company analysis, the Directors have considered several commonly used valuation benchmarks, including the price-to-book ratio ("**P/B ratio**"), the price-to-earnings ratio ("**P/E ratio**") and the price-to-sales ratio ("**P/S ratio**"). As observed by the Directors, the Target Group's net profit decreased from the year ended 31 December 2022 to the year ended 31 December 2024 and subsequently experienced a rebound of net profit for the six months ended 30 June 2025 exceeding the full year net profit for the year ended 31 December 2024. Having considered the business model and financial results of the Target Group, the Directors considered that the P/E ratio and the P/S ratio may not be appropriate valuation benchmarks to evaluate the Target Group. Firstly, the Target Group's fluctuations in earnings over the recent few financial years suggested past earnings are not reliable indicators of future earnings, which undermined the principal assumption for applying the P/E ratio and the P/S ratio that investors are buying a stream of future earnings or sales and that these earnings or sales will either remain stable or grow at a rate that justifies the current price. Furthermore, the P/S ratio only focuses on sales and ignores the cost structure associated with the business of a company. The Target Group had invested heavily on property, plant and equipment over the years. As at 30 June 2025, the Target Group's property, plant and equipment were carried at approximately RMB423 million, representing 17.3% of the Target Group's total assets as at 30 June 2025. Given that its principal business is manufacturing, the Target Group is considered capital intensive. As such, the adoption of P/S does not capture the impact of depreciation and other relevant costs on profitability to justify the efficiency of the assets deployed by the Target Group, and thereby is not an appropriate benchmark for the valuation of the Target Group.

Instead of the P/E ratio and the P/S ratio, the Directors considered the P/B ratio to be more suitable benchmark given that the Target Group has established operation and production facilities in the Southeast Asia countries, which are capital-intensive and require significant working capital. In addition, the parties agreed to negotiate the Consideration based on the net asset value of the Target

Group, given the intention to utilise the Target Group's production capacity to produce the Group's products following Completion. Therefore, the Directors considered the P/B ratio the most suitable benchmark for valuing the Target Group. Details of the Comparable Companies are set out as below:

Company	Stock code	Principal activities	Location of principal business	Revenue (Note 1)	Net profits/ (losses) (Note 1)	Net asset value (Note 2)	Market capitalisation as of the date of S&P Agreement	P/B ratio (Note 3)
				RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*(times)*
Tongling Jingda Special Magnet Wire Co., Ltd.	600577.SH	Manufacturing and sales of special conductor wire and electromagnetic wire, including bare copper wire, enameled wire and specialty wire	China	22,322.6	577.0	6,090.6	19,228.1	3.2
Anhui Truchum Advanced Materials And Technology Co., Ltd.	002171.SZ	Research and development, processing and sales of non-ferrous metal materials with products including copper wire, copper alloy wire and copper alloy strip	China	53,750.8	287.5	8,447.8	14,919.5	1.8
Zhejiang Tony Electronic Co Ltd.	603595.SH	Research and development, production and sales of ultra-fine alloy wire, metal-based composites and other new materials with products including pure copper wire, enameled wire and cable harness	China	1,980.8	(38.1)	1,751.5	4,934.8	2.8

Note:

(1) Based on the most recently published annual report.

(2) Based on the most recently published annual report or interim report.

(3) Calculated by dividing the respective market capitalisation as at the date of the S&P Agreement by the respective net asset value as published in the most recently published financial information.

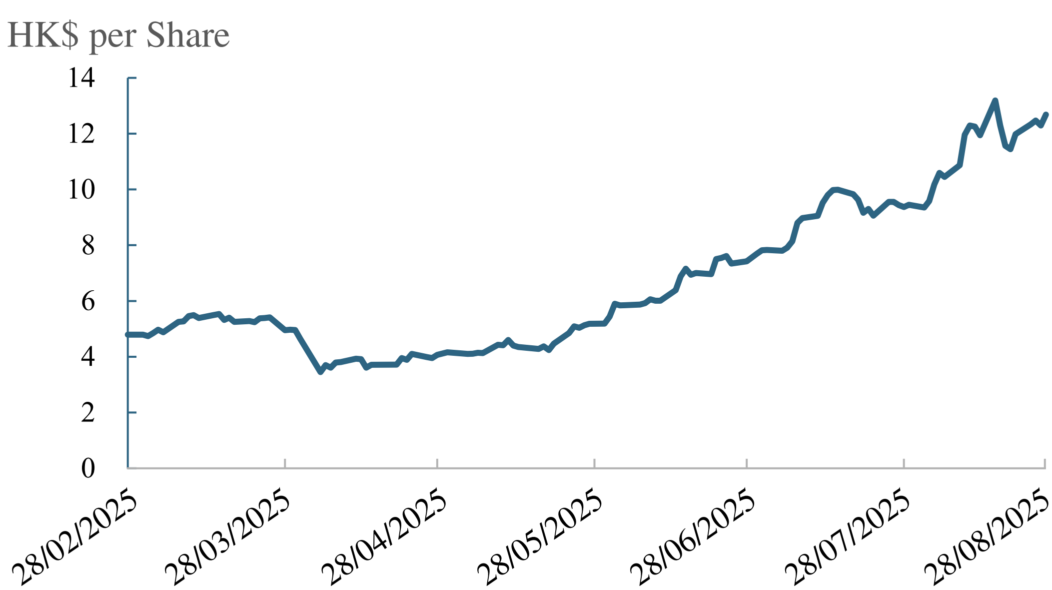
With reference to the consideration of the Sale Shares after adding the Valuation Surplus and the book value of the Shareholder's Debt, the implied P/B ratio of the Target Group is approximately 1.3 times. Save for the Valuation Surplus on the net book value of the Target Group, no adjustment was made on compiling the P/B ratio of the Target Group and the Comparable Companies. As illustrated in the above table, the Comparable Companies had the P/B ratios between 1.8 times and 3.2 times and the Directors noted that the implied P/B ratio of the Target Group falls below this range.

In addition to the net asset value of the Target Group, the Directors have also considered the financial performance of the Target Group in relation to the Consideration. Specifically, the Directors have reviewed the audited consolidated financial statements of the Target Group for the three years ended 31 December 2024 and the six months ended 30 June 2025, a brief profile of the Target Group's major customers and suppliers, and details of the Target Group's assets and liabilities. The Directors noted that the Target Group has a strong historical financial performance for the three years ended 31 December 2024. In particular, the Target Group recorded steady growth in revenue from approximately RMB2,314.0 million for the year ended 31 December 2022 to approximately RMB2,532.3 million for the year ended 31 December 2023 and further to approximately RMB3,330.9 million for the year ended 31 December 2024, which represents a compound annual growth rate of 20.0% over the period. The increase in Target Group's revenue was mainly driven by the increase in sales demand from customers in the renewable energy sector as well as the consumer electronics sector and the increase in copper price that raised the selling price of the Target Group's products. While the Target Group's net profit decreased from approximately RMB55.0 million for the year ended 31 December 2022 to approximately RMB32.1 million for the year ended 31 December 2024 as a result of the increasing competition in the PRC market that lowered the gross profit margin of the Target Group's products, the Directors observed a significant turnaround with net profit rebounding to approximately RMB41.8 million for the six months ended 30 June 2025, which exceeded the full year result for the year ended 31 December 2024. Save for the fair value loss of approximately RMB5.1 million recognised for the copper futures contracts entered by the Target Group to hedge against the volatility of the copper price for its production, the net profit of the Target Group for the year ended 31 December 2024 did not include other items related to fair value changes, re-valuation gains/losses or fair value loss reversal. During the six months ended 30 June 2025, the number of Target Group's customers increased as compared to the same period in 2024. The Directors noted that while the Group's major customers are mainly engaged in the market sectors of telecommunication, data centre, digital cable and server sectors, the Target Group's customer base is substantially different from that of the Group with its major customers mainly engaged in renewable energy and consumer electronics sectors and the Target Group maintained a stable sales backlog with its customers as at 30 June 2025.

The Directors noted that the Target Group had net current liabilities of RMB274.9 million as at 30 June 2025. Notwithstanding with such net current liabilities position, the Directors are of the opinion that the Consideration shall be negotiated with reference to the net assets value of the Target Group given the Target Group's substantial capital investment in its production facilities and the intention to utilise the Target Group's production capacity to produce the Group's products following Completion. While the Target Group's net assets value was approximately RMB180.3 million as at 30 June 2025, certain Target Group's non-current assets shall be re-measured at fair value in accordance with applicable accounting standards before being consolidated into the Enlarged Group's statement of financial position. As reference to the section headed "Unaudited Pro Forma Financial Information of the Enlarged Group" in the Appendix IV to this circular, the fair value adjustment on the Target Group's net asset value as at 30 June 2025 would be approximately RMB198.9 million and the Target Group's tangible non-current assets would have a pro forma value of approximately RMB655.3 million as at 30 June 2025. The Directors estimated that the capital expenditure required to establish new production facilities of a similar scale is approximately HK$700 million. Having compared the

Consideration with the estimated capital expenditure for the establishment of new production facilities, the Directors considered that it is more cost-effective to acquire and utilise the Target Group's existing production facilities through the Acquisition rather than to invest substantial capital to construct new facilities. Having considered that (i) the net asset value of the Target Group would be increased after remeasuring the carrying amount to the fair value upon Completion; (ii) the implied P/B ratio of the Target Group is below the range of the Comparable Companies; (iii) the Target Group will bring financial contribution to the Group upon Completion based on its recent financial performance; and (iv) the Acquisition represents a strategic diversification which allows the Group to secure its fundamental raw materials across different countries, the Directors considered the Consideration to be fair and reasonable.

The consideration for the Sale Shares shall be settled as to HK$130,000,000 by cash and as to HK$330,000,000 by the allotment and issuance of the Consideration Shares credited as fully paid by the Company to the Vendor. The issue price of the Consideration Shares shall be calculated based on the average closing price per Share as quoted on the Stock Exchange over the thirty (30) consecutive trading days immediately prior to the Completion Date (the "**Issue Price**") and shall not be lower than HK$10.144 per Share (the "**Minimum Issue Price**"). The Issue Price was determined after arm's length negotiations between the Vendor and the Company with reference to the prevailing market performance and liquidity of the Shares, where the price of the Shares had increased by approximately 165% over the past six months before the date of the S&P Agreement with an average trading volume of 573,276,468 Shares, representing 29.3% of the issued share capital of the Company as at the Latest Practicable Date. The following chart set out the daily closing price of the Shares as quoted on the Stock Exchange during the six months before the date of the S&P Agreement:



In light of the significant appreciation in the price of the Shares before entering into the S&P Agreement, the Vendor and the Company agreed the Issue Price shall be reference to the average closing price of the Shares immediately prior to the Completion Date in order to mitigate the share price volatility. However, the Directors were of the view that the Issue Price shall not reflect a deep discount to the current price of the Shares having considered the financial performance of the Group and the upward trend of share prices. As such, the Minimum Issue Price is based on a 20% discount to the higher of (i) the last closing price on the date of the S&P Agreement, and (ii) the 5 day average closing price before the date of the S&P Agreement. The final number of Consideration Shares shall be calculated by dividing HK$330,000,000 by the Issue Price and shall not exceed 32,531,545 Consideration Shares based on the Minimum Issue Price. A further announcement regarding the final Issue Price of the Consideration Shares will be published by the Company upon Completion. The consideration for the Sale Shares will be payable in accordance with the following schedule:

(i) HK$130,000,000 shall be settled in cash on Completion; and

(ii) HK$330,000,000 shall be settled by allotting and issuing the Consideration Shares to the Vendor within twenty (20) business days after the Completion Date.

In addition, the Company shall procure the Target Group to repay the Shareholder's Debt within six months following the Completion Date pursuant to the S&P Agreement. The Directors have taken into account the Shareholder's Debt recorded in the Target Group's financial statements when negotiating with the Vendor. In line with common practice for merger and acquisition transactions, the Directors believe it is appropriate to settle the Shareholder's Debt, rather than allowing it to remain with the Target Group after Completion. Accordingly, it was negotiated that the consideration for the Shareholder's Debt will be an amount equal to its outstanding value at Completion on a dollar-for-dollar basis and the Group was given six months to settle the Shareholder's Debt following Completion.

As at 30 June 2025, the Shareholder's Debt amounted to approximately RMB172,610,000 (equivalent to approximately HK$189,871,000). Upon Completion, the Company shall prepare the unaudited consolidated financial accounts of the Target Group as at the Completion Date in accordance with Hong Kong Financial Reporting Standards and deliver to the Vendor within one month after the Completion Date. The Vendor shall have 15 days from the date of receipt of the unaudited consolidated financial accounts of the Target Group to review and verify their accuracy. Upon confirmation by both parties on the unaudited consolidated financial accounts, the final amount of the Shareholder's Debt payable by the Group shall be determined on a dollar-for-dollar basis by reference to the amounts as shown on the unaudited consolidated financial accounts of the Target Group as at the Completion Date, which shall not exceed HK$190,000,000. The Vendor and the Guarantor for and on behalf of their respective affiliates irrevocably waive and release any and all amounts of the Shareholder's Debt in excess of HK$190,000,000, and acknowledge and agree that the Target Group shall have no obligation to repay any such excess amounts.

It is expected that the cash portion of the consideration for Sale Shares and repayment of Shareholders' Debt will be financed by internal resources of the Group. Specifically, the cash portion of the Consideration will be paid from the Group's cash reserves at Completion. Pursuant to the S&P Agreement, the Shareholders' Debt may be settled within six months following Completion. The Target

Group will first utilise its existing cash balance and cash flow from operations to repay the Shareholders' Debt, and if such resources are insufficient, the Group will fund the shortfall to settle the remaining amounts as necessary. As at 30 September 2025, the Group had bank balance and cash of approximately HK$640.8 million and the Directors considered that the Group will have sufficient financial resources to settle the Consideration and the Shareholders' Debt.

Consideration Shares

The Sale Shares represent the entire issued capital of the Target Company of US$128,227 divided into 128,227 ordinary shares of US$1 each. As at the Latest Practicable Date, the authorised share capital of the Company is HK$30,000,000 divided into 3,000,000,000 shares of par value of HK$0.01 each and the Company has an issued share capital of HK$19,591,170 with 1,959,117,000 Shares in issue. There are no treasury shares held by the Company as at the Latest Practicable Date. As at the Latest Practicable Date, the maximum number of Consideration Shares to be issued represent approximately 1.66% of the existing issued share capital of the Company and approximately 1.63% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no other change in the issued share capital of the Company). The Consideration Shares shall be issued at the Issue Price and shall not be lower than the Minimum Issue Price. The Minimum Issue Price of HK$10.144 per Consideration Share represents:

(i) a discount of approximately 20.00% to the closing price of HK$12.680 per Share as quoted on the Stock Exchange on the date of the S&P Agreement; and

(ii) a discount of approximately 16.18% to the average closing prices of HK$12.102 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the S&P Agreement.

The Vendor and the Directors acknowledge the significant appreciation in the price of the Shares, which had increased by approximately 165% over the past six months before the date of the S&P Agreement. Given Completion is subject to the fulfilment of certain conditions precedent, the timing of which is not entirely within the parties' control, there is inherent uncertainty in the movement of the share price from the signing date of the S&P Agreement to the Completion Date. To mitigate the impact of share price volatility during this interim period, the Company and the Vendor have agreed to an adjustment mechanism for the Issue Price. Under this mechanism, the Issue Price will be based on the average closing price over the 30 consecutive trading days immediately prior to the Completion Date. This mechanism is designed to mitigate the potential risks of price volatility during the period prior to Completion and protect the interests of both parties by ensuring the Issue Price for the Consideration Shares better reflects the market price for the Shares at Completion by averaging out the price fluctuations over a period of 30 days such that the final Consideration is neither excessive nor inadequate at the time of the issuance of Shares. In addition, the Vendor and the Company have agreed upon a Minimum Issue Price to fix the maximum discount that can be applied for the allotment and issuance of the Consideration Shares. The Minimum Issue Price can serve to set a cap on the number of Consideration Shares to be issued by the Company to ensure it does not exceed the number of Shares available for grant under its General Mandate.

The Consideration Shares shall be allotted and issued pursuant to the General Mandate and shall rank *pari passu* with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issuance. The allotment and issue of the Consideration Shares will not result in change in control of the Company.

