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If you have sold or transferred all your shares in Confidence Intelligence Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CONFIDENCE INTELLIGENCE HOLDINGS LIMITED**信懇智能控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock Code: 1967)****MAJOR AND CONNECTED TRANSACTION IN
RELATION TO ACQUISITION OF 30% EQUITY INTEREST IN
A NON-WHOLLY OWNED SUBSIDIARY
AND
NOTICE OF EGM**

The notice convening the EGM of Confidence Intelligence Holdings Limited to be held at No. 7 Building, New Development Zone, Baishixia, Fuyong Street, Bao'an District, Shenzhen, PRC on Friday, 12 December 2025 at 11:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. Such form of proxy is also published on the websites of The Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.szxinken.com.

Whether or not you are able to attend the EGM in person, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours (i.e. 11:00 a.m. on Wednesday, 10 December 2025) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

24 November 2025

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	any day other than a Saturday, Sunday or any other day on which commercial banks in Hong Kong and/or the PRC are required or authorized by law to be closed
“Company”	Confidence Intelligence Holdings Limited (信懋智能控股有限公司), a company incorporated in the Cayman Islands with limited liability and the registered capital of which are listed on the Main Board of the Stock Exchange (stock code: 1967)
“Completion”	completion of the Sale and Purchase Agreement which shall take place on the date falling within ten (10) Business Days after all the Conditions Precedent have been fulfilled or waived in writing by the Purchaser, on which the Purchaser effects payment of the Consideration in full to the bank account designated by the Vendor
“Completion Date”	the date of Completion
“Conditions Precedent”	the conditions precedent to completion of the Sale and Purchase Agreement as set out in the section headed “Conditions Precedent” of this circular
“connected person(s)”	has the meaning given to it under the Listing Rules
“Consideration”	the total consideration of RMB40 million payable by the Purchaser to the Vendor for the Sale Shares pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on 12 December 2025 and held for the purpose of considering, and if thought fit, to approve, among other, the Sale and Purchase Agreement and the transactions contemplated thereunder

DEFINITIONS

“Enlarged Group”	the Group as enlarged by the acquisition of the remaining equity interest in the Target Company of 30% upon completion of the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 60 days from the date of the Sale and Purchase Agreement or such other period as the Vendor and the Purchaser may from time to time agree in writing
“Material Adverse Change(s)”	any sustained negative change in the business operations, assets, financial condition, management, prospects or operations of the Target Company
“Material Adverse Effect(s)”	any event, change, development, or effect that, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on: (i) the business, assets, liabilities (including contingent liabilities), results of operations, financial condition or other condition of the Target Company; (ii) the qualification or ability of the Target Company to conduct its business in the manner in which such business is currently or proposed to be conducted; (iii) the execution, performance or completion of the transaction documents or the Acquisition; or (iv) the ability of the Target Company to complete the Acquisition in accordance with the terms of the Sale and Purchase Agreement
“PRC”	the People’s Republic of China, which, for the purpose of this circular, does not include Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan

DEFINITIONS

“Purchaser”	Shenzhen Confidential Intelligence Electronics Limited Company* (深圳信懋智能電子有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	an agreement dated 17 October 2025 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Sale Shares”	registered capital of RMB15 million of the Target Company, representing 30% equity interest of the Target Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Chongqing Confidential Intelligence Limited Company* (also identified as Chongqing Xinken Technology Company Limited*) (重慶信懋科技有限公司), a limited liability company established by the Purchaser and the Vendor under the laws of the PRC on 14 October 2020 and an indirect non-wholly-owned subsidiary of the Company owned as to 70% by the Purchaser and 30% by the Vendor
“Valuation”	the indicative fair market valuation of the 30% equity interest in the Target Company as at the Valuation Date, as assessed by the Valuer and set out in the Valuation Report
“Valuation Date”	30 June 2025
“Valuation Reports”	the report prepared by the Valuer on the indicative fair market valuation of the 30% equity interest in the Target Company as at the Valuation Date
“Valuer”	Valplus Consulting Limited, an independent valuer

DEFINITIONS

“Vendor” Mr. Chen Wensheng

“%” per cent.

* *For identification purpose only*

LETTER FROM THE BOARD

CONFIDENCE INTELLIGENCE HOLDINGS LIMITED

信懋智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1967)

Executive Directors:

Mr. Li Hao (*Chairman and Chief Executive Officer*)

Mr. Zhang Bizhong

Mr. Xu Shizhen

Ms. Li Biqiong

Mr. Hao Xiangjun

Registered office in Cayman Islands:

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Independent Non-executive Directors:

Mr. Chow Kit Ting

Ms. Mu Lingxia

Mr. Huang Jianfei

Principal place of business

in Hong Kong:

Unit 1705, 17/F

Strand 50

50 Bonham Strand

Sheung Wan

Hong Kong

24 November 2025

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION IN
RELATION TO ACQUISITION OF 30% EQUITY INTEREST IN
A NON-WHOLLY OWNED SUBSIDIARY
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcements of the Company dated 17 October 2025 in relation to, among others, the Acquisition. The purpose of this circular is to provide the Shareholders with, among other things, (i) further information in relation to the Acquisition, and (ii) other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE ACQUISITION

On 17 October 2025 (after trading hours), the Purchaser (being a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement in relation to the Acquisition. Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing 30% of the equity interest of the Target Company at a total consideration of RMB40 million.

As of the Latest Practicable Date, the Company owned 70% of the equity interest in the Target Company. Upon Completion, the Company will own 100% of the equity interest in the Target Company and the financial results of the Target Company will continue to be consolidated into the financial statements of the Company.

The Sale and Purchase Agreement

Principal terms of the Sale and Purchase Agreement are set out below:

Date: 17 October 2025 (after trading hours)

Parties: (i) the Purchaser (as the purchaser); and
(ii) the Vendor (as the seller).

To the best knowledge of the Directors, information and belief after having made all reasonable enquiries, the Vendor beneficially owned as to 30% of the entire equity interests of the Target Company before Completion.

Subject Matter: Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares.

