

25 June 2026

Time Interconnect Technology Limited
Units 213-221, 2/F, Building 5E
5 Science Park East Avenue
Hong Kong Science Park
Shatin, Hong Kong

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

Dear Sirs,

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

INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

OUR INDEPENDENCE

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

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

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

BASIS OF OUR OPINION

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

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

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

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the parties

1.1 Information of the Group

Principal business of the Group

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

Historical financial performance of the Group

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

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

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

Financial performance of the Group

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

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

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

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

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

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

Financial position of the Group

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

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

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

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

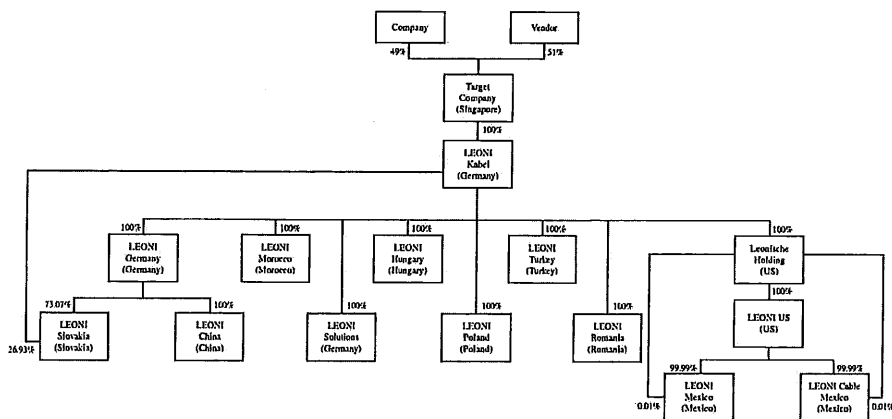
1.2 Information of the Vendor and Luxshare Precision

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

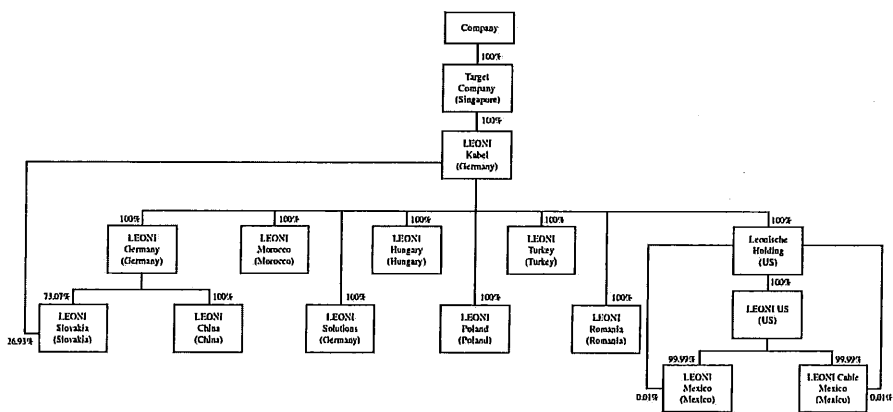
1.3 Information of the Target Group

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

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

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

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

Financial information of the Leoni LCS Group

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

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

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

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

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

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

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

2. Principal terms of the S&P Agreement

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

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

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

Asset to be acquired

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

Consideration

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

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

Adjustment to Consideration

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

Conditions precedent

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

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

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

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

Completion

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

3. Reasons for and benefits of the Acquisition

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

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

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

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

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

4. Financial effects of the Acquisition

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

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

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

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

5. Analysis of the Consideration for the Acquisition

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

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

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

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

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

Note:

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

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

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

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

6. Principal terms of Second Supplemental Master Supply Agreement

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

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

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

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

Pricing policy:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Reasons for and benefits of the new annual caps

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

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

9. Internal control measures

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

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

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

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

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


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

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

RECOMMENDATION

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

Yours faithfully,
For and on behalf of
Asian Capital Limited



Louis HAU
Executive Director

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