The General Mandate has not been utilised since the date of its grant on 23 May 2025 up to the Latest Practicable Date. Shareholders' approval will not be required for the allotment and issuance of the Consideration Shares as the Consideration Shares will be issued under the General Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent

Unless otherwise agreed by the Vendor and the Company in writing, Completion is conditional upon the following conditions precedent being satisfied on or before the Long Stop Date:

(a) the Company obtaining the clearance from the Stock Exchange and obtaining the Board and Shareholders' approval as required under the Listing Rules;

(b) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Consideration Shares;

(c) no action, decision, order or proceeding having been taken or made by any authority at any time prior to the Completion Date that has the effect of making unlawful or otherwise prohibiting or restricting the consummation of the Acquisition or any part thereof;

(d) all authorisations, consents, waivers of any party that are required to be obtained in connection with the consummation of the Acquisition including but not limited to consent and waivers by financial institutions and lessors of leased properties of the Target Group as applicable, any waivers of rights of first refusal, put or call rights or other similar rights, if any, in respect of the entire issued share capital of the Target Company, having been duly obtained and effective as of the Completion;

(e) as at Completion, none of the representations and warranties of the Vendor are untrue or inaccurate or misleading to an extent that would amount to a material adverse change to the financial condition or results of operation of the Target Group as a whole or lead to damages being recoverable by the Company under the S&P Agreement;

(f) each of the Vendor, the Guarantor and warrantor under the S&P Agreement having performed and complied with all obligations and conditions contained in the S&P Agreement and other transaction documents (if any) that are required to be performed or complied with by them, on or before the Completion;

(g) the merger control filings required by the competent Authorities have been completed, and the approvals, consents, confirmations of non-objection or exemptions from such Authorities having been obtained;

(h) the Vendor having procured the written consents or waivers from all banks under any outstanding bank facility of any companies of the Target Group which permits the change in control contemplated under the S&P Agreement and indicate such bank does not intend to declare default, or accelerate the obligations under the facility arising therefrom. Such written consents or waivers from banks shall be given in such form to the reasonable satisfaction of the Vendor in its absolute discretion;

(i) the Company having completed and, in its sole and absolute discretion, being satisfied with the results of its due diligence exercise on the Target Group, including but not limited to legal, financial, tax and operational aspects; and

(j) there having been no material adverse effect on the business, assets, liabilities, financial condition, prospects or operations of the Target Group.

Save for conditions (a) to (c) above cannot be waived in any event, all other conditions can be waived by the Company. While the Directors believe that the waiver of any of the relevant conditions will not affect the substance of the Acquisition, it will only grant a waiver in circumstances it considers to be in the best interests of the Company and the Shareholders as a whole, such that any impact and potential liability or consequential losses from non-fulfillment of such condition or condition(s) that are waived are likely to be immaterial or remote, and outweighed by the benefits of the Acquisition. If any of the conditions is not satisfied on or before the Long Stop Date, unless otherwise agreed in writing between the parties, the S&P Agreement and the terms and conditions hereof will immediately and automatically terminate, in which case, no party to the S&P Agreement shall have any further obligations or liabilities under or arising from the S&P Agreement.

Completion

Completion shall take place on the ten (10) business days of the date on which the last conditions precedent in the S&P Agreement is satisfied or waived, or such other day as may be agreed in writing between the Company and the Vendor. As at the Latest Practicable Date, save for the fulfillment of conditions (g) and (i), none of the conditions precedent has been fulfilled or waived.

Guarantee

In consideration of the Company entering into the S&P Agreement, the Guarantor has unconditionally and irrevocably guaranteed as principal obligor to the Company the due and punctual performance, guaranteed and discharge by the Vendor of all the obligations and undertakings and the tax deed of the Vendor under the S&P Agreement if and when they become performable or due under the S&P Agreement.

Lock-up

Following Completion, the Company intends to retain the Guarantor as a member of the senior management of the Target Group for a minimum period of four years to support the Target Group in (i) maintaining management and operational continuity; (ii) facilitating a smooth integration of the Target Group; (iii) preserving key relationships with customers, suppliers and other stakeholders; and (iv) overseeing of daily operations during the transition period. In order to secure the continued commitment of the Guarantor and align the Guarantor's interests with the long-term performance of the Target Group during his tenure of employment with the Target Group, the Vendor has agreed to enter into a 48-months lock-up agreement with the Company with effect from the Completion Date. Pursuant to the lock-up agreement, the Vendor would undertake to the Company that it shall not during the 48-month period immediately following the period commencing on the Completion Date (the "**Lock-up Period**"), offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, any of the Consideration Shares or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein), subject to the following release in phases:

(a) upon the expiration of the first 24 months of the Lock-up Period, 40% of the Consideration Shares shall be released from the restrictions and may be freely transferred or disposed of by the Vendor;

(b) upon the expiration of the first 36 months of the Lock-up Period, an additional 30% of the Consideration Shares (cumulatively 70%) shall be released from the restrictions and may be freely transferred or disposed of by the Vendor; and

(c) upon the expiration of the first 48 months of the Lock-up Period, an additional 30% of the Consideration Shares (cumulatively 100%) shall be released from the restrictions and may be freely transferred or disposed of by the Vendor.

INFORMATION ON THE PARTIES

Information on the Company and the Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, shares of which have been listed on Stock Exchange since February 2018. The Group is principally engaged in the manufacture and sales of cable assembly and digital cable products as well as server products with manufacturing facilities located in Shanghai, Suzhou, Jiangxi and Huizhou in the PRC, Japan and Mexico. The Group supplies its products to customers worldwide, including global network solutions and infrastructure providers, global internet related service provider, multinational medical equipment manufacturer and automotive manufacturer.

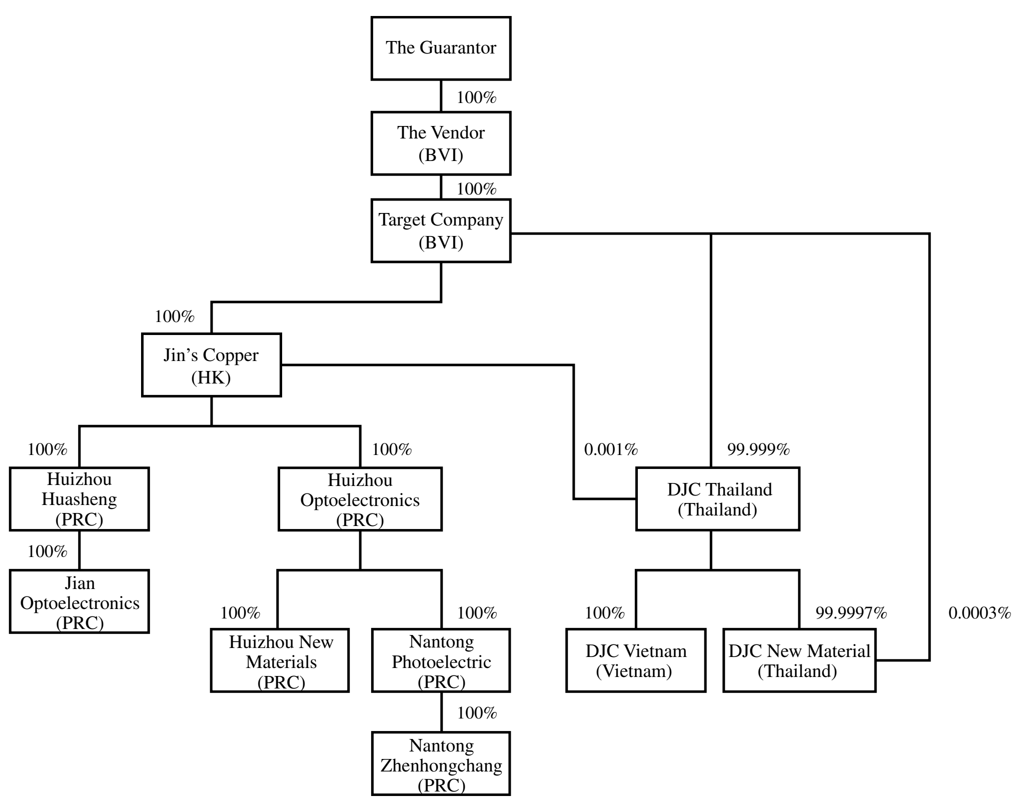
Information on the Vendor and the Guarantor

The Vendor is a business company incorporated in the BVI with limited liability principally engaged in investment holding and is wholly owned by the Guarantor, which is a merchant. The Guarantor has over 37 years of experience in the copper wire industry. The Guarantor started his own business in 1987 and established the Target Group in 2001. Since the establishment of the Target Group, the Guarantor has played a key role in the Target Group's overall corporate management, operations and business development of the Target Group. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and the Guarantor are Independent Third Parties as at the Latest Practicable Date.

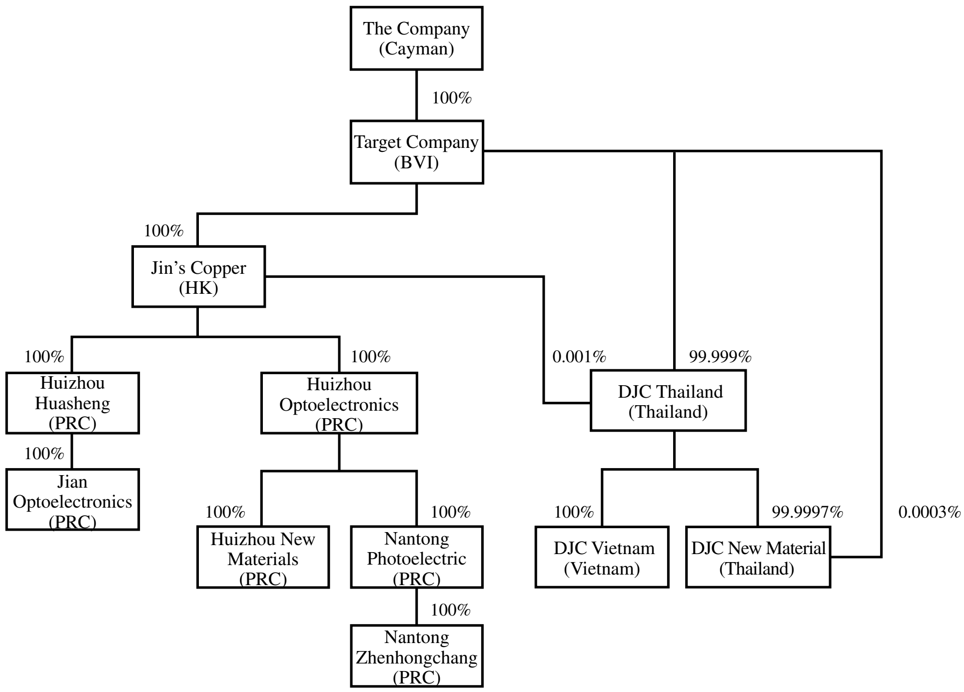
Information of the Target Group

The Target Company is a business company incorporated under the laws of the BVI with limited liability on 23 March 2009 principally engaged in investment holding and is a direct wholly-owned subsidiary of the Vendor as the Latest Practicable Date. Commencing business operations in 2001, the Target Group is principally engaged in manufacturing and sales of copper wire products which were widely applied in precision electronic devices, electrical appliances, computers, communication equipment, automobiles, medical devices, aerospace equipment and solar energy products. The major customers of the Target Group are mainly listed corporations and reputable manufacturers in precision intelligent manufacturing, consumer electronics and photovoltaic sectors with business presence in the PRC and Asia Pacific regions. As at the Latest Practicable Date, the Target Group has three self-owned production facilities located in Huizhou as well as Nantong in the PRC and Thailand and three leased production facilities located in Nantong, Ji'an and Vietnam, with an aggregate gross floor area of approximately 176,000 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



Financial information of the Target Group

Based on the audited consolidated financial statements of the Target Group as extracted from the accountants' report on the Target Group in the Appendix II of this circular for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, the selected financial statements items are as follows:

	For the year ended 31 December 2023 (audited) *RMB'000*	**For the year ended 31 December 2024** (audited) *RMB'000*	**For the six months ended 30 June 2025** (audited) *RMB'000*
Revenue	2,532,308	3,330,868	1,541,051
Profit before tax	43,091	44,606	50,961
Profit after tax	32,066	32,075	41,770

According to the audited consolidated financial statements of the Target Group, the Target Group recorded net assets of approximately RMB180,335,000 as at 30 June 2025.

REASONS FOR AND BENEFIT OF THE ACQUISITION

In recent years, the global political landscape has been marked by escalating trade tensions and technological decoupling efforts, particularly between China and the United States. While the Group diligently monitors these shifts and adjusts business strategies to minimize unpredictable trade impacts for its international clients, the Directors have noted a growing concern, which is the imposition of tariffs on certain components produced in China that could lead to increased costs for customers, reduced competitiveness of the Company's products, and/or shipping difficulties. Currently, certain of the Group's products are exported to the USA and the Group mainly sources its copper wires for production from suppliers located in China. As the relationship between China and the United States remains uncertain, exploring manufacturing from countries with more possible trade agreements with the United States has been an option of the Directors. The Target Group entered into the Southeast Asia market by establishing a production facility in Thailand in 2007, followed by a production facility in Vietnam in 2019. Over the years, the Target Group has developed its sales networks, logistics, and supply-chain capabilities in the region and has served customers across Malaysia, Thailand and Vietnam, with revenue from Southeast Asia of approximately RMB1,026.7 million for the year ended 31 December 2024. Beyond the standard tariff rates applied to these countries, China is subject to significant punitive tariffs. These substantially increase the effective duty rate on Chinese imports, resulting in an overall average tariff rate that is substantially higher than that applied to Vietnam and Thailand. The Target Group's established presence in Southeast Asia, with production facilities adhering to stringent quality control procedures that meet the Group's production standards for cable products, offers a compelling solution that the Group can explore sales to the USA and manufacturing products through utilising the Target Group's production facilities following Completion. While certain production bases of the Target Group are located in Thailand and Vietnam, neither of which has finalised a trade and investment framework agreement with the United States as at the Latest Practicable Date, both countries are reportedly actively negotiating with the United States to create favourable trading terms to mitigate the risks of high tariffs and provide a more business friendly trading environment than if no agreement were in place. The Acquisition will allow the Group to diversify its reliance on a single country for critical copper wire supply. The Target Group's production bases in countries nearby China will also significantly diversify the risk of supply chain disruption. As copper wire is a fundamental raw material for the Group's cable products, any interruption in its supply can halt production, delay order fulfilment, and lead to substantial financial losses. By securing copper supply across different countries, the Group will forge a robust and resilient supply chain, ensuring business continuity and effectively diversifying geographic and political risks. Furthermore, the Acquisition represents a significant vertical integration opportunity for the Group. Depending on the production capacity of the Target Group, the Target Group will continue to supply copper wire for the Group's cable products and sell the copper wire products to other independent customers after Completion. Currently, the Target Group is also supplying copper wire products to Luxshare Precision Industry Co., Limited ("**Luxshare Precision Industry**"), a controlling shareholder of the Company, and its subsidiaries (collectively the "**Luxshare Precision Group**"). Following Completion, the Target Group will maintain the current supply of its products to the Luxshare Precision Group, which will constitute a continuing connected transaction under Chapter 14A of the Listing Rules. For details regarding such continuing connected transaction, please refer to the announcement of the Company dated 12 November 2025. By bringing the Target Group's copper wire production in-house, the Group will not only gain greater control over the quality and specifications of this upstream raw material but also enable more efficient product development. The Directors believe this integration will enhance the Group's capability to meet stringent industry standards and customer demands, ultimately broadening the Group's product offering range and increasing its competitiveness.

In view of the above, the Directors 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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition, and no Shareholder would be required to abstain from voting should a general meeting be convened by the Company to approve the Acquisition. The Company has obtained a written approval for the Acquisition from Luxshare Precision Limited, which beneficially owns 1,380,594,000 Shares, representing in aggregate approximately 70.60% of the entire issued share capital of the Company as at the date of the S&P Agreement. Luxshare Precision Limited is ultimately controlled by Ms. Wang Laichun, the non-executive Director and Chairman of the Company, and Mr. Wang Laisheng, the brother of Ms. Wang Laichun. As the above written shareholders' approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules, no general meeting would be held by the Company to approve the Acquisition.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of the Latest Practicable Date, the total number of issued Shares is 1,959,117,000. The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the allotment and issue of the Consideration Shares (assuming that there are no other changes in the issued share capital of the Company):

Shareholders	**As at the Latest Practicable Date**		**Immediately upon Completion and the allotment and issue of the Consideration Shares**	
	Number of Shares	*Approximate % of shareholding*	*Number of Shares*	*Approximate % of shareholding*
Luxshare Precision Limited *(Note 1)*	1,380,594,000	70.47%	1,380,594,000	69.32%
Mr. Cua Tin Yin Simon *(Note 2)*	10,488,000	0.54%	10,488,000	0.53%
Mr. Wong Chi Kuen *(Note 2)*	7,528,000	0.38%	7,528,000	0.38%
Mr. Ho Hin Shun *(Note 3)*	688,000	0.04%	688,000	0.03%
Mr. Luk Wai Shing *(Note 3)*	1,824,000	0.09%	1,824,000	0.09%
Sub-total	1,401,122,000	71.52%	1,401,122,000	70.35%
Public Shareholders				
The Vendor	–	–	32,531,545 *(Note 4)*	1.63%
Other public Shareholders	557,995,000	28.48%	557,995,000	28.02%
Sub-total	557,995,000	28.48%	590,526,545	29.65%
Total	1,959,117,000	100.00%	1,991,648,545	100.00%

Notes:

(1) The 1,380,594,000 Shares were held by Luxshare Precision Limited which is a wholly-owned subsidiary of Luxshare Precision Industry. Luxshare Precision Industry is owned as to 37.51% by Luxshare Limited 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. By virtue of SFO, each of Luxshare Precision Industry, Luxshare Limited, Ms. Wang Laichun and Mr. Wang Laisheng is deemed to be interested in 1,380,594,000 Shares held by Luxshare Precision Limited.