Consideration and Payment Terms

The Consideration for the Acquisition is RMB40 million. The Consideration was determined based on normal commercial terms after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things, (i) the business prospect of the Target Company; (ii) the Valuation of 30% equity interest in the Target Company as at 30 June 2025 of approximately RMB40.3 million based on market approach prepared by the Valuer; and (iii) the reasons for and benefits of the Acquisition as stated below in this circular.

The Consideration will be funded by internal resources of the Group.

LETTER FROM THE BOARD

Conditions Precedent

Completion of the Sale and Purchase Agreement is conditional upon the satisfaction (or, where applicable, waiver) of the following conditions precedent:

- (a) the representations and warranties made by the Vendor and the Target Company being true, accurate and complete, and free from material omissions and/or misrepresentation as at the date of the Sale and Purchase Agreement and the Completion Date;
- (b) the Sale and Purchase Agreement having been duly executed by all parties in writing, and the execution and performance of all obligations under the Sale and Purchase Agreement having obtained all necessary authorisations, approvals, exemptions issued by the governmental authorities, regulatory bodies or other third parties necessary, and none of the above having been withdrawn prior to the Completion Date;
- (c) no Listing Rules, codes, laws or regulations, governmental authorities, regulatory bodies, legal proceedings or other arrangements that prohibit or restrict the Acquisition and the normal operations of the Target Company's business after the Acquisition;
- (d) as at the Completion Date, the Target Company maintaining normal operations with no occurrence of events that may have a Material Adverse Effect on the overall business value assessment, including but not limited to any Material Adverse Changes in business operations, financial conditions, management, personnel and other aspects; and there being no Material Adverse Changes in the Target Company's business operations, assets, financial position, management, development prospects, operations, legal status and regulatory environment;
- (e) the Target Company agreeing that the Purchaser shall be entitled to shareholder rights in respect of the Sale Shares from the Completion Date; and
- (f) the Purchaser having received the payment notice from the Vendor specifying the detailed information of the Vendor's receiving bank account and the amount payable by the Purchaser to the Vendor.

The Purchaser may at anytime waive in whole or in part in writing to the Vendor all the Conditions Precedent above except for (b) and (c). As at the Latest Practicable Date, none of the Conditions Precedent has been fulfilled or waived.

LETTER FROM THE BOARD

Termination

The Sale and Purchase Agreement may be terminated in the following circumstances:

- (a) if any of the Conditions Precedent has not been fulfilled or waived in writing by the Purchaser within the Long Stop Date, the Purchaser shall have the right to terminate the Sale and Purchase Agreement unilaterally by serving a written notice;
- (b) prior to the Completion Date, if the Purchaser discovers that any representations and warranties made by the Vendor and the Target Company are untrue or inaccurate, the Purchaser shall have the right to terminate the Sale and Purchase Agreement by serving a written notice to the defaulting party;
- (c) if any party fails, refuses or neglects to perform any of its obligations under the Sale and Purchase Agreement or commits a breach of any provision of the Sale and Purchase Agreement, the defaulting party shall remedy such breach within thirty (30) days from the date of receipt of notice specifying such breach by the other party. If such breach is not remedied to the satisfaction of the non-defaulting party within thirty (30) days, the non-defaulting party may terminate the Sale and Purchase Agreement unilaterally; and
- (d) the Sale and Purchase Agreement may be terminated by mutual written consent of all parties.

In the event of termination of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall become of no further effect except for certain provisions concerning, among others, liability of breach, confidentiality, tax and expenses, and governing law and jurisdiction.

Completion

Subject to the satisfaction (or, where applicable, waiver) of the Conditions Precedent, Completion shall take place on the Completion Date.

VALUATION OF THE TARGET COMPANY

The Company has engaged Valplus Consulting Limited to carry out valuation of the 30% equity interest of the Target Company, which was appraised to be at approximately RMB40.3 million on the Valuation Date in accordance with the guideline public company method (“**GPC Method**”) under the market approach as set out in the Valuation Report.

LETTER FROM THE BOARD

Key Assumptions of the Valuation

Details of the principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

General assumptions

The Valuer has made certain key assumptions in the Valuation, which, to the Directors' best information and knowledge, are consistent with market practice and information available to the Company, including but not limited to:

1. to continue as a going concern, the Target Company will successfully carry out all necessary activities for the development of its business;
2. the contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;
3. the financial and operational information of the Target Company as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of the Target Company as at the balance sheet dates;
4. market trends and conditions where the Target Company operates will not deviate significantly from the economic forecasts in general;
5. key management, competent personnel and technical staff will all be retained to support ongoing operations of the Target Company;
6. there will be no material changes in the business strategy of the Target Company and its expected operating structure;
7. interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;
8. all relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
9. there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Company.

LETTER FROM THE BOARD

Assessment of Key Specific Assumptions

Valuation methodology

In the Valuation, after comparing the common valuation methods including asset approach, income approach and market approach, the Valuer adopted the GPC Method under the market approach for the following reasons:

1. the income approach is not appropriate as projections of the Target Company are not available and accessible to the Valuer. Also, the use of projections would involve a high level of uncertain, long-term forecast estimates and underlying assumptions;
2. the asset approach is not applied as the valuation of the company is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole;
3. under the market approach, the comparable transaction method is not recommended as there are insufficient direct comparable transactions in the market to form a reliable opinion of value; and
4. The GPC Method under the market approach has been adopted as there are certain publicly traded companies engaged in the same or similar line of business as the Target Company that can be identified.

Having considered (i) the rationale in selecting market approach instead of asset approach and income approach as the appropriate valuation approach; (ii) the Valuation was prepared by the Valuer in accordance with the applicable requirements and standards; and (iii) the GPC Method under the market approach introduces objectivity through its use of publicly available market data inputs and reliance on fewer assumptions, the Board is of the view that the GPC Method is the most appropriate measure to determine the consideration of the Acquisition and thus the consideration is considered to be fair and reasonable and in the interest of the Company and the shareholders.

Market Comparables

In valuing the Target Company pursuant to the GPC Method, the Valuer has selected 12 comparable listed companies (“**Comparables**”), which are publicly listed in Hong Kong and the PRC with financial information available as at the Valuation Date; recognised over 50.0% of the trailing-twelve-month revenue as at the Valuation Date generated from the Greater China regions (which consists of the PRC, Hong Kong, Macau and Taiwan); and recognised over 50.0% of the trailing-twelve-month revenue as at the Valuation Date generated from the electronics manufacturing services (“**EMS**”) business, focused on the design and/or manufacturing of electronics components and equipment, where encompassed the surface mount technology (“**SMT**”) processing and the related products as an integral workflow thereof.

LETTER FROM THE BOARD

The Target Company primarily engages in SMT processing services and derives the majority of its revenue from sales to its customers in the PRC. SMT processing represents one of several key manufacturing processes within the EMS industry, with EMS providers typically offering SMT alongside other manufacturing capabilities as part of their integrated service offerings. The PRC is part of the Greater China region and acting as a major electronics manufacturing hub, is subject to similar regional specific factors, including geographical risk exposure and supply chain dynamics across the entire region. The two selection criteria, focusing on listed companies that generate majority of their revenue from EMS businesses that must include SMT processing services and from the Greater China region, are to ensure that the selected comparables reflect similar business characteristics and geographical exposure as the Target Company whilst avoiding limited comparables to companies with PRC-centric revenues. The use of the latest trailing-twelve-month revenues of the Comparables at the Valuation Date of the Comparables is able to provide a reference of their recent performance under the prevailing market conditions. Given that the selection criteria, based on timely market data, provide a more representative sample size while maintaining similar business nature and geographical exposure, the Board considers that the selection criteria are fair and reasonable.

The Valuation is based on the implied valuations derived from the adjusted Price-to-Earnings ratio (“**Adjusted P/E**”) and the Price-to-Book ratio (“**P/B**”), which are appropriate for evaluating business with track record of net profits and net assets.

The adoption of the Adjusted P/E, instead of the original Price-to-Earnings ratio (“**Original P/E**”) directly extracted from the Comparables, is to account for the difference in equity size between the Target Company and the Comparables. Smaller companies typically perceived as riskier in relation to business operation and financial performance compared to larger companies in the same industry, resulting in lower valuation multiples. Since the Target Company is either smaller than or similar in equity size to the individual Comparables, the Valuer has applied downward adjustments to the Original P/E where necessary, resulting in the Adjusted P/E ratios that are either equal to or lower than the Original P/E ratios. The Valuer has further taken into account the valuation adjustments for discount for lack of marketability.

Key inputs of the Valuation

The summary statistics of the Adjusted P/E and the P/B as at 30 June 2025 of the Comparables identified by the Valuer are listed as follows:

	Summary Statistics	
	Adjusted P/E	P/B
No. of valid Comparables	7 <i>Note 2</i>	12
+1 standard deviation from sample mean	69.0	7.1
Median	30.1	3.9
Mean (excluding outliers) <i>Note 1</i>	24.4	2.7
-1 standard deviation from sample mean	3.1	0.1

LETTER FROM THE BOARD

Note 1: Mean (excluding outliers) refers to the average excluding the Adjusted P/E or the P/B multiple values which are out of the +1/-1 standard deviation range from the sample mean.

Note 2: 5 out of 12 Comparables were excluded due to their net losses in the respective latest trailing-twelve-month periods as at 30 June 2025.

The Valuer selected the mean (excluding outliers) Adjusted P/E of 24.4 and the mean (excluding outliers) P/B of 2.7 of the Comparables.

Discount for Lack of Marketability

The Valuer have adopted a lack of marketability discount (“**DLOM**”) of approximately 10.1% for the Target Company as ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise Comparables share in a publicly held company. The discount is benchmarked to the Stout Restricted Stock Study Companion Guide (“**Guide**”), a commonly and widely used research study to assist the valuation profession in determining the DLOM.

The adopted DLOM of 10.1% is derived from the data in the latest available Guide as at the Valuation Date. The overall market median DLOM of 15.6% was adjusted for the enhanced marketability implied by effective “registration rights” (“**RR**”). The existence of the RR reflects an improved liquidity for entities within a listing group structure with relatively lower information asymmetry compared to standalone private entities. According to the latest available Guide, the median discount for transactions of target companies with such RR is 12.9% and the median discount for transactions of target companies without such RR is 20.0%. An adjustment is therefore adopted to reflect the Target Company’s structural advantages under a public parent, which mitigates information asymmetry risks and illiquidity risks compared to individual private entities. As such, a ratio-based adjustment of 0.645 ($12.9\% / 20.0\% = 0.645$), reflecting the improved liquidity in the shares of the Target Company, is applied by the Valuer to the overall market median DLOM of 15.6%, yielding 10.1%. This serves as a prudent proxy endorsed by the Guide for scenarios where partial liquidity features of the Target Company’s equity interest exist, avoiding overstatement of illiquidity.

Having considered the Valuer’s cautious approach against unadjusted medians by taking into account of the ownership structure to refine estimates and the Guide was referred to as a source of reference for DLOM in the announcements and circulars published on the website of Stock Exchange in 2025, the Board agrees with the Valuer that the application of the DLOM of 10.1% is considered appropriate for valuing the Target Company.

LETTER FROM THE BOARD

Basis of Valuation and Consideration

In considering the Acquisition, the Directors have reviewed (i) the experience and qualifications of the Valuer and (ii) the Valuation Reports, in which the Valuer considered that the GPC Method under the market approach was more appropriate for the valuation. Given (i) the extensive valuation experience of the appraisers responsible for the Valuation Reports, (ii) the Valuation Reports were prepared by an independent and qualified valuer and (iii) the Valuation have been prepared in accordance with the applicable valuation standards, the Directors considered that using the Valuation under the GPC Method under the market approach to determine consideration for the Acquisition is fair and reasonable.

INFORMATION OF THE GROUP, THE VENDOR AND THE TARGET COMPANY

The Group

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) provision of EMS and (ii) sales of printed circuit board assembly and electronic components.

The Vendor

The Vendor, Mr. Chen Wensheng, is an individual investor who holds 30% equity interest in the Target Company as at the Latest Practicable Date. Mr. Chen is a substantial shareholder of the Target Company and an entrepreneur with experience in EMS industry for over 10 years.