(2) Mr. Cua Tin Yin Simon and Mr. Wong Chi Kuen are executive Directors.

(3) Mr. Ho Hin Shun and Mr. Luk Wai Shing are independent non-executive Directors.

(4) For illustration purpose only, the figure represents maximum number of Consideration Shares to be issued, which is calculated by HK$330,000,000, being part of the consideration for Sale Shares settled by way of Consideration Shares, divided by the Minimum Issue Price.

RECOMMENDATION

The Directors consider that the terms of the S&P Agreement are on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Had a general meeting been convened by the Company, the Directors would recommend the Shareholders to vote in favour of the resolutions to approve, confirm and ratify the S&P Agreement and the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for the year ended 31 March 2023, the nine months ended 31 December 2023 and the year ended 31 December 2024 and the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2025 are disclosed in the following interim report and annual reports 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 unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2025 is disclosed in the 2025 interim report of the Company published on 26 September 2025, from pages 24 to 48. Please also see below the link to the 2025 interim report of the Company:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0926/2025092600219.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

- The audited consolidated financial statements of the Group for the year ended 31 March 2023 is disclosed in the 2023 annual report of the Company published on 31 July 2023, from pages 90 to 159. Please also see below the link to the 2023 annual report of the Company:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0731/2023073100157.pdf

2. STATEMENT OF INDEBTEDNESS

As at 30 September 2025, 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 September 2025
	HK$'000
Current liabilities	
Bank and other borrowings	1,043,506
Lease liabilities	33,333
Amounts due to related companies of the Target Group	257,235
Amount due to a related company of the Group	58
Loans from related companies	1,507,435
	2,841,567
Non-current liabilities	
Bank and other borrowings	51,564
Lease liabilities	61,929
	113,493
Total indebtedness	2,955,060

Bank and other borrowings

As at 30 September 2025, the Enlarged Group had total outstanding bank and other borrowings of approximately HK$1,095.1 million, comprising (i) secured and guaranteed bank and other borrowings of approximately HK$287.3 million; (ii) unsecured and unguaranteed bank and other borrowings of approximately HK$196.0 million; (iii) unsecured and guaranteed bank and other borrowings of approximately HK$213.0 million; and (iv) secured and unguaranteed bank and other borrowings of approximately HK$398.8 million. Certain bank and other borrowings of the Enlarged Group were secured by pledged bank deposits, land and buildings, investment properties, plant and machinery and certain personal real estate properties of the director of the Target Company. In addition, certain bank and other borrowings of the Enlarged Group were guaranteed by certain subsidiaries of the Target Group and certain directors of the Target Company as well as the Target Group's subsidiaries. The Enlarged Group's bank and other borrowings were repayable over a period of one to eight years or on demand as at 30 September 2025. Among the Enlarged Group's outstanding bank and other borrowings as at 30

September 2025, approximately HK$138.5 million were repayable on demand, approximately HK$905.0 million were repayable within one year and approximately HK$51.6 million were repayable within two years to eight years.

Lease liabilities

As at 30 September 2025, the Enlarged Group had lease liabilities of approximately HK$95.3 million, which were secured by the rental deposits.

Amounts due to related companies

As at 30 September 2025, the Enlarged Group had amounts due to related companies of approximately HK$257.3 million, which were unsecured, non-interest bearing and repayable on demand.

Loans from related companies

As at 30 September 2025, the Enlarged Group had loans from related companies of approximately HK$1,507.4 million, comprising (i) unsecured interest-bearing loans of approximately HK$1,500.9 million; and (ii) interest payables to the related companies of approximately HK$6.5 million. The loans from related companies of the Enlarged Group were repayable within one year as at 30 September 2025.

Contingent liabilities

As at 30 September 2025, the Enlarged Group had no material contingent liabilities.

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 September 2025, the 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 Group, including the internally generated funds and the available banking facilities, the Directors are of the opinion that the 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 2024 (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 and servers in accordance to the specifications and designs of its individual customer partners. The Group's products are supplied to customers from broadly seven market sectors, including (i) telecommunication; (ii) data centre; (iii) industrial equipment; (iv) medical equipment; (v) automotive; (vi) digital cable; and (vii) server.

With the rapid development of the 5G cellular network technology and the shift towards remote working model after the epidemic, the demand for 5G application and network communication has been increasing, which is expected to drive the demand of the Group's cable assembly products in the telecommunication sector and continue to foster the business growth of the Group. The vigorous development of the automotive and electric vehicle markets and the increasing health awareness of people after the epidemic will also bring the positive impact on the demand of the Group's products in the automotive sector and the medical equipment sector. In this regard, the Group has expanded its business to overseas markets through setting up of new production plants and the acquisition of corporations in order to capture the opportunities in the automotive sector and the medical equipment sector. In addition, the Directors also expect that the rising of cloud technology and the application of artificial intelligence technology will accelerate the development of the infrastructure of the data centre around the globe, which in turn will boost the demands for new networking cable products and the cable assembly products.

Following Completion, the Group will establish its production facilities in Southeast Asia via the Acquisition. With the geographical diversification, the Group can secure stable copper supply for its production of cable products to minimise the risks of supply chain disruption arising from the escalating trade tensions among the globe. The in-house production of copper wire also enable the Group to better control the quality and specifications of this upstream raw material and enhance the efficiency of the product development. The Directors expect the Acquisition will support the development of the Group's existing business and enable the Group to seize business opportunities in the fast changing business environment.

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TIME INTERCONNECT TECHNOLOGY LIMITED

Introduction

We report on the historical financial information of Dejinchang Investment Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-4 to II-68, which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Target Group for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "**Relevant Periods**"), the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-68 forms an integral part of this report, which has been prepared for inclusion in the circular of Time Interconnect Technology Limited (the "**Company**") dated 21 November 2025 (the "**Circular**") in connection with the proposed acquisition of 100% 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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* as issued by the Hong Kong Institute of Certified Public Accountants ("**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 the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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, 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 financial position of the Target Group and the Target Company as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the

Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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 4 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which contains information about the dividends paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong

21 November 2025

HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
REVENUE	*5*	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051
Cost of goods sold		(2,149,899)	(2,384,646)	(3,185,412)	(1,506,121)	(1,437,838)
Gross profit		164,098	147,662	145,456	76,731	103,213
Other income, net	*5*	21,006	23,559	33,721	16,846	16,376
Other operating income, net		6,579	2,234	10,419	2,219	7,684
Impairment losses on trade receivables	*6*	(895)	(3,364)	(1,037)	(519)	(9,446)
Selling and distribution expenses		(24,824)	(21,601)	(25,463)	(10,891)	(13,100)
Administrative expenses		(69,903)	(77,276)	(81,514)	(37,908)	(37,311)
Finance costs	*7*	(29,336)	(28,123)	(36,976)	(17,768)	(16,455)
PROFIT BEFORE TAX	*6*	66,725	43,091	44,606	28,710	50,961
Income tax expense	*9*	(11,743)	(11,025)	(12,531)	(7,594)	(9,191)
PROFIT FOR THE YEAR/PERIOD		54,982	32,066	32,075	21,116	41,770

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
PROFIT FOR THE YEAR/PERIOD	54,982	32,066	32,075	21,116	41,770
OTHER COMPREHENSIVE INCOME/ (LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations	1,112	760	2,375	(14,825)	14,807
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR/PERIOD, NET OF TAX	1,112	760	2,375	(14,825)	14,807
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	56,094	32,826	34,450	6,291	56,577

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		31 December			30 June
	Notes	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*11*	336,864	409,161	415,830	423,046
Investment properties	*12*	27,209	27,049	26,634	26,958
Right-of-use assets	*13*	57,528	53,649	62,555	60,411
Prepayments, deposits and other receivables	*15*	686	615	7	7
Other assets	*22*	11,250	11,250	11,250	–
Total non-current assets		**433,537**	**501,724**	**516,276**	**510,422**
CURRENT ASSETS					
Inventories	*16*	211,965	249,341	193,170	345,081
Trade and bills receivables	*14*	510,632	746,272	913,734	798,220
Prepayments, deposits and other receivables	*15*	129,663	154,295	92,204	107,564
Due from related companies	*23*	40,099	70,192	70,192	63,582
Financial assets at fair value through profit or loss	*17*	2,018	3,729	–	5,407
Tax recoverable		–	–	2,047	2,266
Restricted bank balances	*18*	595,502	395,447	610,927	481,852
Cash and cash equivalents	*18*	173,983	172,709	172,406	134,519
Total current assets		**1,663,862**	**1,791,985**	**2,054,680**	**1,938,491**
CURRENT LIABILITIES					
Trade and bills payables	*19*	1,015,696	1,162,550	1,247,728	1,171,355
Other payables and accruals	*20*	70,915	56,279	46,515	37,054
Due to the director	*23*	–	–	5,000	–
Due to related companies	*23*	46,153	51,968	47,683	236,192
Interest-bearing bank and other borrowings	*21*	610,986	559,256	768,236	759,012
Lease liabilities	*13*	1,532	1,795	2,699	2,534
Tax payable		6,674	3,941	5,717	7,207
Total current liabilities		**1,751,956**	**1,835,789**	**2,123,578**	**2,213,354**
NET CURRENT LIABILITIES		**(88,094)**	**(43,804)**	**(68,898)**	**(274,863)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**345,443**	**457,920**	**447,378**	**235,559**

		31 December			30 June
	Notes	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*21*	45,000	122,500	73,000	42,500
Lease liabilities	*13*	7,284	4,435	13,943	12,724
Total non-current liabilities		**52,284**	**126,935**	**86,943**	**55,224**
Net assets		**293,159**	**330,985**	**360,435**	**180,335**
EQUITY					
Equity attributable to owners of the parent					
Share capital	*24*	–*	–*	–*	918
Reserves	*25*	293,159	320,350	360,435	179,417
		293,159	320,350	360,435	180,335
Non-controlling interests		–	10,635	–	–
Total equity		**293,159**	**330,985**	**360,435**	**180,335**

* Less than RMB1,000

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Capital reserve *RMB'000* *Note 25*	Surplus reserve *RMB'000* *Note 25*	Merger reserve *RMB'000* *Note 25*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Year ended 31 December 2022									
At 1 January 2022	–*	665	25,009	70,054	(4,434)	145,771	237,065	–	237,065
Profit for the year	–	–	–	–	–	54,982	54,982	–	54,982
Other comprehensive income that may be reclassified to profit or loss in subsequent period:									
Exchange differences on translation of foreign operations	–	–	–	–	1,112	–	1,112	–	1,112
Total comprehensive income for the year	–	–	–	–	1,112	54,982	56,094	–	56,094
Transfer to surplus reserve	–	–	1,960	–	–	(1,960)	–	–	–
At 31 December 2022	–*	665**	26,969**	70,054**	(3,322)**	198,793**	293,159	–	293,159
Year ended 31 December 2023									
At 1 January 2023	–*	665	26,969	70,054	(3,322)	198,793	293,159	–	293,159
Profit for the year	–	–	–	–	–	32,066	32,066	–	32,066
Other comprehensive income that may be reclassified to profit or loss in subsequent period:									
Exchange differences on translation of foreign operations	–	–	–	–	760	–	760	–	760
Total comprehensive income for the year	–	–	–	–	760	32,066	32,826	–	32,826
Partial disposal of a subsidiary	–	(5,635)	–	–	–	–	(5,635)	10,635	5,000
Transfer to surplus reserve	–	–	2,783	–	–	(2,783)	–	–	–
At 31 December 2023	–*	(4,970)**	29,752**	70,054**	(2,562)**	228,076**	320,350	10,635	330,985

	Share capital	Capital reserve	Surplus reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 25	*Note 25*	*Note 25*					
Year ended 31 December 2024									
At 1 January 2024	–*	(4,970)	29,752	70,054	(2,562)	228,076	320,350	10,635	330,985
Profit for the year	–	–	–	–	–	32,075	32,075	–	32,075
Other comprehensive income that may be reclassified to profit or loss in subsequent period:									
Exchange differences on translation of foreign operations	–	–	–	–	2,375	–	2,375	–	2,375
Total comprehensive income for the year	–	–	–	–	2,375	32,075	34,450	–	34,450
Acquisition of non-controlling interests	–	5,635	–	–	–	–	5,635	(10,635)	(5,000)
Transfer to surplus reserve	–	–	593	–	–	(593)	–	–	–
At 31 December 2024	–*	665**	30,345**	70,054**	(187)**	259,558**	360,435	–	360,435
Six months ended 30 June 2024									
At 1 January 2024	–*	(4,970)	29,752	70,054	(2,562)	228,076	320,350	10,635	330,985
Profit for the period (unaudited)	–	–	–	–	–	21,116	21,116	–	21,116
Other comprehensive loss that may be reclassified to profit or loss in subsequent period:									
Exchange differences on translation of foreign operations (unaudited)	–	–	–	–	(14,825)	–	(14,825)	–	(14,825)
Total comprehensive income/(loss) for the period (unaudited)	–	–	–	–	(14,825)	21,116	6,291	–	6,291
Transfer to surplus reserve (unaudited)	–	–	919	–	–	(919)	–	–	–
At 30 June 2024 (unaudited)	–*	(4,970)**	30,671**	70,054**	(17,387)**	248,273**	326,641	10,635	337,276

	Notes	Share capital	Capital reserve	Surplus reserve	Merger reserve	Exchange fluctuation reserve	Retained profits	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			Note 25	*Note 25*	*Note 25*			
Six months ended 30 June 2025								
At 1 January 2025		–*	665	30,345	70,054	(187)	259,558	360,435
Profit for the period		–	–	–	–	–	41,770	41,770
Other comprehensive income that may be reclassified to profit or loss in subsequent period:								
Exchange differences on translation of foreign operations		–	–	–	–	14,807	–	14,807
Total comprehensive income for the period		–	–	–	–	14,807	41,770	56,577
Effect of Target Group reorganisation		918	–	–	(203,041)	–	–	(202,123)
Dividend declared by a subsidiary	*10*	–	–	–	–	–	(34,554)	(34,554)
Transfer to surplus reserve		–	–	251	–	–	(251)	–
At 30 June 2025		918	665**	30,596**	(132,987)**	14,620**	266,523**	180,335

* Less than RMB1,000

** These reserve accounts comprise the consolidated reserves of RMB293,159,000, RMB320,350,000, RMB360,435,000 and RMB179,417,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025 in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	Six months ended 30 June 2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax:		66,725	43,091	44,606	28,710	50,961
Adjustments for:						
Finance costs	7	29,336	28,123	36,976	17,768	16,455
Interest income	5	(12,858)	(6,856)	(11,212)	(4,940)	(4,220)
Net fair value loss/(gain) on financial asset at fair value through profit or loss	6	6,037	(3,292)	5,138	7,875	(1,846)
Net loss/(gain) on disposal of items of property, plant and equipment	6	2,850	699	716	(13)	(83)
Depreciation of property, plant and equipment	6	31,982	33,386	45,412	20,356	20,294
Depreciation of right-of-use assets	6	3,785	3,948	5,229	1,403	2,307
Depreciation of investment properties	6	1,066	1,129	1,132	549	593
Impairment of trade receivables	6	895	3,364	1,037	519	9,446
		129,818	103,592	129,034	72,227	93,907
Decrease/(increase) in inventories		59,147	(35,216)	58,360	(51,320)	(147,709)
Decrease/(increase) in trade and bills receivables		279	(237,267)	(165,160)	(134,222)	111,543
Decrease/(increase) in prepayments, deposits and other receivables		(42,266)	(23,493)	62,090	90,127	(14,208)
Increase/(decrease) in trade and bills payables		351,116	145,226	84,492	(170,272)	(77,585)
Increase/(decrease) in other payables and accruals		17,999	(15,114)	(10,088)	(17,771)	(9,764)
Movement in balances with related companies		(13,612)	(24,278)	(4,285)	24,295	(2,568)
Increase/(decrease) in amount due to the director		–	–	5,000	–	(5,000)
Cash generated from/(used in) operations		502,481	(86,550)	159,443	(186,936)	(51,384)
Tax paid		(7,367)	(15,330)	(12,034)	(6,421)	(8,398)
Net cash flows from/(used in) operating activities		495,114	(101,880)	147,409	(193,357)	(59,782)