The Target Company

Immediately prior to the Acquisition, the Target Company was owned as to 70% by the Purchaser and 30% by the Vendor. The Purchaser is an indirect wholly-owned subsidiary of the Company. The Vendor is a substantial shareholder of the Target Company and a connected person of the Company at the subsidiary level.

The Target Company is a limited liability company established under the laws of the PRC on 14 October 2020 and a direct non-wholly-owned subsidiary of the Purchaser. The Target Company is principally engaged in the SMT processing services, a core segment of the EMS industry. SMT involves the automated placement and soldering of electronic components onto printed circuit boards through precision manufacturing processes which are essential for production of electronic devices and components.

LETTER FROM THE BOARD

Set out below are the audited revenue, net profit before taxation and net profit after taxation of the Target Company for each of the years ended 31 December 2023 (“FY2023”) and 2024 (“FY2024”) and six months ended 30 June 2025 (“1H2025”):

	1H2025	FY2024	FY2023
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(audited)	(audited)	(audited)
Revenue	32.4	86.6	40.2
Net profit before taxation	5.0	15.6	9.7
Net profit after taxation	4.3	16.5	8.1

As at 30 June 2025, the audited net assets value of the Target Company is approximately RMB49.3 million. Please refer to Appendix IV to this circular for details of financial information of the Target Company.

EFFECT OF THE ACQUISITION ON THE GROUP'S EARNINGS AND ASSETS AND LIABILITIES

Upon Completion, the Target Company will become indirect wholly-owned subsidiary of the Company. The financial results and positions of the Target Company has already been consolidated into the Group and will remain so after Completion.

Earnings

As at the Latest Practicable Date, the Target Company is a held as to 70% by the Purchaser. Upon Completion, the Group will hold 100% equity interest in the Target Company through the Purchaser. Accordingly, on the consolidated statement of profit or loss of the Company, the Acquisition is expected to increase the profit attributable to owners of the Company and decrease the profit attributable to non-controlling interests.

Assets and liabilities

Based on the Unaudited Pro Forma Financial Information of the Enlarged Group as set out in Appendix V to this circular, had the Acquisition taken place on 30 June 2025, it is expected that the unaudited pro forma consolidated total assets of the Enlarged Group would remain at approximately RMB344.8 million, the unaudited pro forma consolidated total liabilities of the Enlarged Group would increase by approximately RMB40.8 million to RMB92.1 million and the unaudited pro forma consolidated net assets of the Enlarged Group would decrease by approximately RMB40.8 million to RMB252.7 million.

The above analysis is for illustrative purpose only and does not purport to represent how the financial performance and position of the Group would actually be after Completion.

LETTER FROM THE BOARD

For further details, please refer to the Unaudited Pro Forma Financial Information of the Enlarged Group set out in Appendix V to this circular.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is principally engaged in SMT processing services, which forms an integral part of the EMS value chain. The Target Company's strategic importance to the Group is underscored by its robust financial performance, including (i) its revenue of approximately RMB86.6 million for FY2024, representing approximately 30.0% of the Group's revenue during the same year; (ii) the net profit after taxation of the Target Company of approximately RMB16.5 million for FY2024, representing approximately 2.5 times of the Group's net profit after taxation during the same year; and (iii) net profit margin of approximately 19.1% of the Target Company for FY2024. The Target Company's considerable revenue base and profitability, indicate its operational efficiency and market competitiveness in the EMS industry, as well as its potential strategic value to the Group's business development.

The Board also anticipates stable demand in the EMS industry in the PRC, driven by increasing demand for electronic products across various sectors including consumer electronics, automotive electronics, and industrial automation. This prospect is supported by recent data announced by the Ministry of Industry and Information Technology (工信部) (the “**Data**”) showing healthy development in the electronic information manufacturing sector (the “**Electronic Sector**”). According to the Data, the production volume of major products in the Electronic Sector of smartphone, micro-computer and integrated circuit grew by 0.5%, 5.6% and 8.7% in the first half of 2025 while export volume of enterprises above the designated size in the Electronic Sector grew by 3.6% in the same period. The Target Company's established presence and technical capabilities in SMT processing services may enable the Group to maintain its market position in the Electronic Sector.

Furthermore, as mentioned in the interim report of the Company for the six months period ended 30 June 2025, the Group will continue to invest in development of in-house capabilities and keep abreast of the development of technology advancement in the EMS industry to secure more business opportunities for the Company and the Shareholders. The Board considers this Acquisition is in line with the Group's strategy as full ownership will (i) enhance the Group's flexibility in technological development, strategic initiatives and allocation of production resources; (ii) enable the Group to maximize returns from the Target Company's proven profitability (with net profit margin of approximately 19.1% for FY2024) and strengthen the Group's overall financial performance without minority interest considerations; and (iii) allow streamlined decision-making processes and unified management control, especially in strategic planning and market expansion initiatives. With complete integration of resources and knowledge sharing within the Group's ecosystem, the Group will be better positioned to capture market opportunities in the EMS industry through the Target Company's operations and business development, which in turn will strengthen the Group's ability to secure additional business opportunities.

LETTER FROM THE BOARD

Having considered the above factors, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and the Acquisition is in the interests of the Company and the Shareholders as a whole.

As none of the Directors has a material interest in the transactions contemplated under the Acquisition, none of them abstained from voting on the Board resolutions approving the Acquisition.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) exceed 25% but are less than 100%, the Acquisition constitutes a major transaction for the Company and are subject to reporting and announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Vendor, holding 30% of the equity interest of the Target Company, is a substantial shareholder of the Target Company which is a subsidiary of the Company. Accordingly, the Vendor is a connected person at the subsidiary level of the Company under Rule 14A.06(9) of the Listing Rules, and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.101 of the Listing Rules, as (i) the Board has approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is only subject to the reporting, announcement, circular and shareholders' approval requirements but is exempt from independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. The EGM will be held at No. 7 Building, New Development Zone, Baishixia, Fuyong Street, Bao'an District, Shenzhen, PRC on Friday, 12 December 2025 at 11:00 a.m., for the purpose of considering and, if thought fit, approving the resolutions as set out therein. Article 79 of the Articles of Association provides that on a poll, every Shareholder present in person or by proxy shall have one vote for every Share of which he is the holder which is fully paid or credited as fully paid. An announcement on the poll vote results will be made by the Company after the EGM, in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F,

LETTER FROM THE BOARD

Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible, and in any event not later than 48 hours (i.e. 11:00 a.m. on Wednesday, 10 December 2025) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their close associates have any material interests in the Acquisition. Accordingly, no Shareholders are required to abstain from voting on the ordinary resolutions to be approved at the EGM.

CLOSURE OF THE REGISTER OF MEMBERS

The EGM will be held on Friday, 12 December 2025 at 11:00 a.m. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 9 December 2025 to Friday, 12 December 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 8 December 2025. The record date for the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the EGM is Friday, 12 December 2025.

RECOMMENDATION

Having taken into account that above factors and reasons, the Directors (including the independent non-executive Directors) consider that the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed in respect of approving the Acquisition at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

Yours faithfully,
By the order of the Board
Confidence Intelligence Holdings Limited
Li Hao
Chairman

FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2022, 2023 and 2024, together with the accompanying notes to the financial statements, are disclosed in the following documents, which can be accessed on both the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at www.szxinken.com:

- (a) annual report of the Company for the year ended 31 December 2022, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100791.pdf>

- (b) annual report of the Company for the year ended 31 December 2023, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041800338.pdf>

- (c) annual report of the Company for the year ended 31 December 2024, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042500587.pdf>

STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Enlarged Group had outstanding indebtedness of approximately RMB3,577 thousand of lease liabilities as detailed below.

	As at 30 September 2025 <i>RMB'000</i>
Lease Liabilities	
Current portion	1,199
Non-current portion	<u>2,378</u>
Total indebtedness	<u><u>3,577</u></u>

Save as disclosed above, the Enlarged Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, or agreed to be issued; or bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at 30 September 2025.

WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for at least the next 12 months from the date of publication of this circular after taking into account: (i) the internal resources of the Group; (ii) the available facilities of the Group; and (iii) the Acquisition. The Company has obtained the relevant confirmation as required under Rule 14.66(12).

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, to the best of the Directors' knowledge, there has been no 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 prepared.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is an electronic manufacturing services (the “**EMS**”) provider offering comprehensive assembling and production services and sales of printed circuit board assembly (the “**PCBAs**”) in the PRC that integrate research and design, selection and procurement of raw materials, assembling of PCBAs, quality control, testing, logistics and after sales services. Based on the usage of the electronic products which incorporated with our PCBAs, our PCBAs can be broadly applied to electronic end products for three principal industries, namely, telecommunication devices, IoT products, and automotive related devices.

During the financial year ended 31 December 2024 (“**FY2024**”) and the six months period ended 30 June 2025 (“**1H2025**”), the economy in China is facing significant challenges, such as U.S. tariff policies, uncertain China-U.S. trade negotiations, deep adjustments in the real estate sector, and insufficient domestic demand, which has led to increasingly fierce competition among enterprises.

During FY2024, the Group concentrated its resources into the EMS business, and which contributed the Group's overall sale from continuing operations increased by 9.2% from RMB264.5 million for the year ended 31 December 2023 to RMB288.8 million for FY2024. At the same time, during FY2024, the group strictly controlled costs at every stage of production process and actively adjusted order allocation between the Chongqing and Shenzhen factories aiming at increasing the capacity utilization of the Group. Gross profit margin thus had a significant improvement from 6.3% for the year ended 31 December 2023 to 15.5% for FY2024, leading in a turnaround from a net loss to net profit for FY2024. During FY2024, the Group recorded a net profit of approximately RMB6.6 million as opposed to a net loss of approximately RMB31.5 million for the corresponding period in 2023.

The Group ceased cooperation with several customers during 1H2025, and the Group's revenue decreased by 16.3% from RMB155.0 million for the six months ended 30 June 2024 to RMB129.8 million for 1H2025. As a result of the decrease in revenue and the unavoidable fixed costs, the gross profit of the Group decreased significantly, and the Group recorded a net profit of approximately RMB2.2 million for 1H2025, as compared to that of approximately RMB13.0 million for the corresponding period in 2024.

Under current complex international environment and the challenging economy in China, the Group will keep more cautious on its spending and expansion to reduce finance risk. The Group is taking proactive measures and making active responses in an effort to sustain the business and actively diversify or expand our customer base and product base to broaden the sources of revenue and diversify business risk.

In responding to the dynamic development of market demand in the EMS industry, the Group has been actively expanding its customer portfolio throughout 2025, with particular focus on high-growth sectors including automotive electronics, robotics, and semiconductor industries. These proactive customer acquisition efforts have successfully enabled the Group to diversify its customer base beyond automotive-related devices, telecommunication devices, and internet-of-things products. Additionally, to broaden the sources of revenue and diversify business risk geographically, the Group is currently exploring strategic business opportunities within the Greater Bay Area, which positions the Group to capitalise on the region's status as one of the technological innovation hub and manufacturing centre in the PRC and supportive government policies.

The Group will continue to invest in our development of inhouse capabilities and keep ourselves abreast of the development of latest technology advancement in our industries to secure more business opportunities, and also explore other business segments or new opportunities to earn better returns for the Company and the Shareholders. We will continue to strive a balance among the interests of shareholders, employees and customers, and pursue long-term and sustainable development for the Group.

The following management discussion and analysis is based on the financial information included in the accountant's report on Chongqing Confidential Intelligence Limited Company* (重慶信懇科技有限公司) (the “**Target Company**”) as set out in Appendix IV to this circular.

BUSINESS REVIEW

The Target Company is a limited liability company established under the laws of the PRC on 14 October 2020 and a direct non-wholly-owned subsidiary of the Purchaser. The Target Company is principally engaged in SMT processing services, a core segment of the EMS industry. SMT involves the automated placement and soldering of electronic components onto printed circuit boards through precision manufacturing processes which are essential for production of electronic devices and components.