	Notes	Year ended 31 December 2022 RMB'000	2023 RMB'000	2024 RMB'000	Six months ended 30 June 2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		12,858	6,856	11,212	4,940	4,220
Net redemption from/(acquisition of) financial assets at fair value through profit or loss		(7,234)	1,581	(1,409)	(6,569)	(3,561)
Purchases of items of property, plant and equipment		(131,525)	(130,662)	(53,872)	(23,325)	(23,887)
Proceed from disposal of items of property, plant and equipment		2,945	26,338	2,425	205	555
Net withdrawal from/(placement of) restricted bank deposits		(360,110)	200,942	(214,640)	8,810	130,215
Proceed from partial disposal of a subsidiary		–	5,000	–	–	–
Proceed from disposal of the Excluded subsidiary		–	–	–	–	11,250
Acquisition of non-controlling interest		–	–	(5,000)	–	–
Net cash flows from/(used in) investing activities		(483,066)	110,055	(261,284)	(15,939)	118,792
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans	*26(b)*	1,335,114	993,911	1,329,652	661,970	855,858
Repayment of bank loans	*26(b)*	(1,278,113)	(972,798)	(1,175,200)	(508,126)	(903,635)
Principal portion of lease payments	*26(b)*	(1,948)	(2,655)	(3,732)	(1,099)	(1,542)
Interest paid		(29,336)	(28,123)	(36,976)	(17,768)	(16,455)
Dividend paid		–	–	–	–	(34,554)
Net cash flows from/(used in) financing activities		25,717	(9,665)	113,744	134,977	(100,328)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		37,765	(1,490)	(131)	(74,319)	(41,318)
Cash and cash equivalents at beginning of year/period		135,355	173,983	172,709	172,709	172,406
Effect of foreign exchange rate changes, net		863	216	(172)	(4,607)	3,431
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		173,983	172,709	172,406	93,783	134,519
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents	*18*	173,983	172,709	172,406	93,783	134,519

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a limited liability company incorporated in the British Virgin Island. The registered office of the Target Company is located at Aegis Chambers, 1st Floor, Ellen Skelton Building, 3076 Sir Francis Drake's Highway, Road Town, Torotola, VG1110, the British Virgin Island.

The Target Company is an investment holding company. During the Relevant Periods, the Target Company's subsidiaries were involved in the manufacturing and sale of copper wire.

The Target Company and its subsidiaries now comprising the Target Group underwent the Group Reorganisation (defined in note 2.1(a)).

As at the end of the Relevant Periods, the Target Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
Jin's Copper Industries Co., Limited *(note (a))*	Hong Kong 5 March 2001	HK$1,000,000	100	–	Investment holding
惠州市華晟電子線材有限公司 (Huizhou Huasheng Electronic Wire & Cable Co., Ltd) *(note (b))*	Mainland China 27 March 2003	USD1,320,000	–	100	Manufacture and sale of copper wire
惠州德晉昌光電科技有限公司 (Huizhou Dejinchang Optoelectronics Technology Co., Ltd) *(note (b))*	Mainland China 28 April 2001	USD12,200,000	–	100	Manufacture and sale of copper wire
吉安德晉昌光電科技有限公司 (Jian Dejinchang Optoelectronics Technology Co., Ltd) *(note (c))*	Mainland China 4 June 2015	RMB10,000,000	–	100	Manufacture and sale of copper wire
惠州德晉昌新材料有限公司 (Huizhou Dejinchang New Materials Co., Ltd) *(note (g))*	Mainland China 16 October 2018	RMB80,000,000	–	100	Manufacture and sale of copper wire
南通德晉昌光電科技有限公司 (Nantong Dejinchang Photoelectric Technology Co., Ltd) *(note (d))*	Mainland China 6 November 2018	RMB50,000,000	–	100	Manufacture and sale of copper wire
南通臻弘錩科技有限公司 (Nantong Zhenhongchang Technology Co., Ltd) *(note (g))*	Mainland China 26 August 2020	RMB15,000,000	–	100	Manufacture and sale of copper wire
Dejinchang Optoelectronics Technology (Thailand) Co., Ltd. *(note (e))*	Thailand 20 March 2007	THB460,000,000	99.999	0.001	Manufacture and sale of copper wire

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Target Company		Principal activities
			Direct	Indirect	
DZC Optoelectronics Technology (Vietnam) Company Limited *(note (f))*	Vietnam 14 November 2019	VND194,786,000,000	–	100	Manufacture and sale of copper wire
Deshengchang New Material (Thailand) Co., Ltd. *(note (e))*	Thailand 9 December 2022	THB100,000,000	0.0003	99.9997	Manufacture and sale of copper wire

Notes:

(a) The statutory financial statements of the company for the years ended 31 December 2022, 2023 and 2024 prepared under HKFRS Accounting Standards were audited by Global Link CPA Limited, certified public accountants registered in Hong Kong.

(b) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Huizhou Kanghai Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.

(c) The statutory financial statements of the company for the year ended 31 December 2023 prepared under PRC GAAP were audited by Nanchang Zhonghong United Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.

(d) The statutory financial statements of the company for the years ended 31 December 2022, 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Nantong Dahui Certified Public Accountants (General Partnership), certified public accountants registered in the PRC.

(e) The statutory financial statements of these companies for the years ended 31 December 2022, 2023 and 2024 prepared under Thai Financial Reporting Standard for Non-publicly Accountable Entities were audited by Pattaya Audit Co., Ltd, certified public accountants registered in Thailand.

(f) The statutory financial statements of the company for the years ended 31 December 2022, 2023 and 2024 prepared under Vietnamese Accounting Standards and Corporate Accounting System were audited by APS CPA Limited, certified public accountants registered in Vietnam.

(g) No audited financial statements have been prepared for this entity for the years ended 31 December 2022, 2023 and 2024, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

2.1 BASIS OF PRESENTATION

(a) Group reorganisation

Before the group reorganisation, the Target Company was wholly owned by Mr. Jin Zhenghua (the "**Controlling Shareholder**").

In preparing for the Acquisition, the companies comprising the Target Group underwent a group reorganisation as described below ("**Group Reorganisation**").

On 23 May 2025, the Controlling Shareholder transferred his entire equity interest in the Target Company to the Vendor. Upon the completion, the Target Company became a direct wholly-owned subsidiary of the Vendor.

On 10 June 2025, the Target Company acquired 54.55% equity interest in DJC Thailand (a subsidiary now comprising the Target Group) at a consideration of US$26,150,000 (equivalent to approximately RMB187,197,000) from a related company which was wholly owned by the Controlling Shareholder. Upon the completion, DJC Thailand and its subsidiaries became indirect wholly-owned subsidiaries of the Target Company. As a result of the transaction, RMB127,987,000, being the difference between the share capital of DJC Thailand acquired (i.e. THB250,930,000, equivalent to approximately RMB59,210,000) and the respective consideration amounting to RMB187,197,000, was recognised in the merger reserve.

On 12 June 2025, Huizhou Huasheng, a company directly wholly owned by Jin's Copper and indirectly wholly owned by the Vendor, acquired the entire equity interest in Jian Optoelectronics (a subsidiary now comprising the Target Group) at a total consideration of RMB15,000,000 from the Controlling Shareholder. Upon the completion, Jian Optoelectronics became an indirect wholly-owned subsidiary of the Target Company. As a result of the transaction, RMB5,000,000, being the difference between the share capital of Jian Optoelectronics acquired (i.e. RMB10,000,000) and the respective consideration amounting to RMB15,000,000, was recognised in the merger reserve.

On 24 June 2025, the Vendor transferred its entire equity interest in Jin's Copper to the Target Company in exchange for 128,205 newly issued share, fully paid at a par value of US$128,205 (equivalent to approximately RMB918,000), of the Target Company. Upon the completion, Jin's Copper and its subsidiaries became the wholly-owned subsidiaries of the Target Company.

As a part of the Reorganisation, during the Relevant Periods, Huizhou Optoelectronics disposed its 75% equity interest in a subsidiary (the "**Excluded Subsidiary**") to a related company controlled by the Controlling Shareholder at a consideration of RMB11,500,000. The disposal of Excluded Subsidiary was completed in June 2025.

Upon the completion of the Group Reorganisation, the Target Company became the holding company of the companies now comprising the Target Group on 24 June 2025. The companies now comprising the Target Group were under the common control of the Controlling Shareholder before and after the Group Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Group Reorganisation had been completed at the beginning of the Relevant Periods. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for the Relevant Periods include the results and cash flows of the companies now comprising the Target Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Group Reorganisation.

The results, assets and liabilities of the Excluded Subsidiary has been excluded, as if the Group Reorganisation had been completed from 1 January 2022. The carrying amount of interests in the Excluded Subsidiaries of RMB11,250,000 had been recognised as "Other assets" since 1 January 2022.

All intra-group transactions and balances have been eliminated on combination.

(b) Going concern

At 30 June 2025, the Target Group had net current liabilities of RMB274,863,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern. Therefore, the Target Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Target Company have carefully assessed the Target Group's liquidity position by taking into account the following factors:

(i) As at 30 June 2025, the Target Group had bank borrowings of RMB132,821,000 classified as current liabilities due to repayment on demand clause, of which RMB15,086,000 was repayable in forthcoming year based on repayment schedule set out in the loan agreements. The director of the Target Company is of the opinion that the bank will not exercise its rights to demand repayment within the next twelve months after the Relevant Periods;

(ii) The Target Group has obtained the undertakings in writing from all the related parties for not to demand for repayment on the debt owing from the Target Group within next twelve months unless it has sufficient resource to repay and the director of the Target Company has given careful consideration to the future liquidity and performance of the Target Group and its available sources of finance in assessing whether the Target Group will have sufficient financial resources to fulfill its financial obligations for at least 12 months; and

(iii) The Company has agreed to provide adequate funds for the Target Group to meet its financial liabilities as and when they fall due upon completion of the Acquisition.

The directors are therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should the Target Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Target Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and certain bills receivables at fair value through other comprehensive income, which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Target Group has not applied the following new and revised HKFRSs Accounting Standards that have been issued but are not yet effective, in these financial statements. The Target Group intends to apply these new and revised HKFRSs Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

[1] Effective for annual periods beginning on or after 1 January 2025

[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual/reporting periods beginning on or after 1 January 2027
[4] No mandatory effective date yet determined but available for adoption

The Target Group is in the process of making an assessment of the impact of these new and revised HKFRSs Accounting Standards upon initial application. So far, the Target Group has expected that these HKFRSs Accounting Standards will not have significant effect on the Target Group's financial performance and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Target Group measures its financial assets at fair value through profit or loss and certain bills receivables at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Target Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group;

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Freehold land	Not depreciated
Buildings	5% – 20%
Leasehold improvement	33% or over the lease terms
Plant and machinery	10%
Furniture and fixtures and office equipment	10% – 20%
Motor vehicles	13% – 25%
Computer and office equipment	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. The Target Group has adopted the cost model under HKAS 40 to account for its investment properties and such properties are stated at cost less depreciation and any impairment losses.

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of investment properties over the estimated useful life of 20 years. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

As the Target Group adopts cost model for recognition and measurement of its properties, a transfer from owner-occupied properties to investment properties do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purpose.

Leases

The Target Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Group as a lessee

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	2 to 10 years

If ownership of the leased asset transfers to the Target Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for termination of a lease, if the lease term reflects the Target Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Target Group as a lessor

When the Target Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Target Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Target Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Target Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (debt instruments)

Upon initial recognition, the Target Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Target Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Target Group had not irrevocably elected to classify at fair value through other comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Target Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Group continues to recognise the transferred asset to the extent of the Target Group's continuing involvement. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Group could be required to repay.

Impairment of financial assets

The Target Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Target Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Target Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Target Group applies the practical expedient of not adjusting the effect of a significant financing component, the Target Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and balances due to related companies and the director.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits, as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Target Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the profit or loss is recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Group operates.

Deferred tax is provided, using the liability method, on temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Target Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Target Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the company and the customer at contract inception. When the contract contains a financing component which provides the Target Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of goods

Revenue from the sales of goods is recognised at the point in time when the control of the goods is transferred to the customer, generally on delivery of the products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms.

Sales of scrap materials is recognised at the point in time when the control of the assets is transferred to the customer, generally on delivery of the scraps.

Processing fee income is recognised when the relevant service has been rendered.

Other employee benefits

Pension schemes

The employees of the Target Group's subsidiaries which operate in Mainland China are required to participate in central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Target Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam in accordance with the Vietnam social and health insurance laws. The Target Company contributes to the scheme at a rate of 20% of the employee's salary. The stated-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees.

Dividends

Final and special dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Target Group's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Target Group's presentation currency. Each entity in the Target Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Target Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Target Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Target Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Target Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Target Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements.

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Target Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Estimation uncertainty

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

Impairment of trade and bills receivables

The impairment provisions for trade and bills receivables are based on assumptions about ECLs. The Target Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Target Group's historical experience and forward-looking information at the end of each reporting period. Changes in these assumptions and estimates could materially affect the results of the assessment and it may be necessary to make an additional impairment charge to profit or loss. Further details of the trade and bills receivables are given in note 14 to the financial statements.

Impairment of non-financial assets

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Target Group has only one reportable operating segment, which is the manufacture and sale of copper wires during the Relevant Periods.

Geographical information

(i) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Mainland China	1,295,144	1,530,994	1,840,310	949,869	394,214
Thailand	294,348	194,548	457,634	170,850	312,240
Vietnam	177,518	382,594	497,306	231,595	381,362
United States of America	108,862	83,565	209,408	68,279	284,402
Japan	223,281	242,592	246,994	117,423	135,737
Malaysia	178,952	62,995	71,788	43,835	31,661
Other countries/regions	35,892	35,020	7,428	1,001	1,435
Total revenue	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051

(ii) Non-current assets

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mainland China	315,640	385,472	381,596	360,468
Thailand	83,754	84,055	95,695	119,378
Vietnam	22,893	20,947	27,735	30,576
Total non-current assets	422,287	490,474	505,026	510,422

The non-current asset information above is based on locations of the assets and excludes other assets.

Information about major customers

Revenue from customers individually contributing over 10% to the total revenue of the Target Group during the Relevant Periods is set out below:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	624,773	1,049,550	937,833	548,613	–*
Customer B	415,061	320,316	412,993	–*	246,746
Customer C	–*	285,990	391,592	–*	212,388

* These customers individually contributed less than 10% of the total revenue of the Target Group during the Relevant Periods.

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from contracts with customers	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of goods or services					
Sale of copper wire	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051
Timing of revenue recognition					
At a point in time	2,313,997	2,532,308	3,330,868	1,582,852	1,541,051

(ii) Performance obligations

Information about the Target Group's performance obligations is summarised below:

Sale of copper wires

The performance obligation is satisfied at a point in time upon delivery of goods to customers and payment is generally due within 30 to 120 days from the date of billing.

An analysis of other income, net is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Rental income from investment properties	4,256	5,874	6,683	3,162	4,071
Government grants*	596	1,110	11,076	2,659	272
Bank interest income	12,858	6,856	11,212	4,940	4,220
Dividend income from the Excluded Subsidiary	–	–	–	–	1,590
Sales of scrap materials	2,647	7,412	1,570	4,523	3,862
Processing fee income	408	1,785	2,470	1,346	1,251
Others	241	522	710	216	1,110
	21,006	23,559	33,721	16,846	16,376

* Various government grants have been received from local governments. Balances mainly represented industrial subsidies provided by local governments. As at the end of Relevant Periods, there were no unfulfilled conditions and other contingencies attaching to the government grants that had been recognised by the Target Group.