FINANCIAL SUMMARY

Set out below is the financial information of the Target Company for the three years ended 31 December 2022, 2023 and 2024 and the six months periods ended 30 June 2024 and 2025 (the “**Relevant Period**”):

	As at 31 December			As at
	2022	2023	2024	30 June
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Total assets	49,784	46,690	61,978	60,001
Net assets	40,403	36,516	45,033	49,297

	For the year ended 31 December			For the six months	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	44,395	40,226	86,623	45,421	32,438
Gross profit	10,702	10,925	19,851	16,785	5,645
Profit before tax	8,821	9,683	15,602	15,726	5,031
Profit for the year/period	6,616	8,113	16,517	13,397	4,264

FINANCIAL PERFORMANCE

For the three years ended 31 December 2022, 2023 and 2024 and for the six months periods ended 30 June 2024 and 2025, the Target Company's revenues were approximately RMB44.4 million, RMB40.2 million, RMB86.6 million, RMB45.4 million and RMB32.4 million, respectively. The Target Company demonstrated overall upward trend during the Relevant Period, reflecting the broader recovery trend in the EMS industry following the COVID-19 pandemic. The Target Company's annualised revenue for the six months period ended 30 June 2025 reached approximately RMB64.9 million as compared to approximately RMB44.4 million and RMB40.2 million for the years ended 31 December 2022 and 2023. Notably, revenue experienced a substantial increase in 2024, primarily driven by substantial production orders from a major smartphone manufacturer customer anticipating market recovery. The subsequent decrease in revenue for the six months ended 30 June 2025, as compared to the six months ended 30 June 2024, was primarily attributable to a strategic reallocation of orders within the Group to optimize production capacity and normalization of smartphone-related production demand.

For the three years ended 2022, 2023 and 2024 and for the six months periods ended 30 June 2024 and 2025, the Target Company's profit before tax were approximately RMB8.8 million, RMB9.7 million, RMB15.6 million, RMB15.7 million and RMB5.0 million, respectively. The Target Company's overall profitability trends aligned with its revenue performance during the Relevant Period. The Target Company's annualised profit before tax for the six months period ended 30 June 2025 reached approximately RMB10.0 million as compared to approximately RMB8.8 million and RMB9.7 million for the years ended 31 December 2022 and 2023.

CAPITAL STRUCTURE

The total assets of the Target Company as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 were approximately RMB49.8 million, RMB46.7 million, RMB62.0 million and RMB60.0 million, respectively.

The total liabilities of the Target Company as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 were approximately RMB9.4 million, RMB10.2 million, RMB16.9 million and RMB10.7 million, respectively.

The gearing ratio of the Target Company (calculated as total liabilities divided by net assets) as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 were approximately 23.2%, 27.9%, 37.6% and 21.7%, respectively.

AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The Target Company had outstanding balances of amount due to immediate holding company, being the Purchaser, as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 were approximately nil, nil, RMB4.6 million and RMB1.5 million. These balances were trade in nature, unsecured, non-interest bearing and repayable on demand.

LEASE LIABILITIES

The lease liabilities of the Target Company as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 were approximately RMB0.1 million, RMB0.4 million, RMB4.5 million and RMB3.9 million, respectively.

Save as disclosed above, the Target Company had no borrowings as at 31 December 2022, 31 December 2023 and 31 December 2024 and 30 June 2025.

LIQUIDITY, CASH AND CASH EQUIVALENTS

Based on the financial situation of the Target Company, the Target Company funds its operations primarily with cash inflows from daily operations. The net operating cash flows of the Target Company for the three years ended 31 December 2022, 2023 and 2024 and the six months periods ended 30 June 2024 and 2025 were approximately RMB20.4 million, RMB3.9 million, RMB20.3 million, RMB2.1 million and RMB9.2 million, respectively.

The balance of cash and cash equivalents of the Target Company as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025 were approximately RMB24.3 million, RMB16.2 million, RMB20.9 million and RMB29.3 million, respectively.

During the Relevant Period, the Target Company did not have any official hedging policies and no financial instrument was used for hedging purpose.

FOREIGN EXCHANGE EXPOSURE

During the Relevant Period, the Target Company were not exposed to any material foreign currency risk as all of its business operation, assets and liabilities were denominated in Renminbi which is the functional currency of the Target Company. For the years ended 31 December 2022, 31 December 2023 and 31 December 2024 and the six months periods ended 30 June 2024 and 2025, the Target Company did not hedge any foreign exchange risk.

FUNDING AND TREASURY POLICY

The Target Company has adopted a prudent financial management approach towards its treasury policy, closely monitoring its liquidity position to ensure that the liquidity structure of its assets, liabilities, and other commitments can meet its funding requirements. The Target Company currently maintains liquidity through diverse sources, including orderly realisation of receivables and lease liabilities as part of its capital structuring. By keeping sufficient bank and cash balances, and retaining the option of potential bank borrowings when needed, the Target Company aims to maintain funding flexibility to support business continuity for the foreseeable future.

SIGNIFICANT INVESTMENT

During the Relevant Period, the Target Company did not have any significant investments.

PLEDGE OF ASSETS

There has been no pledged asset of the Target Company during the Relevant Period.

CONTINGENT LIABILITIES

There has been no contingent liabilities of the Target Company during the Relevant Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, the total number of employees of the Target Company was 163, 111, 114 and 92 respectively. For the years ended 31 December 2022, 31 December 2023 and 31 December 2024, the staff costs of the Target Company amounted to approximately RMB13.7 million, RMB10.6 million and RMB11.5 million, respectively.

SIGNIFICANT ACQUISITION AND DISPOSAL

There has been no significant acquisition and disposal by the Target Company during the Relevant Period.

MATERIAL INVESTMENTS

The Target Company have not made any material investments during the Relevant Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the Latest Practicable Date, the Target Company had no plan for material investments or capital assets.

The following is the text of the valuation report in connection with the valuation of the Target Company as at 30 June 2025, which has been prepared for the purpose of inclusion in this circular.