6. PROFIT BEFORE TAX

The Target Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Cost of inventories sold	2,143,862	2,387,938	3,180,274	1,498,246	1,439,684
Net loss/(gain) on financial assets at fair value through profit or loss	6,037	(3,292)	5,138	7,875	(1,846)
Depreciation of property, plant and equipment *(note 11)*	31,982	33,386	45,412	20,356	20,294
Depreciation of investment properties *(note 12)*	1,066	1,129	1,132	549	593
Depreciation of right-of-use assets *(note 13)*	3,785	3,948	5,229	1,403	2,307
Loss/(gain) on disposal of items of property, plant and equipment*	2,850	699	716	(13)	(83)
Employee benefit expense (including director's remuneration *(note 8)*):					
Salaries, allowances and benefits in kind	107,295	119,905	114,208	55,910	55,484
Foreign exchange difference, net*	(9,429)	(2,933)	(11,135)	2,206	(7,206)
Auditor's remuneration	149	169	163	82	229
Impairment losses on trade receivables	895	3,364	1,037	519	9,446

* These items are included in "other operating income, net" on the face of the consolidated statements of profit or loss.

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest on bank and other borrowings	29,099	27,755	36,677	17,623	16,046
Interest on lease liabilities	237	368	299	145	409
Total	29,336	28,123	36,976	17,768	16,455

8. DIRECTOR'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	720	720	720	420	240
Total	720	720	720	420	240

Five highest paid employees

The five highest paid employees during the Relevant Periods included 1 director. Details of the remuneration of the remaining non-director, highest paid employees for the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Salaries, allowances and benefits in kind	1,980	1,862	1,714	1,048	1,089

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Nil to RMB400,000	2	2	1	4	4
RMB400,001 to RMB500,000	–	1	2	–	–
RMB500,001 to RMB600,000	1	1	1	–	–
RMB600,001 to RMB700,000	1	–	–	–	–
Total	4	4	4	4	4

Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year or after the year end.

9. INCOME TAX

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Target Group which operate in Mainland China were subject to Corporate Income Tax ("**CIT**") at the rate of 25% on the taxable profit for the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2024 and 2025, except for a subsidiary of the Target Group operating in Mainland China which was subject to CIT at the rate of 15% as qualified high and new technology enterprises and entitled to deduction of qualifying research and development expenses from taxable profit during the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2024 and 2025.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current	11,322	11,798	11,814	6,877	9,191
Underprovision/(overprovision) in prior years/periods	421	(773)	717	717	–
Total tax charge for the year/period	11,743	11,025	12,531	7,594	9,191

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Target Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before tax	66,725	43,091	44,606	28,710	50,961
Tax at the statutory tax rates	14,092	8,950	8,740	5,739	9,570
Effect of preferential tax rates	(3,963)	(3,031)	(1,787)	(2,406)	(6,352)
Adjustments in respect of current tax of previous years/periods	421	(773)	717	717	–
Expenses not deductible tax	1,849	4,356	2,125	1,952	4,079
Tax losses not recognised	1,242	2,775	2,721	1,862	1,338
Tax loss utilised from previous years/periods	–	–	(167)	(177)	(293)
Others	(1,898)	(1,252)	182	(93)	849
Total tax charge	11,743	11,025	12,531	7,594	9,191

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group has tax losses arising in Mainland China of RMB9,720,000, RMB20,316,000, RMB30,681,000, RMB34,812,000, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as, in the opinion of the directors, it is uncertain whether sufficient future taxable profits will be available against which the tax losses can be utilised.

10. DIVIDENDS

On 6 May 2025, Jian Dejinchang Optoelectronic Technology Co., Ltd ("**Jian Optoelectronics**"), a subsidiary of the Target Group, declared dividends of RMB34,554,000 to its then shareholders. No dividend was paid or proposed by the Target Company during the Relevant Periods.

11. PROPERTY, PLANT AND EQUIPMENT

31 December 2022

	Land and building *RMB'000*	Leasehold improvement *RMB'000*	Plant and machinery *RMB'000*	Furniture, fixtures and office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2022							
Cost	125,538	9,244	247,811	34,205	6,291	6,927	430,016
Accumulated depreciation	(33,136)	(2,293)	(130,396)	(20,227)	(3,950)	–	(190,002)
Net carrying amount	92,402	6,951	117,415	13,978	2,341	6,927	240,014
At 1 January 2022, net of accumulated depreciation	92,402	6,951	117,415	13,978	2,341	6,927	240,014
Additions	2,141	1,202	29,587	5,480	18	93,097	131,525
Disposals	–	–	(5,785)	(10)	–	–	(5,795)
Depreciation provided during the year	(5,905)	(3,690)	(15,412)	(6,154)	(821)	–	(31,982)
Transfers	551	379	2,660	–	–	(3,590)	–
Exchange realignment	1,320	298	1,289	144	16	35	3,102
At 31 December 2022, net of accumulated depreciation	90,509	5,140	129,754	13,438	1,554	96,469	336,864
At 31 December 2022							
Cost	130,915	11,134	274,171	40,137	6,381	96,469	559,207
Accumulated depreciation	(40,406)	(5,994)	(144,417)	(26,699)	(4,827)	–	(222,343)
Net carrying amount	90,509	5,140	129,754	13,438	1,554	96,469	336,864

31 December 2023

	Land and building	Leasehold improvement	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023							
Cost	130,915	11,134	274,171	40,137	6,381	96,469	559,207
Accumulated depreciation	(40,406)	(5,994)	(144,417)	(26,699)	(4,827)	–	(222,343)
Net carrying amount	90,509	5,140	129,754	13,438	1,554	96,469	336,864
At 1 January 2023, net of accumulated depreciation	90,509	5,140	129,754	13,438	1,554	96,469	336,864
Additions	926	3,942	52,118	4,626	1,303	67,747	130,662
Disposals	–	–	(26,769)	(127)	(141)	–	(27,037)
Depreciation provided during the year	(7,851)	(2,347)	(17,422)	(5,058)	(708)	–	(33,386)
Transfers	144,544	–	3,179	–	–	(147,723)	–
Exchange realignment	1,124	4	777	124	9	20	2,058
At 31 December 2023, net of accumulated depreciation	229,252	6,739	141,637	13,003	2,017	16,513	409,161
At 31 December 2023							
Cost	278,764	15,090	281,356	41,309	6,865	16,513	639,897
Accumulated depreciation	(49,512)	(8,351)	(139,719)	(28,306)	(4,848)	–	(230,736)
Net carrying amount	229,252	6,739	141,637	13,003	2,017	16,513	409,161

31 December 2024

	Land and building *RMB'000*	Leasehold improvement *RMB'000*	Plant and machinery *RMB'000*	Furniture, fixtures and office equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2024							
Cost	278,764	15,090	281,356	41,309	6,865	16,513	639,897
Accumulated depreciation	(49,512)	(8,351)	(139,719)	(28,306)	(4,848)	–	(230,736)
Net carrying amount	229,252	6,739	141,637	13,003	2,017	16,513	409,161
At 1 January 2024, net of accumulated depreciation	229,252	6,739	141,637	13,003	2,017	16,513	409,161
Additions	288	1,601	25,260	5,449	61	21,213	53,872
Disposals	–	–	(2,820)	(61)	(260)	–	(3,141)
Depreciation provided during the year	(12,972)	(7,168)	(19,726)	(5,046)	(500)	–	(45,412)
Transfers	933	10,924	451	20,221	–	(32,529)	–
Exchange realignment	731	–	448	140	(10)	41	1,350
At 31 December 2024, net of accumulated depreciation	218,232	12,096	145,250	33,706	1,308	5,238	415,830
At 31 December 2024							
Cost	281,884	27,624	301,214	64,812	6,370	5,238	687,142
Accumulated depreciation	(63,652)	(15,528)	(155,964)	(31,106)	(5,062)	–	(271,312)
Net carrying amount	218,232	12,096	145,250	33,706	1,308	5,238	415,830

30 June 2025

	Land and building	Leasehold improvement	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025							
Cost	281,884	27,624	301,214	64,812	6,370	5,238	687,142
Accumulated depreciation	(63,652)	(15,528)	(155,964)	(31,106)	(5,062)	–	(271,312)
Net carrying amount	218,232	12,096	145,250	33,706	1,308	5,238	415,830
At 1 January 2025, net of accumulated depreciation	218,232	12,096	145,250	33,706	1,308	5,238	415,830
Additions	–	803	16,646	2,219	815	3,404	23,887
Disposals	–	–	(75)	(284)	(113)	–	(472)
Depreciation provided during the period	(6,439)	(1,937)	(9,481)	(2,284)	(153)	–	(20,294)
Transfers	–	8,680	–	59	–	(8,739)	–
Exchange realignment	974	89	2,604	331	–	97	4,095
At 30 June 2025, net of accumulated depreciation	212,767	19,731	154,944	33,747	1,857	–	423,046
At 30 June 2025							
Cost	284,356	37,213	323,521	67,036	6,182	–	718,308
Accumulated depreciation	(71,589)	(17,482)	(168,577)	(33,289)	(4,325)	–	(295,262)
Net carrying amount	212,767	19,731	154,944	33,747	1,857	–	423,046

As at 31 December 2022, 2023, 2024 and 30 June 2025, certain of the Target Group's land and building and plant and machinery with an aggregate carrying amount of approximately RMB111,879,000, RMB105,109,000, RMB100,173,000 and RMB94,627,000, respectively, were pledged to secure bank loans granted to the Target Group.

12. INVESTMENT PROPERTIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	27,189	27,209	27,049	26,634
Depreciation provided during the year/period	(1,066)	(1,129)	(1,132)	(593)
Exchange realignment	1,086	969	717	917
At end of year/period	27,209	27,049	26,634	26,958

The Target Group's investment properties consist of two industrial properties and five residential properties situated in Thailand. Management has determined that the investment properties constitute two classes of assets, based on the nature, characteristics and risks of each property. These investment properties are stated at cost less accumulated depreciation and any impairment losses.

As at 31 December 2022, 2023, 2024 and 30 June 2025, certain of the Target Group's investment properties with an aggregate carrying amount of approximately RMB18,359,000, RMB18,399,000, RMB18,275,000 and RMB18,582,000, respectively, were pledged to secure bank loans granted to the Target Group.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the investment properties were valued at RMB57,225,000, RMB57,902,000, RMB60,166,000 and RMB62,471,000, respectively, based on the valuation performed by the director of the Target Company.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 13 to the financial statements.

13. LEASES

The Target Group as a lessee

The Target Group has lease contracts for various items of prepaid land lease payments and buildings used in its operations. Prepaid land lease payments have lease terms of 50 years. Leases of building generally have lease term of 2 to 10 years. Generally, the Target Group is restricted from assigning and subleasing the leased assets outside the Target Group.

(a) Right-of-use assets

The carrying amounts of the Target Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Prepaid land lease payments *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
As at 1 January 2022	51,225	1,996	53,221
Additions	–	8,008	8,008
Depreciation charge	(1,065)	(2,720)	(3,785)
Exchange realignment	–	84	84
As at 31 December 2022 and 1 January 2023	50,160	7,368	57,528
Depreciation charge	(1,065)	(2,883)	(3,948)
Exchange realignment	–	69	69
As at 31 December 2023 and 1 January 2024	49,095	4,554	53,649
Additions	–	14,401	14,401
Depreciation charge	(1,065)	(4,164)	(5,229)
Exchange realignment	–	(266)	(266)
As at 31 December 2024 and 1 January 2025	48,030	14,525	62,555
Depreciation charge	(533)	(1,774)	(2,307)
Exchange realignment	–	163	163
At 30 June 2025	47,497	12,914	60,411

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group's prepaid land lease payments with an aggregate carrying amount of approximately RMB50,160,000, RMB49,095,000, RMB48,030,000 and RMB47,497,000, respectively, were pledged to secure bank loans granted to the Target Group.

(b) ***Lease liabilities***

The carrying amounts of lease liabilities and the movements during the year are as follows:

	RMB'000
Carrying amount at 1 January 2022	2,677
Addition	8,008
Accretion of interest	237
Payments	(2,185)
Exchange realignment	79
Carrying amount at 31 December 2022 and 1 January 2023	8,816
Accretion of interest	368
Payments	(3,023)
Exchange realignment	69
Carrying amount at 31 December 2023 and 1 January 2024	6,230
Addition	14,401
Accretion of interest	299
Payments	(4,031)
Exchange realignment	(257)
Carrying amount at 31 December 2024 and 1 January 2025	16,642
Accretion of interest	409
Payments	(1,951)
Exchange realignment	158
Carrying amount at 30 June 2025	15,258

Analysed into:

	As at 31 December			**As at 30 June**
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current portion	1,532	1,795	2,699	2,534
Non-current portion	7,284	4,435	13,943	12,724

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended 31 December 2022	**Year ended 31 December 2023**	**Year ended 31 December 2024**	**Six months ended 30 June 2024**	**Six months ended 30 June 2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)		
Depreciation charge of right-of use asset	3,785	3,948	5,229	1,403	2,307
Interest on lease liabilities	237	368	299	145	409
Total amount recognised in profit or loss	4,022	4,316	5,528	1,548	2,716

The Target Group as a lessor

The Target Group leases its investment properties (note 12) consisting of two industrial properties and five residential properties situated in Thailand under operating lease arrangements. The term of the leases generally requires the tenant to pay periodic rent. Rental income recognised by the Target Group during six months period ended 30 June 2025 was RMB4,071,000 (year ended 31 December 2024: RMB6,683,000; year ended 31 December 2023: RMB5,874,000; year ended 31 December 2022: RMB4,256,000), details of which are included in note 5 to the financial statements.

The undiscounted lease payments receivable by the Target Group in future periods under operating leases with its tenants are as follows:

	As at 31 December			**As at 30 June**
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	2,221	2,038	4,556	4,697
After one year but within two years	282	–	4,359	3,867
After two years but within three years	–	–	2,639	1,605
After three years but within four years	–	–	1,026	1,062
After four years but within five years	–	–	598	88
Total	2,503	2,038	13,178	11,319

14. TRADE AND BILL RECEIVABLES

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables, at amortised cost	401,208	736,530	758,589	746,076
Less: impairment of trade receivables	(2,517)	(5,665)	(6,702)	(6,023)
Subtotal	398,691	730,865	751,887	740,053
Bills receivables, at amortised cost	111,738	13,486	125,481	57,363
Bills receivables, at fair value through other comprehensive income ("**FVOCI**")	203	1,921	36,366	804
Total	510,632	746,272	913,734	798,220

As at 31 December 2022, 2023, 2024 and 30 June 2025, included in the Target Group's trade receivables are amounts due from related companies of RMB247,000, RMB10,115,000, Nil and RMB3,944,000, respectively, which are repayable on terms similar to those offered to the major customers of the Target Group.

The Target Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days, extending up to 120 days for major customers. Each customer has a maximum credit limit. The Target Group seeks to maintain strict credit control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that Target Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Target Group does not hold any collateral or other credit enhancements over these trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of trade receivables as at the end of the relevant period, based on the invoice date and net of impairment is as follow:

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	204,526	514,250	516,725	502,881
1 to 3 months	171,775	191,275	207,574	211,916
Over 3 months	22,390	25,340	27,588	25,256
	398,691	730,865	751,887	740,053

The movements in impairment of trade receivables are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	1,853	2,517	5,665	6,702
Impairment of trade receivables	895	3,364	1,037	9,446
Amount written off	(231)	(216)	–	(10,125)
At end of year/period	2,517	5,665	6,702	6,023

An impairment analysis is performed at the end of each relevant date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

As at 31 December 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate *(%)*	0.01%	0.25%	1.26%	22.51%	0.63%
Gross carrying amount *(RMB'000)*	317,786	36,530	38,452	8,440	401,208
Expected credit losses *(RMB'000)*	42	90	485	1,900	2,517

As at 31 December 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate *(%)*	0.05%	1.19%	3.54%	29.16%	0.77%
Gross carrying amount *(RMB'000)*	656,285	42,920	23,645	13,680	736,530
Expected credit losses *(RMB'000)*	330	510	836	3,989	5,665

As at 31 December 2024

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate *(%)*	0.06%	1.62%	4.67%	32.04%	0.88%
Gross carrying amount *(RMB'000)*	633,603	86,097	27,596	11,293	758,589
Expected credit losses *(RMB'000)*	398	1,396	1,290	3,618	6,702

As at 30 June 2025

		Past due			
	Current	**Less than 1 month**	**1 to 3 months**	**Over 3 months**	**Total**
Expected credit loss rate *(%)*	0.04%	0.70%	3.15%	22.16%	0.81%
Gross carrying amount *(RMB'000)*	603,413	92,650	31,320	18,693	746,076
Expected credit losses *(RMB'000)*	241	651	988	4,143	6,023

As at 31 December 2023, 2024 and 30 June 2025, certain of the Target Group's trade receivables with an aggregate carrying amount of approximately RMB34,157,000, RMB54,477,000 and RMB62,865,000, respectively, were pledged to secure bank loans granted to the Target Group.