Valplus Consulting Limited
Unit 917, 9/F, Houston Centre
63 Mody Road Tsim Sha Tsui East
Hong Kong

24 November 2025

The Board of Directors,
Confidence Intelligence Holdings Limited,
Unit 1705, 17/F
Strand 50
50 Bonham Strand
Sheung Wan, Hong Kong

Dear Sirs/Madams,

Re: Valuation of 30.0% equity interests in Chongqing Confidential Intelligence Limited Company

In accordance with the instructions from Confidence Intelligence Holdings Limited (“**Company**” and together with its subsidiaries, “**Group**”), we have conducted a valuation of fair value of 30.0% equity interests (“**Equity Interests**”) in Chongqing Confidential Intelligence Limited Company (officially translated as “重慶信譽科技有限公司” and hereinafter, “**Target Company**”), a non-wholly-owned subsidiary of the Company. The Target Company is principally engaged in the electronics manufacturing services (“**EMS**”) in the People’s Republic of China (“**China**” or “**PRC**”). We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the fair value of the Equity Interests as at 30 June 2025 (“**Valuation Date**”).

This report states the purpose of valuation, basis and premise of value, scope of work, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion on value.

1. PURPOSE OF VALUATION

This report is being solely prepared for the directors and management of the Company for reference and incorporation into a public circular of the Company in connection with a proposed acquisition (“**Proposed Acquisition**”) by the Company over the Equity Interests of the Target Company under the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited.

The Proposed Acquisition, if approved and materialized, would be a commercial decision made by the transacting parties and the corresponding transaction price would be the result of negotiations between the transacting parties. The directors and management of the Company should be solely responsible for determining the consideration of the Proposed Acquisition, in which Valplus Consulting Limited (“**Valplus**”) is not involved in the negotiation and has no comment on the agreed consideration.

Furthermore, this valuation report does not constitute an opinion on the commercial merits and structure of the Proposed Acquisition. We are not responsible for any unauthorized use of this report. Valplus assumes no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

2. BASIS AND PREMISE OF VALUE

Our valuation has been prepared in accordance with the International Valuation Standards (“**IVS**”) published by the International Valuation Standards Council.

Our valuation is based on going concern premise and conducted on a fair value basis. Fair value is defined as 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.

3. SCOPE OF WORK

Our valuation opinion is based on the assumption stated herein and the information provided by the management of the Group, the Target Company or its representatives (together, “**Management**”). In the course of our valuation work, we have conducted the following process to evaluate the reasonableness of the adopted basis and assumptions provided:

- Discussed with the Management in relation to the background, development, operation, financial performance and other relevant information of the Target Company;
- Reviewed relevant financial information, operational information and other relevant data concerning the Target Company;

- Reviewed and discussed with the Management on the business development concerning the Target Company provided to us by the Management;
- Performed market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry, and market and obtained relevant statistical figures from the public sources;
- Examined relevant basis and assumptions of both the financial and operational information of the Target Company, which were provided by the Management;
- Designed an appropriate valuation model to derive the fair value of the Equity Interests; and
- Presented all relevant information on the scope of work, sources of information, overview of the Target Company, major assumptions, valuation methodology, limiting conditions, remarks and opinion of value in this report.

4. SOURCES OF INFORMATION

We relied on the following major documents and information in our valuation analysis. Some of the information and materials are furnished by the Management. Other information is extracted from public sources such as government sources, HKEXnews, Bloomberg and Kroll, LLC., etc.

The major documents and information include the following:

- Business license(s) or certificate(s) of incorporation of the Target Company;
- Official website of the Group;
- A copy of lease agreement in relation to the lease of an industrial complex entered into by the Target Company and dated 19 June 2024 (“**Lease Agreement**”);
- An executed copy of the sales and purchase agreement in relation to the Proposed Acquisition entered into between the Company and the vendor, and dated 17 October 2025;
- Announcement(s) and/or circular(s) made by the Company in relation to the Target Company;
- Audited annual reports and unaudited interim reports of the Group; and
- Historical financial information of the Target Company including income statements and balance sheets as prepared and provided by the Management.

In the course of our valuation, we had discussion with the Management on the industry and the development of the Target Company. Furthermore, we have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We consider that we have obtained adequate information from the sources described above to provide a reliable opinion on value.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

5. COMPANY PROFILE

The Target Company is a private limited liability company incorporated in the PRC on 14 October 2020 with Unified Social Credit Code of 91500112MA6169F44N and registered capital of RMB50,000,000. The registered address of the Target Company is No. 3, Tonggui Avenue, Yufengshan Town, Yubei District, Chongqing City, the PRC. The business scope of the Target Company is primarily confined to Internet of Things application services; automotive parts research and development; computer equipment manufacturing; general equipment manufacturing (excluding special equipment manufacturing); household appliances sales; furniture sales; sales of electronic components and electromechanical component equipment; and sales of mechanical and electrical equipment. Immediately prior to the Proposed Acquisition, the Target Company was owned as to 70.0% by the Company as a non-wholly-owned subsidiary.

6. BUSINESS OVERVIEW

The Target Company is principally engaged in the EMS sector in the PRC and is primarily specialized in the provision of surface mount technology (“SMT”) processing services. Such industrial process involves the automated placement and soldering of electronic components onto printed circuit boards (“PCBs”) through precision manufacturing techniques.

According to the Lease Agreement and the information provided by the Management, the manufacturing site of the Target Company was located at Tower F1, OPPO Chongqing Smart Ecological Park, No. 188, Yulong Avenue, Yufengshan Town, Yubei District, Chongqing City, the PRC with a total gross floor area of approximately 5,166 sq.m. for an effective tenure of 5 years ended on 30 June 2029, and is subject to renewal upon request at expiry. By establishing contractual relationships with clients, the Target Company offers integrated electronics manufacturing and design solutions including but not limited to the design enhancement and verification, technical advice and engineering solutions, quality control, delivery and after-sale services in respect of its assembling and soldering of PCBs assemblies and electronic products. As advised by the Management, the electronic products assembled by the Target Company are mainly used in consumer electronics and technology industries, such as mobile devices, semiconductors and network communication parts. For the financial year ended 31 December

2024, the major clients of the Target Company included but not limited to a leading global smartphone manufacturer and a top-tier producer of precision flexible circuit boards in the PRC.