The Target Group has applied the general approach to provide for expected credit losses for bills receivables at amortised cost under HKFRS 9. Bills receivables at amortised cost had no historical default and past due amounts. The loss allowance of bills receivables was assessed to be minimal at the end of each of the Relevant Periods.

As part of the Target Group's cash flow and risk management, the Target Group has the practice of endorsing and factoring certain bills receivable to financial institutions before the receivables are due for repayment. The endorsed and factored bills receivable are derecognised on the basis that the Target Group has transferred substantially all the risks and rewards to the relevant counterparties. Accordingly, such bills receivable were under a business model which is held to collect contractual cash flows and to sell, and had been classified as financial assets at fair value through other comprehensive income.

As at the end of each of the Relevant Periods, the Target Group does not hold any collateral over the bill receivables at FVOCI. There is no history of default or past due with the relevant counterparties. The Target Group estimated that the expected loss rate for bill receivables at FVOCI is minimal during the Relevant Periods.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	91,930	121,727	61,467	62,750
Deposits and other receivables	38,419	33,183	30,744	44,821
Total	130,349	154,910	92,211	107,571
Less: Non-current portion	(686)	(615)	(7)	(7)
Current portion	129,663	154,295	92,204	107,564

These financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the loss allowance was assessed to be minimal.

16. INVENTORIES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	64,817	88,637	61,421	104,830
Work in progress	43,223	40,263	48,385	92,600
Finished goods	103,925	120,441	83,364	147,651
Total	211,965	249,341	193,170	345,081

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Copper futures	2,018	3,729	–	5,407

The Target Group had an aggregate open position of copper futures with a positive contract value of RMB2,018,000, RMB3,729,000, Nil and RMB5,407,000 as at 31 December 2022, 2023, 2024 and 30 June 2025, respectively, which has been recognised as financial assets at fair value through profit or loss.

18. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	769,485	568,156	783,333	616,371
Less: restricted bank balances*	(595,502)	(395,447)	(610,927)	(481,852)
Cash and cash equivalents	173,983	172,709	172,406	134,519

* The Target Group's restricted bank balances as at 31 December 2022, 2023, 2024 and 30 June 2025 included bank balances of RMB595,502,000, RMB395,447,000, RMB610,927,000 and RMB481,852,000, respectively, placed at banks as collaterals for bills issued and bank loans drawn by the Target Group.

At the end of the reporting period, the above balances include cash and bank balances denominated in Renminbi ("**RMB**") of RMB713,192,000, RMB514,961,000, RMB727,589,000 and RMB536,124,000 and Vietnamese Dong ("**VND**") of RMB301,000, RMB561,000, RMB783,000 and RMB727,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

VND is not freely convertible into other currencies. However, under the Sale and Payment of Foreign Exchange Regulations and the Law on Foreign Investment in Vietnam, the Target Group is permitted to exchange VND for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Target Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

19. TRADE AND BILLS PAYABLES

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	54,683	191,182	64,475	135,537
Bills payables	961,013	971,368	1,183,253	1,035,818
Total	1,015,696	1,162,550	1,247,728	1,171,355

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on invoice date, is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 month	191,596	322,424	237,590	244,260
1 to 3 months	191,976	373,955	275,090	360,724
Over 3 months	632,124	466,171	735,048	566,371
Total	1,015,696	1,162,550	1,247,728	1,171,355

As at 31 December 2022, 2023, 2024 and 30 June 2025, included in the Target Group's trade and bills payables are amounts due to related companies of RMB13,771,000, RMB16,978,000, RMB12,256,000 and RMB1,427,000, respectively, which have terms similar to those offered by the related companies to their major customers.

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

20. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	35,802	34,152	33,619	23,712
Other payables	35,113	22,127	12,896	13,342
Total	70,915	56,279	46,515	37,054

Other payables are non-interest-bearing and have an average term of three months.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2022

	Effective interest rate *(%)*	Maturity	*RMB'000*
Current:			
Bank loans – secured	2.95% – 8.50%	2023 or on demand	460,413
Discounted bills	1.19% – 2.10%	2023	150,573
Total – current			610,986
Non-current:			
Bank loans – secured	4.50%	2024 – 2027	45,000

As at 31 December 2023

	Effective interest rate *(%)*	Maturity	*RMB'000*
Current:			
Bank loans – secured	2.24% – 7.64%	2024 or on demand	552,417
Discounted bills	1.40% – 1.84%	2024	6,839
Total – current			559,256
Non-current:			
Bank loans – secured	3.60% – 4.35%	2025 – 2027	122,500

As at 31 December 2024

	Effective interest rate *(%)*	Maturity	*RMB'000*
Current:			
Bank loans – secured	3.00% – 6.77%	2025 or on demand	674,321
Discounted bills	0.59% – 1.73%	2025	93,915
Total – current			768,236
Non-current:			
Bank loans – secured	3.80% – 4.35%	2026 – 2027	73,000

As at 30 June 2025

	Effective interest rate *(%)*	Maturity	*RMB'000*
Current:			
Bank loans – secured	2.50% – 6.57%	2025 – 2026 or on demand	708,125
Discounted bills	1.03% – 2.27%	2025 – 2026	50,887
Total – current			759,012
Non-current:			
Bank loans – secured	3.85%	2026 – 2027	42,500

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	460,413	552,417	674,321	708,125
In the second year	1,000	29,500	31,000	1,000
In the third to fifth years	44,000	93,000	42,000	41,500
Subtotal	505,413	674,917	747,321	750,625
Discounted bills repayable:				
Within one year	150,573	6,839	93,915	50,887
Total	655,986	681,756	841,236	801,512

Notes:

(a) The bank and other borrowings were denominated in RMB, USD, Thai baht ("**THB**") and VND at the end of the Relevant Periods.

(b) As at 31 December 2022, 2023, 2024 and 30 June 2025, certain of the Target Group's bank loans are secured by:

(i) the corporate guarantees from certain of the Target Group's subsidiaries;

(ii) the personal guarantees from the sole director of the Target Company and certain directors of the Target Group's subsidiaries;

(iii) pledge of the sole director's certain personal real estate properties;

(iv) the pledge of prepaid land lease payments under right-of-use assets of the Target Group with an aggregate carrying amount of approximately RMB50,160,000, RMB49,095,000, RMB48,030,000 and RMB47,497,000, respectively;

(v) the pledge of certain land and building and plant and machinery of the Target Group with an aggregate carrying amount of approximately RMB111,879,000, RMB105,109,000, RMB100,173,000 and RMB94,627,000, respectively;

(vi) the pledge of certain investment properties of the Target Group with an aggregate carrying amount of approximately RMB18,359,000, RMB18,399,000, RMB18,275,000 and RMB18,582,000, respectively;

(vii) the pledge of certain trade receivables of the Target Group with an aggregate carrying amount of approximately Nil, RMB34,157,000, RMB54,477,000 and RMB62,865,000, respectively; and

(viii) the restricted cash and bank balance of the Target Group of RMB24,506,000, RMB25,394,000, RMB32,691,000 and RMB34,360,000, respectively.

(c) As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group discounted certain bills receivable to a bank in exchange for cash. The Target Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the bills receivables and the associated cash received as borrowings from the bank, the corresponding discount charges is recorded as interest expense.

22. OTHER ASSETS

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other assets	11,250	11,250	11,250	–

Other assets represent investment cost of 75% equity interests in the Excluded Subsidiary as detailed in Note 2.1(a).

23. BALANCES WITH RELATED COMPANIES AND THE DIRECTOR

The balances with related companies and the director are unsecured, interest-free and repayable on demand. The expected credit loss for amounts due from related companies is assessed to be minimal. Included in the balances with related companies as at 30 June 2025 are amounts due to related companies of RMB190,197,000 as a result of acquisitions of subsidiaries now comprising the Target Group.

24. SHARE CAPITAL

	Note	**Number of shares**
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025		2
Increase of authorised capital	(a)	999,998
At 30 June 2025		1,000,000

	Note	**Number of shares**	**US$**	**Equivalent to RMB'000**
Issued and fully paid:				
At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025		2	2	–*
Issuance of new shares	(b)	128,205	128,205	918
At 30 June 2025		128,207	128,207	918

* Less than RMB1,000

Notes:

(a) On 28 May 2025, the authorised share capital of the Target Company increased from 2 ordinary shares at US$1 each to 1,000,000 ordinary shares at US1 each.

(b) On 24 June 2025, the Target Company issued 128,205 shares at US$1 each.

25. RESERVES

The amounts of the Target Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in equity.

The capital reserve represents the difference between the value of the paid-up capital and the net assets transferred.

The surplus reserve, which is non-distributable, is appropriated from after-tax profit of the Target Group's PRC subsidiaries under the relevant laws and regulation in the PRC. The surplus reserves can be used to make up for previous years' losses, if any, and converted into additional capital of the PRC subsidiaries of the Target Group.

The balance of merger reserve at 31 December 2022, 2023 and 2024 represents the aggregate of the share capital of the subsidiaries now comprising the Target Group attributable to the Controlling Shareholder prior to the Group Reorganisation. The balance of merger reserve at 30 June 2025 represents the difference between the aggregate of the share capital of the subsidiaries acquired and the respective consideration pursuant to the Group Reorganisation.

26. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023, 2024 and six months ended 30 June 2025, the Target Group had non-cash additions to right-of-use assets of RMB8,008,000, Nil, RMB14,401,000 and Nil, respectively, and lease liabilities of RMB8,008,000, Nil, RMB14,401,000 and Nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings *RMB'000*	**Lease liabilities** *RMB'000*
At 1 January 2022	590,022	1,996
Changes from financing cash flows	27,902	(2,185)
New leases	–	8,008
Foreign exchange movement	8,963	760
Interest expenses *(note 7)*	29,099	237
At 31 December 2022 and 1 January 2023	655,986	8,816
Changes from financing cash flows	(6,642)	(3,023)
Foreign exchange movement	4,657	69
Interest expenses *(note 7)*	27,755	368

	Interest-bearing bank and other borrowings	Lease liabilities
	RMB'000	*RMB'000*
At 31 December 2023 and 1 January 2024	681,756	6,230
Changes from financing cash flows	117,775	(4,031)
New leases	–	14,401
Foreign exchange movement	5,028	(257)
Interest expenses *(note 7)*	36,677	299
At 31 December 2024 and 1 January 2025	841,236	16,642
Changes from financing cash flows	(63,823)	(1,951)
Foreign exchange movement	8,053	158
Interest expenses *(note 7)*	16,046	409
At 30 June 2025	801,512	15,258

27. CAPITAL COMMITMENTS

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided:				
Property, plant and equipment	18,506	22,132	3,426	1,390

28. RELATED PARTY TRANSACTIONS

(a) In addition to transactions disclosed elsewhere in the financial statements, the Target Group also had the following material transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2024	Six months ended 30 June 2024	Six months ended 30 June 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Purchase of raw materials from related companies	(i)	–	–	11,011	–	355
Purchase of property, plant and equipment from a related company	(ii)	16,097	28,659	6,845	3,072	340

Notes:

(i) Purchases of goods were made at mutually agreed terms.

(ii) Purchases of property, plant and equipment were made at mutually agreed terms.

(b) Balances with related companies

As disclosed in the statement of financial position, the Target Group had outstanding balances with the related companies, particulars of which are set out in note 23 to the financial statements.

(c) Compensation of key management personnel of the Target Group

The key management personnel of the Target Group are the directors, whose emoluments are included in note 8 to the financial statements.

29. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group discounted certain bills receivable to banks in exchange for cash. The Target Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the bills receivables and the associated cash received as borrowings from the bank, the corresponding discount charges is recorded as interest expense. The carrying amount of the assets that the Target Group continued to recognise as at 31 December 2022, 2023, 2024 and 30 June 2025 was RMB108,762,000, RMB6,891,000, RMB94,356,000 and RMB51,167,000, respectively. The carrying amount of the associated liabilities as at 31 December 2022, 2023, 2024 and 30 June 2025 was RMB108,481,000, RMB6,839,000, RMB93,915,000 and RMB50,887,000, respectively.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2022, 2023, 2024 and 30 June 2025, certain bills receivable were discounted to banks in Mainland China with a carrying amount of RMB209,416,000, RMB151,396,000, RMB279,510,000 and RMB167,929,000 respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills may exercise the right of recourse against any, several or all of the persons liable for the derecognised bills, including the Target Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the Target Group has transferred substantially all risks and rewards relating to the discounted bills. Accordingly, it has derecognised the full carrying amounts of the discounted bills. The maximum exposure to loss from the Target Group's Continuing Involvement in the discounted bills and the undiscounted cash flows to repurchase these discounted bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Target Group's Continuing Involvement in the discounted bills are not significant.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

As at 31 December 2022

	Financial asset at fair value through profit or loss	Financial asset at FVOCI	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	203	510,429	510,632
Financial assets included in prepayments, deposits and other receivables	–	–	38,419	38,419
Due from related companies	–	–	40,099	40,099
Financial assets at fair value through profit or loss	2,018	–	–	2,018
Restricted bank balances	–	–	595,502	595,502
Cash and cash equivalents	–	–	173,983	173,983
Total	2,018	203	1,358,432	1,360,653

As at 31 December 2023

	Financial asset at fair value through profit or loss	Financial asset at FVOCI	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	1,921	744,351	746,272
Financial assets included in prepayments, deposits and other receivables	–	–	33,183	33,183
Due from related companies	–	–	70,192	70,192
Financial assets at fair value through profit or loss	3,729	–	–	3,729
Restricted bank balances	–	–	395,447	395,447
Cash and cash equivalents	–	–	172,709	172,709
Total	3,729	1,921	1,415,882	1,421,532

As at 31 December 2024

	Financial asset at fair value through profit or loss *RMB'000*	**Financial asset at FVOCI** *RMB'000*	**Financial assets at amortised cost** *RMB'000*	**Total** *RMB'000*
Trade and bills receivables	–	36,366	877,368	913,734
Financial assets included in prepayments, deposits and other receivables	–	–	30,744	30,744
Due from related companies	–	–	70,192	70,192
Restricted bank balances	–	–	610,927	610,927
Cash and cash equivalents	–	–	172,406	172,406
Total	–	36,366	1,761,637	1,798,003

As at 30 June 2025

	Financial asset at fair value through profit or loss *RMB'000*	**Financial asset at FVOCI** *RMB'000*	**Financial assets at amortised cost** *RMB'000*	**Total** *RMB'000*
Trade and bills receivables	–	804	797,416	798,220
Financial assets included in prepayments, deposits and other receivables	–	–	44,821	44,821
Due from related companies	–	–	63,582	63,582
Financial assets at fair value through profit or loss	5,407	–	–	5,407
Restricted bank balances	–	–	481,852	481,852
Cash and cash equivalents	–	–	134,519	134,519
Total	5,407	804	1,522,190	1,528,401

Financial liabilities

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:				
Trade and bills payables	1,015,696	1,162,550	1,247,728	1,171,355
Financial liabilities included in accruals and other payables	43,916	44,835	15,953	22,032
Due to the director	–	–	5,000	–
Due to related companies	46,153	51,968	47,683	236,192
Interest-bearing bank borrowings	655,986	681,756	841,236	801,512
Lease liabilities	8,816	6,230	16,642	15,258
Total	1,770,567	1,947,339	2,174,242	2,246,349

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade and bills receivables, current portion of financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in accruals and other payables, current portion of interest-bearing bank and other borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of financial assets included in prepayments, deposits and other receivables, interest-bearing bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Target Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2022, 2023, 2024 and 30 June 2025 were assessed to be insignificant.

The fair value of the copper futures with included in financial assets at fair value through profit or loss are measured with reference to quoted market prices.

The fair values of the bills receivables at fair value through other comprehensive income have been calculated by discounting the expected cash flows from the receivables using the discount rates from the factoring arrangement.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Target Group's financial instruments:

As at 31 December 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	2,018	–	–	2,018
Bills receivables at fair value through other comprehensive income	–	203	–	203
Total	–	203	–	2,221

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	3,729	–	–	3,729
Bills receivables at fair value through other comprehensive income	–	1,921	–	1,921
Total	–	1,921	–	5,650

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables at fair value through other comprehensive income	–	36,366	–	36,366

As at 30 June 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	5,407	–	–	5,407
Bills receivables at fair value through other comprehensive income	–	804	–	804
Total	–	804	–	6,211

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Target Group had no financial instruments measured at fair value under Level 3.

During the Relevant Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments, comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities such as trade and bill receivables, financial assets included in deposits and other receivables, financial assets at fair value through profit or loss, trade and bills payables and other payables and accruals, which arise directly from its operations.

The main risks arising from the Target Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Target Group is exposed to the risk of changes in market interest rates relates primarily to the Target Group's interest-bearing bank borrowings with floating interest rates.

The Target Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The interest-bearing bank borrowings and cash and cash equivalents are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to profit or loss as earned/incurred.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact on floating rate borrowings) and the Target Group's equity.

	Increase/ (decrease) in interest rate (basis points)	Increase/ (decrease) in profit before tax and equity *RMB'000*
31 December 2022		
RMB	50	(560)
RMB	(50)	560
31 December 2023		
RMB	50	(554)
RMB	(50)	554
31 December 2024		
RMB	50	(522)
RMB	(50)	522
30 June 2025		
RMB	50	(498)
RMB	(50)	498

Foreign currency risk

The Target Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Target Group's monetary assets, financing and transactions are principally denominated in RMB, USD, THB and VND.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States Dollar ("**USD**") exchange rates, with all other variables held constant, of the Target Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax and equity *RMB'000*
31 December 2022		
USD	50	1,046
USD	(50)	(1,046)
31 December 2023		
USD	50	1,246
USD	(50)	(1,246)
31 December 2024		
USD	50	1,257
USD	(50)	(1,257)
30 June 2025		
USD	50	638
USD	(50)	(638)

Credit risk

The Target Group trades only with recognised and creditworthy group companies and third parties. It is the Target Group's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Group's exposure to bad debts is not significant. The credit risk of the Target Group's other financial assets, which comprise cash and cash equivalents and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments, which is considered by the directors as not significant as the counterparties of these other financial assets are mainly well-recognised corporations. Since the Target Group trades only with recognised and creditworthy group companies and third parties, there is no requirement for collateral.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022, 2023, 2024 and 30 June 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	401,208	401,208
Bills receivables**	111,941	–	–	–	111,941
Financial assets included in prepayments, deposits other receivables – Normal**	38,419	–	–	–	38,419
Due from related companies – Normal**	40,099	–	–	–	40,099
Restricted bank balances – Not yet past due	595,502	–	–	–	595,502
Cash and cash equivalents – Not yet past due	173,983	–	–	–	173,983
Total	959,944	–	–	401,208	1,361,152

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	736,530	736,530
Bills receivables**	15,407	–	–	–	15,407
Financial assets included in prepayments, deposits other receivables – Normal**	33,183	–	–	–	33,183
Due from related companies – Normal**	70,192	–	–	–	70,192
Restricted bank balances – Not yet past due	395,447	–	–	–	395,447
Cash and cash equivalents – Not yet past due	172,709	–	–	–	172,709
Total	686,938	–	–	736,530	1,423,468

As at 31 December 2024

	12-month ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	758,589	758,589
Bills receivables**	161,847	–	–	–	161,847
Financial assets included in prepayments, deposits other receivables – Normal**	30,744	–	–	–	30,744
Due from related companies – Normal**	70,192	–	–	–	70,192
Restricted bank balances – Not yet past due	610,927	–	–	–	610,927
Cash and cash equivalents – Not yet past due	172,406	–	–	–	172,406
Total	1,046,116	–	–	758,589	1,804,705

As at 30 June 2025

	12-month ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	746,076	746,076
Bills receivables**	58,167	–	–	–	58,167
Financial assets included in prepayments, deposits other receivables – Normal**	44,821	–	–	–	44,821
Due from related companies – Normal**	63,582	–	–	–	63,582
Restricted bank balances – Not yet past due	481,852	–	–	–	481,852
Cash and cash equivalents – Not yet past due	134,519	–	–	–	134,519
Total	782,941	–	–	746,076	1,529,017

* For trade receivables to which the Target Group applies the simplified approach for impairment allowance is disclosed in note 14 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables, bills receivables and amounts due from related companies considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Target Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations. The Target Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and funds generated from operations.

The maturity profile of the Target Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2022

	On demand or less than 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	2,964	7,028	9,992
Interest-bearing bank and other borrowings	677,900	54,681	732,581
Trade and bills payables	1,015,696	–	1,015,696
Financial liabilities included in other payables and accruals	43,916	–	43,916
Due to related companies	46,153	–	46,153
Total	1,786,629	61,709	1,848,338

31 December 2023

	On demand or less than 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities	2,547	5,308	7,855
Interest-bearing bank and other borrowings	610,175	135,811	745,986
Trade and bills payables	1,162,550	–	1,162,550
Financial liabilities included in other payables and accruals	44,835	–	44,835
Due to related companies	51,968	–	51,968
Total	1,872,705	141,119	2,013,194

31 December 2024

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	3,550	9,507	7,782	20,839
Interest-bearing bank and other borrowings	809,299	79,332	–	888,631
Trade and bills payables	1,247,728	–	–	1,247,728
Financial liabilities included in other payables and accruals	15,953	–	–	15,953
Due to the director	5,000	–	–	5,000
Due to related companies	47,683	–	–	47,683
Total	2,129,213	88,839	7,782	2,225,834

30 June 2025

	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	3,398	8,470	6,890	18,758
Interest-bearing bank and other borrowings	793,262	46,148	–	839,410
Trade and bills payables	1,171,355	–	–	1,171,355
Financial liabilities included in other payables and accruals	22,032	–	–	22,032
Due to related parties	236,192	–	–	236,192
Total	2,226,239	54,618	6,890	2,287,747

Capital management

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Target Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Target Group monitors capital using a gearing ratio which is net debt divided by the equity attributable to the equity holders of the Target Group plus net debt. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents and restricted bank balances.

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	655,986	681,756	841,236	801,512
Less: restricted bank balances	(595,502)	(395,447)	(610,927)	(481,852)
Less: cash and cash equivalents	(173,983)	(172,709)	(172,406)	(134,519)
Net debt/(cash)	(113,499)	113,600	57,903	185,141
Equity attributable to the owner of the parent	293,159	320,350	360,435	180,335
Capital and net debt	179,660	433,950	418,338	365,476
Gearing ratio	N/A*	26%	14%	51%

* The gearing ratio was not applicable as the Target Group's cash and restricted bank balances exceeded total interest-bearing bank and other borrowings.

33. STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

	As at 31 December			As at 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSET				
Investment in subsidiaries	49,333	49,333	49,333	237,447
CURRENT LIABILITIES				
Due to subsidiaries	43,289	44,568	45,822	44,981
Due to a related company	–	–	–	187,197
Total current liabilities	43,289	44,568	45,822	232,178
NET CURRENT LIABILITIES	43,289	44,568	45,822	232,178
Net assets	6,044	4,765	3,511	5,269
EQUITY				
Share capital	–*	–*	–*	918
Reserves	6,044	4,765	3,511	4,351
Total equity	6,044	4,765	3,511	5,269

* Less than RMB1,000

Note:

A summary of the Target Company's reserves is as follows:

	Retained profits *RMB'000*
Balance as at 1 January 2022	9,344
Total comprehensive loss for the year	(3,300)
At 31 December 2022 and 1 January 2023	6,044
Total comprehensive loss for the year	(1,279)
At 31 December 2023 and 1 January 2024	4,765
Total comprehensive loss for the year	(1,254)
At 31 December 2024 and 1 January 2025	3,511
Total comprehensive income for the period	840
At 30 June 2025	4,351

34. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events for which additional disclosure or adjustments is required after the end of the Relevant Periods.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company, the Target Group or any of its subsidiaries in respect of any period subsequent to 30 June 2025.

*Set out below is the management discussion and analysis of the Target Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "**Reporting Period**") which is prepared based on the financial information of the Target Group as set out in Appendix II to this circular.*

BUSINESS REVIEW

The Target Company is a business holding company incorporated under the laws of the BVI with limited liability principally engaged in investment holding and is a wholly-owned subsidiary of the Vendor which is wholly owned by the Guarantor as at the Latest Practicable Date. The Target Group has 10 subsidiaries which are incorporated in the PRC, Hong Kong, Thailand and Vietnam. Through the subsidiaries of the Target Company, the Target Group is principally engaged in manufacturing and sales of copper wire products which were widely applied in precision electronic devices, electrical appliances, computers, communication equipment, automobiles, medical devices, aerospace equipment and solar energy products.

FINANCIAL REVIEW

Revenue

The Target Group generates its revenue mainly from the sales of copper wire products. The Target Group's revenue increased from approximately RMB2,314.0 million for the year ended 31 December 2022 to approximately RMB2,532.3 million for the year ended 31 December 2023, which was attributable to the increase in sales demand from customers in the renewable energy sector. The Target Group's revenue further increased to approximately RMB3,330.9 million, which was mainly due to the increase in copper price that raise the selling price of the Target Group's products and the increase in sales demand from the customers in the consumer electronics sector.

To avoid the imposition of tariffs on certain components produced in China, manufacturers have sought to procure components in other countries with lower tariffs than that of China. Against this backdrop, the Target Group received substantial increase in sale orders from overseas customers for its factories in Thailand and Vietnam. Nevertheless, the Target Group's revenue decreased from approximately RMB1,582.9 million for the six months ended 30 June 2024 to approximately RMB1,541.1 million for the six months ended 30 June 2025 as the Target Group ceased part of the production in the PRC to shift its production capacity to Thailand to cope with the sales demands, resulting in the substantial decrease in revenue generated from the PRC customers for the six months ended 30 June 2025.

Cost of goods sold

For the years ended 31 December 2022, 2023 and 2024, the cost of goods sold of the Target Group was approximately RMB2,149.9 million, RMB2,384.6 million and RMB3,185.4 million, respectively. The increasing trend of the cost of goods sold of the Target Group was generally in line with the increase in the revenue of the Target Group.

The cost of goods sold of the Target Group decreased from approximately RMB1,506.1 million for the six months ended 30 June 2024 to approximately RMB1,437.8 million for the six months ended 30 June 2025, which was in line with the decrease in the revenue of the Target Group over the period.

Gross profit

The gross profit of the Target Group decreased from approximately RMB164.1 million for the year ended 31 December 2022 to approximately RMB147.7 million for the year ended 31 December 2023. The decrease in the Target Group's gross profit was mainly due to the increasing competition in the PRC market that lowered the gross profit margin of the Target Group's products sold to the customers during the year ended 31 December 2023. Thereafter, the gross profit of the Target Group remained relatively stable at approximately RMB145.5 million for the year ended 31 December 2024.

The gross profit of the Target Group increased from approximately RMB76.7 million for the six months ended 30 June 2024 to approximately RMB103.2 million for the six months ended 30 June 2025. Such increase was mainly driven by the improvement of gross profit margin on products as supported by significant demands from the overseas customers.

Other income, net

The other income, net of the Target Group increased from approximately RMB21.0 million for the year ended 31 December 2022 to approximately RMB23.6 million for the year ended 31 December 2023, which was mainly attributable to the increase in sales of scrap materials of the Target Group. The other income, net of the Target Group further increased to approximately RMB33.7 million for the year ended 31 December 2024. Such increase was mainly attributable to the increase in the government grants received by the Target Group during the year ended 31 December 2024. The other income, net of the Target Group remained relatively stable at approximately RMB16.8 million and RMB16.4 million for the six months ended 30 June 2024 and 2025, respectively.

Other operating income, net

The other operating income, net of the Target Group decreased from approximately RMB6.6 million for the year ended 30 June 2022 to approximately RMB2.2 million for the year ended year ended 31 December 2023 primarily due to the decrease in foreign exchange gain recognised for the year. Thereafter, the Target Group's other operating income, net increased to approximately RMB10.4 million as a result of the increase in foreign exchange gain during the year.

The other operating income, net of the Target Group increased from approximately RMB2.2 million for the six months ended 30 June 2024 to approximately RMB7.7 million for the six months ended 30 June 2025, which was mainly due to the increase in foreign exchange gain during the period.

Impairment losses on trade receivables

The impairment losses on trade receivables of the Target Group increased from approximately RMB0.9 million for the year ended 31 December 2022 to approximately RMB3.4 million for the year ended 31 December 2023 as a result of the substantial increase in the balance of the trade receivables as at 31 December 2023. Given the expected credit loss rate of the trade receivables that past due over three months increased slightly as at 31 December 2024, the Target Group has further recognised the impairment losses on trade receivables of approximately RMB1.0 million for the year ended 31 December 2024.

The impairment losses on trade receivables of the Target Group increased from approximately RMB0.5 million for the six months ended 30 June 2024 to approximately RMB9.4 million for the six months ended 30 June 2025, which was mainly related to impairment losses of trade receivables from one of the Target Group's customers who has failed to pay the Target Group for the sale of products.

Selling and distribution expenses

The selling and distribution expenses of Target Group decreased from approximately RMB24.8 million for the year ended 31 December 2022 to approximately RMB21.6 million for the year ended 31 December 2023. Such decrease was mainly due to the decrease in freight and transportation charges as the service fees charged by the freight forwarders have been normalised upon the end of coronavirus epidemic in 2023. Thereafter, the selling and distribution expenses of Target Group increased to approximately RMB25.5 million for the year ended 31 December 2024, which was driven by the increase in freight and transportation charges and custom fees incurred during year.

The selling and distribution expenses of the Target Group increased from approximately RMB10.9 million for the six months ended 30 June 2024 to approximately RMB13.1 million for the six months ended 30 June 2025, which was mainly due to the increase in custom fees and the salaries and the employee benefits expenses for the period.

Administrative expenses

The administrative expenses of the Target Group increased from approximately RMB69.9 million for the year ended 31 December 2022 to approximately RMB77.3 million for the year ended 31 December 2023. Such increase was mainly driven by the increase in general administrative expenses because of the relocation of the leased factory to the self-owned factory in Huizhou which had larger operating scale. Thereafter, the administrative expenses of the Target Group further increased to approximately RMB81.5 million as a result of the increase in the depreciation expenses due to the full year effect of the new factory in Huizhou that commencing operations in 2023. The administrative expenses of the Target Group remained relatively stable at approximately RMB37.9 million and RMB37.3 million for the six months ended 30 June 2025 and 2026, respectively.

Finance costs

The finance costs of the Target Group remained relatively stable at approximately RMB29.3 million and RMB28.1 million for the year ended 31 December 2022 and 2023, respectively. Thereafter, the finance costs increased to approximately RMB37.0 million which was mainly attributable to the increase in the Target Group's interest-bearing bank and other borrowings during the year.

The finance costs of the Target Group decreased from approximately RMB17.8 million for the six months ended 30 June 2024 to approximately RMB16.5 million for the six months ended 30 June 2025 as a result of the net settlement of bank borrowings during the period.

Income tax expenses

The Target Group's income tax expenses remained relatively stable at approximately RMB11.7 million, RMB11.0 million and RMB12.5 million for the year ended 31 December 2022, 2023 and 2024, respectively. The income tax expenses of the Target Group increase from approximately RMB7.6 million for the six months ended 30 June 2024 to approximately RMB9.2 million for the six months ended 30 June 2025, which was mainly due to the increase in taxable income during the period.

Profit for the year/period

As a result of the foregoing, the net profit of the Target Group decreased from approximately RMB55.0 million for the year ended 31 December 2022 to approximately RMB32.1 million and RMB32.1 million for the year ended 31 December 2023 and 2024, respectively. During the six months ended 30 June 2025, the Target Group's net profit increased to approximately RMB41.8 million from approximately RMB21.1 million for the year ended 30 June 2024.

SEGMENTAL INFORMATION

The Target Group only operates in one single segment which is the manufacture and sale of copper wires products during the Reporting Period. In this regard, no segmental information is presented.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had net assets of approximately RMB293.2 million, RMB331.0 million, RMB360.4 million and RMB180.3 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, the capital from shareholders and external borrowings.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had cash and cash equivalents (including restricted bank balances) of approximately RMB769.5 million, RMB568.2 million, RMB783.3 million and RMB616.4 million, respectively, which were denominated in HK$, RMB, US$, THB and VND.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had interest-bearing bank and other borrowings of approximately RMB656.0 million, RMB681.8 million, RMB841.2 million and RMB801.5 million, respectively, of which approximately RMB506.5 million, RMB534.1 million, RMB702.1 million and RMB668.7 million were borne with fixed interest rate, respectively. The interest-bearing bank and other borrowings of the Target Group were denominated in RMB, US$, THB and VND. The interest-bearing bank and other borrowings of the Target Group were repayable over a period of one to five years or on demand as at 31 December 2022, one to four years or on demand as at 31 December 2023, one to three years or on demand as at 31 December 2024 and one to two years or on demand as at 30 June 2025.

GEARING RATIO

The gearing ratio of the Target Group, which was calculated based on the total debt (summation of interest-bearing bank and other borrowings, amounts due to related companies, amount due to the sole director and lease liabilities) divided by total equity of the Target Group, was approximately 242.5%, 223.6%, 252.6% and 583.9% as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively.

CHARGES ON ASSETS

As at 31 December 2022, 2023 and 2024 and 30 June 2025, certain bills issued and bank loans drawn by the Target Group were secured by:

(i) pledge of prepaid land lease payments under right-of-use assets of the Target Group with an aggregate carrying amount of approximately RMB50.2 million, RMB49.1 million, RMB48.0 million and RMB47.5 million, respectively;

(ii) pledge of certain land and building and plant and machinery of the Target Group with an aggregate carrying amount of approximately RMB111.9 million, RMB105.1 million, RMB100.2 million and RMB94.6 million, respectively;

(iii) pledge of certain investment properties of the Target Group with an aggregate carrying amount of approximately RMB18.4 million, RMB18.4 million, RMB18.3 million and RMB18.6 million, respectively;

(iv) pledge of certain trade receivables of the Target Group with an aggregate carrying amount of nil, approximately RMB34.2 million, RMB54.5 million and RMB62.9 million, respectively; and

(v) restricted cash and bank balance of the Target Group of approximately RMB595.5 million, RMB395.4 million, RMB610.9 million and RMB481.9 million, respectively.

CAPITAL COMMITMENT

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had capital commitments of approximately of RMB18.5 million, RMB22.1 million, RMB3.4 million and RMB1.4 million, respectively, which were mainly related to the acquisition of property, plant and equipment for the production of the Target Group.

CONTINGENT LIABILITIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group did not have any significant contingent liabilities or material litigation.

FOREIGN EXCHANGE EXPOSURE

The Target Group has transactional currency exposures which arise from sales or purchases by operating units in currencies other than the units' functional currencies. In particular, certain subsidiaries of the Target Group, which carry on business in Thailand and Vietnam and accordingly adopt THB and VND as their respective functional currencies, has exposed to foreign exchange risks arising from the US$ denominated transactions conducted for their operations. The Target Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management of Target Group monitors the related foreign currency exposure closely and will consider hedging significant currency exposure should the need arise.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

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

FUTURE PLAN FOR MATERIAL INVESTMENTS 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group had 981, 1,159, 1,138 and 1,081 employees, respectively, and the total remuneration including the contribution to mandatory retirement benefits schemes, wages and salaries and other employee benefits amounted to approximately RMB107.3 million, RMB119.9 million, RMB114.2 million and RMB55.5 million for the Reporting Period, 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.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

In connection with the proposed acquisition of the entire issued share capital of the Target Company (the "**Proposed Acquisition**") by the Company, the unaudited pro forma financial information of the Enlarged Group has been prepared by the Directors in accordance with paragraph 4.29 of 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 to illustrate the effect of the Proposed Acquisition on the Group's financial position as at 30 June 2025 as if the Proposed Acquisition had taken place on 30 June 2025.

The unaudited pro forma condensed consolidated statement of assets and liabilities as at 30 June 2025 and related notes (hereinafter collectively referred to as the "**Unaudited Pro Forma Financial Information**") of the Enlarged Group are prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the published interim report of the Company for the six months ended 30 June 2025 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 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 30 June 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 this Circular and the historical financial information of the Target Group as set out in Appendix II to this Circular and other financial information included elsewhere in this Circular.

Unaudited Pro Forma Condensed Consolidated Statement of assets and liabilities of the Enlarged Group

	The Group as at 30 June 2025	Pro forma adjustments				Pro forma of the Enlarged Group as at 30 June 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						
Investment in subsidiaries	–	371,384	(4,131)	(367,253)	–	–
Property, plant and equipment	819,027	–	–	564,666	–	1,383,693
Investment properties	–	–	–	68,503	–	68,503
Right-of-use assets	149,400	–	–	85,435	–	234,835
Intangible assets	450	–	–	120,621	–	121,071
Deposits paid for acquisition of property, plant and equipment	33,146	–	–	8	–	33,154
Associates	10,114	–	–	–	–	10,114
Other investment	2,448	–	–	–	–	2,448
Rental deposits	2,540	–	–	–	–	2,540
Deferred tax assets	23,001	–	–	–	–	23,001
	1,040,126	371,384	(4,131)	471,980	–	1,879,359
Current assets						
Inventories	3,260,451	–	–	378,399	–	3,638,850
Trade and other receivables	2,789,988	–	–	1,058,827	–	3,848,815
Contract assets	9,297	–	–	–	–	9,297
Amounts due from related companies	–	–	–	–	–	–
Taxation recoverable	2,381	–	–	2,485	–	4,866
Derivative financial instrument	5,382	–	–	5,929	–	11,311
Pledged bank deposits	270,772	–	–	528,375	–	799,147
Bank balances and cash	363,678	(130,000)	–	147,507	–	381,185
	6,701,949	(130,000)	–	2,121,522	–	8,693,471

	The Group as at 30 June 2025	Pro forma adjustments				Pro forma of the Enlarged Group as at 30 June 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						
Current liabilities						
Trade and other payables	3,459,344	–	(4,131)	1,584,077	2,300	5,041,590
Contract liabilities	137,383	–	–	–	–	137,383
Amounts due to related companies	3,733	–	–	–	–	3,733
Lease liabilities	28,488	–	–	2,779	–	31,267
Taxation payable	94,004	–	–	7,903	–	101,907
Bank and other borrowings	337,096	–	–	832,295	–	1,169,391
Loans from related companies	1,654,268	–	–	–	–	1,654,268
	5,714,316	–	(4,131)	2,427,054	2,300	8,139,539
Net current assets	987,633	(130,000)	4,131	(305,532)	(2,300)	553,932
Total assets less current liabilities	2,027,759	241,384	–	166,448	(2,300)	2,433,291
Non-current liabilities						
Lease liabilities	50,339	–	–	13,953	–	64,292
Bank and other borrowings	5,513	–	–	46,603	–	52,116
Deferred tax liabilities	20,607	–	–	61,407	–	82,014
Long service payment obligation	447	–	–	–	–	447
	76,906	–	–	121,963	–	198,869
Net assets	1,950,853	241,384	–	44,485	(2,300)	2,234,422

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as set out in the published interim report of the Company for the six months ended 30 June 2025.

2. Pursuant to the conditional sale and purchase agreement entered into among the Company, Jin's Investment Limited (the "**Vendor**") and Mr. Jin Zhenghua (the "**Guarantor**") in relation to the Proposed Acquisition, the consideration will be payable in accordance with the following schedule:

   (i) HK$130,000,000 shall be settled in cash on completion of the Proposed Acquisition (the "**Completion**");

(ii) HK$330,000,000 shall be settled by allotting and issuing the consideration shares to the Vendor within 20 business days after the Completion. The issue price of the consideration shares is to be set on the Completion date, with the number of consideration shares to be issued likewise finalised concurrently.

For the purpose of the Pro Forma Financial Information, the consideration shares were assumed to be issued on the Completion and the fair value of the consideration shares is approximately HK$241,384,000 based on 32,531,545 new consideration shares to be issued at the market price of HK$7.42 per share, which represents the closing price of the Company's share on 30 June 2025.

3. The Group has applied the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" to account for the Proposed Acquisition as if the Proposed Acquisition had been completed on 30 June 2025.

The Group had trade payables due to the Target Group of HK$4,131,000 and the Target Group had trade receivables due from the Group of HK$4,131,000 as at 30 June 2025. Both carrying amounts of trade receivables and trade payables approximate to their fair values as at 30 June 2025. According to HKFRS 3, trade payables due to the Target Group were effectively settled as a result of the Proposed Acquisition. The consideration of the Proposed Acquisition shall be reduced by the carrying amount of the trade payables due to the Target Group of HK$4,131,000 with no gain or loss to be recognised on settlement and the trade receivables due from the Group of HK$4,131,000 would not form part of the Proposed Acquisition.

4. For the purpose of the Unaudited Pro Forma Financial Information, the Directors have estimated the values of the identifiable assets and liabilities of the Target Group with reference to the valuation in relation to the purchase price allocation of the Proposed Acquisition carried out by an independent qualified professional valuer, Ravia Global Appraisal Advisory Limited (the "**Valuer**"). The pro forma values of identifiable assets acquired and liabilities assumed of the Target Group as at 30 June 2025 is as follows:

Identifiable assets acquired and liabilities assumed	**Carrying amount**	**Carrying amount**	**Fair value and deferred tax adjustments**	**After adjustments**
	RMB'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4a)	*(Note 4a)*	*(Note 3, Note 4b, Note 4c)*	
Property, plant and equipment	423,046	463,891	100,775	564,666
Intangible assets	–	–	120,621	120,621
Investment properties	26,958	29,561	38,942	68,503
Right-of-use assets	60,411	66,244	19,191	85,435
Deposits paid for acquisition of property, plant and equipment	7	8	–	8
Inventories	345,081	378,399	–	378,399
Trade and other receivables	969,366	1,062,958	(4,131)	1,058,827
Taxation recoverable	2,266	2,485	–	2,485
Derivative financial instrument	5,407	5,929	–	5,929
Pledged bank deposits	481,852	528,375	–	528,375
Bank balances and cash	134,519	147,507	–	147,507
Trade and other payables	(1,444,601)	(1,584,077)	–	(1,584,077)
Bank and other borrowings – current	(759,012)	(832,295)	–	(832,295)

Identifiable assets acquired and liabilities assumed	**Carrying amount**	**Carrying amount**	**Fair value and deferred tax adjustments**	**After adjustments**
	RMB'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 4a)	*(Note 4a)*	*(Note 3, Note 4b, Note 4c)*	
Bank and other borrowings				
– non-current	(42,500)	(46,603)	–	(46,603)
Lease liabilities – current	(2,534)	(2,779)	–	(2,779)
Lease liabilities – non-current	(12,724)	(13,953)	–	(13,953)
Taxation payable	(7,207)	(7,903)	–	(7,903)
Deferred tax liabilities	–	–	(61,407)	(61,407)
	180,335	197,747	213,991	411,738

a. The amounts are extracted from the audited consolidated statements of financial position of the Target Group as at 30 June 2025 as set out in Appendix II in this Circular with amounts in Renminbi ("**RMB**") being translated into Hong Kong dollars ("**HK$**") at an exchange rate of RMB1 to HK$1.09655 on 30 June 2025.

b. Pursuant to the valuation performed by the Valuer, the unaudited pro forma fair value adjustments of approximately HK$100,775,000, HK$38,942,000 and HK$19,191,000 on property, plant and equipment, investment properties and right-of-use assets, respectively, are to record the appreciations in the fair values of the Target Group's land, buildings and equipment as at 30 June 2025.

   Pursuant to the valuation performed by the Valuer, the unaudited pro forma adjustment of HK$120,621,000 has been made to recognise the identifiable intangible assets of the Target Group at their fair value as at 30 June 2025. The intangible assets represent customer relationship and was measured under income approach based on multi-period excess earnings method, which is a commonly adopted valuation method in assessing this type of intangible assets. The key assumptions used in the valuation include projected profits, useful lives and discount rate.

c. Deferred tax liabilities of HK$61,407,000 arising from the unaudited pro forma fair value adjustments of note 4b above are calculated at the applicable income tax rates in the respective jurisdictions, which represent the tax rates that are expected to apply to the period when the asset is realised.

d. The values of the identifiable assets and liabilities of the Target Group and consideration transferred are subject to change when these amount are finalised on Completion. Consequently, the resulting gain on bargain purchase and the actual allocation of the purchase price on the Completion date will likely result in different amounts than those stated in the Unaudited Pro Forma Financial Information.

	30 June 2025	
	HK$'000	*HK$'000*
Aggregated fair value of consideration *(note 2)*	371,384	
Less: Consideration for settlement of trade payables due to the Target Group *(note 3)*	(4,131)	
		367,253
Less: Values of identified assets acquired and liabilities assumed		
– Carrying amounts of net assets of the Target Group *(note 4a)*	(197,747)	
– Pro forma fair values adjustment on property, plant and equipment *(note 4b)*	(100,775)	
– Pro forma fair values adjustment on investment properties *(note 4b)*	(38,942)	
– Pro forma fair values adjustment on right-of-use assets *(note 4b)*	(19,191)	
– Pro forma fair values of intangible assets *(note 4b)*	(120,621)	
– Deferred tax liabilities *(note 4c)*	61,407	
– Exclusion of trade receivables due from the Group *(note 3)*	4,131	
		(411,738)
Pro forma gain on bargain purchase to be recognised in profit or loss		(44,485)

5. The adjustment represents the estimated transaction costs, including legal and professional fees of approximately HK$2,300,000, that are directly attributable to the Proposed Acquisition and will be settled by cash after the Completion.

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 30 June 2025.

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.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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 condensed consolidated statement of financial position as at 30 June 2025 and related notes as set out on pages IV-1 to IV-6 of the Company's circular dated 21 November 2025 (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-6 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 of the entire issued share capital of Dejinchang Investment Limited (the "**Proposed Acquisition**") on the Group's financial position as at 30 June 2025 as if the Proposed Acquisition had taken place on 30 June 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 unaudited condensed consolidated financial statements for the six months ended 30 June 2025, on which a review 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 ("**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 30 June 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 of the Company 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 Group, 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, 21 November 2025

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	0.54%	10,480,000	20,968,000	1.07%
Mr. Wong Chi Kuen	Beneficial Owner	7,528,000	0.38%	8,920,000	16,448,000	0.84%
Ms. Wang Laichun *(Note)*	Interest of controlled corporation	1,380,594,000	70.47%	–	1,380,594,000	70.47%
Mr. Ho Hin Shun	Beneficial Owner	688,000	0.04%	1,800,000	2,488,000	0.13%
Mr. Luk Wai Shing	Beneficial Owner	1,824,000	0.09%	1,800,000	3,624,000	0.18%
Mr. Chan Chung Shun Eric	Beneficial Owner	–	–	1,800,000	1,800,000	0.09%

Note:

Ms. Wang Laichun holds 50% of issued share capital of Luxshare Limited. Luxshare Limited holds 37.51% of the issued share capital of Luxshare Precision Industry, and Luxshare Precision Limited is wholly-owned by Luxshare Precision Industry. Therefore, Ms. Wang Laichun is deemed, or taken to be, interested in all the shares held by Luxshare Precision Limited for the purpose of the SFO. Ms. Wang Laichun is the sole director of Luxshare Precision Limited and the chairperson and general manager of Luxshare Precision Industry.

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, 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
Luxshare Precision Limited *(Note 1)*	Beneficial Owner	1,380,594,000	70.47%
Luxshare Precision Industry *(Note 2)*	Interest of controlled corporation	1,380,594,000	70.47%
Luxshare Limited *(Note 3)*	Interest of controlled corporation	1,380,594,000	70.47%
Mr. Wang Laisheng *(Note 4)*	Interest of controlled corporation	1,380,594,000	70.47%

Notes:

1) Ms. Wang Laichun holds 50% of issued share capital of Luxshare Limited. Luxshare Limited holds 37.51% of the issued share capital of Luxshare Precision Industry and Luxshare Precision Limited is wholly-owned by Luxshare Precision Industry. Therefore, Ms. Wang Laichun is deemed, or taken to be, interested in all the shares held by Luxshare Precision Limited for the purpose of the SFO. Ms. Wang Laichun is the sole director of Luxshare Precision Limited and the chairperson and general manager of Luxshare Precision Industry.

2) Luxshare Precision Limited, a limited liability company incorporated in Hong Kong which is wholly-owned by Luxshare Precision Industry. Therefore, Luxshare Precision Industry is deemed, or taken to be, interested in all the shares held by Luxshare Precision Limited for the purpose of the SFO.

3) Luxshare Limited holds 37.51% of the issued ordinary share capital of Luxshare Precision Industry, and Luxshare Precision Limited is wholly-owned by Luxshare Precision Industry. Therefore, Luxshare Limited is deemed to, or taken to be, interested in all the shares held by Luxshare Precision Limited for the purpose of the SFO.

4) Mr. Wang Laisheng holds 50% of issued share capital of Luxshare Limited. Luxshare Limited holds 37.51% of the issued share capital of Luxshare Precision Industry, and Luxshare Precision Limited is wholly-owned by Luxshare Precision Industry. 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 Industry.

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 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 2024, 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 Sales & Purchase 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
Ernst & Young	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 2024 (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 ON DISPLAY

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 S&P Agreement;

(b) the accountant's report on the Target Group from letter from Ernst & Young, the text of which is set out in Appendix II of this circular;

(c) 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;

(d) the written consents referred to in the paragraph headed "Experts and consents" in this appendix; and

(e) this circular.