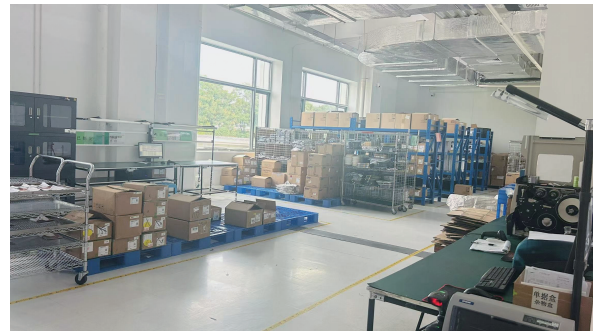


Figure 1: Exterior and interior production spaces operated by the Target Company

Source: The Management

7. FINANCIAL REVIEW

The following tables set forth the selected historical financial results of the Target Company for the year ended 31 December 2023 (“**FY2023**”) and 2024 (“**FY2024**”), and six months ended 30 June 2025 (“**Interim FY2025**” and together with the FY2023 and the FY2024, “**Track Record Periods**”). We have only reviewed the financial accounts of the Target Company provided by the Management without independent verification and audit.

	FY2023 ¹	FY2024 ¹	Interim FY2025 ¹
<i>RMB million</i>			
Revenue	40.2	86.6	32.4
EBITDA ²	17.9	27.5	7.1
EBIT ²	9.1	15.2	4.4
Net profit ²	7.6	15.9	3.7
Total assets	46.7	62.0	60.0
Net assets	36.5	45.0	49.3
EBITDA margin	44.4%	31.7%	21.9%
EBIT margin	22.6%	17.6%	13.7%
Net profit margin	18.9%	18.4%	11.5%
Return on assets ³	16.3%	25.7%	11.4%

* *Figures above are subject to rounding.*

Table 1: Key financial matrices of the Target Company

Source: The Management

Notes:

- (1) The financial results are based on audited figures.
- (2) Non-operating items comprising net other income/(loss), other gain/(loss) and one-off impairment loss are excluded to reflect the earnings of the operating segment of the Target Company under the earnings before interests, taxes, depreciation & amortization (“**EBITDA**”), the earnings before interests & taxes (“**EBIT**”) and the net profit matrices.
- (3) Calculation of the ratio is based on the trailing-twelve-month net earnings of the Target Company as at the respective balance sheet dates of the Track Record Periods.

After discussion with the Management, the following summarizes the key financial performance of the Target Company over the Track Record Periods.

- The revenue, operating income and net income increased significantly from the FY2023 to the FY2024 due to the increase in service quantity outputs and expansion of customer base, recovered from the pandemic period beforehand;
- The EBITDA margins, the EBIT margins and the net profit margins maintained between approximately 18% and 44% in the FY2023 and the FY2024;
- Total asset value and net asset value increased by approximately RMB13 million respectively during the Track Record Periods, mainly due to the increase in trade receivables and cash balance from the business expansion; and
- Return on assets ranged from around 11% to 26% in the Track Record Periods.

8. ECONOMIC OVERVIEW

This section of economic overview is based on the data provided by Hong Kong Trade Development Council (“HKTDC”). China’s gross domestic product (“GDP”) grew by 5.3% year-on-year in the first half of 2025, with growth rates of 5.4% in the first quarter and 5.2% in the second quarter of 2025 respectively. In the first half of 2025, added-value industrial output rose by 6.4%, fixed-asset investment increased by 2.8%, retail sales climbed 5.0% year-on-year. In June 2025, the consumer price index rose 0.1% year-on-year. In June 2025, the consumer price index of China declined by 0.1% year-on-year. During January to June 2025, exports and imports in US-dollar terms increased by 5.9% and declined by 3.9% year-on-year respectively, resulting in a trade surplus of US\$586.0 billion in the period. The manufacturing purchasing managers’ index increased from 49.5 in April 2025 to 49.7 in June 2025.

	2024		2025 (As of June)	
	Value	Growth (%)	Value	Growth (%)
Population, year-end (mn)	1,408.3	n/a	1,408.3	n/a
Gross Domestic Product (RMB bn)	134,908.4	5.0	66,054	5.3
Fixed assets investment (RMB bn)	51,437.4	3.2	24,865.4	2.8
Consumer goods retail sales (RMB bn)	48,789.5	3.5	24,545.8	5.0
Exports (US\$ bn)	3,577.2	5.9	1,809.0	5.9
Imports (US\$ bn)	2,585.1	1.1	1,223.0	-3.9
Trade surplus (US\$ bn)	992.2	n/a	586.0	n/a
Utilized foreign direct investment (US\$ bn)	826.3	-27.1	423.2	-15.2

Table 2: China economic indicators (2024–2025 (As of June))

Source: HKTDC

9. INDUSTRY OVERVIEW

This section of industry overview is based on the research conducted and data provided by The State Council Information Office (“SCIO”), Fortune Business Insights (“FBI”)¹, China Briefing² and Statista³.

General Market Status

The EMS industry in China remains a global leader, driven by robust production growth, technological advancements, and strong government support. According to FBI, the global EMS market was valued at approximately US\$609.8 billion in 2024, with projected growth to US\$648.1 billion in 2025 and US\$1,033.2 billion by 2032, reflecting a compound annual growth rate (“CAGR”) of 6.9% during the forecast period from 2025 to 2032. China continues to dominate, contributing significant influence on global EMS revenue in 2024 due to its advanced manufacturing capabilities and strategic focus on high-tech sectors.

Based on announcements from China Briefing, in 2024, China’s electronic information manufacturing sector, which includes EMS, reported a total revenue of RMB16.2 trillion, up 7.3% year-on-year, with a profit of RMB640.8 billion, a 3.4% increase. According to SCIO, the value added of equipment manufacturing rose by 7.7%, and high-tech manufacturing surged by 8.9%, outpacing the overall industrial growth rate by 1.9 and 3.1 percentage points in 2024, respectively. Key product segments showed significant growth, where production of new-energy vehicles increased by 38.7%, integrated circuits by 22.2%, and industrial robots by 14.2% year-over-year. Additionally, 3D printing devices saw continued strong growth, aligning with China’s push toward advanced manufacturing technologies.

Industry Trend

The EMS in China is experiencing robust growth driven by the adoption of advanced technologies. Key trends include but not limited to:

- **Increased Automation:** The push towards Industry 4.0 has led to significant investments in robotics and automation, enhancing production efficiency and reducing labour costs;
- **Internet of Things (“IoT”):** The proliferation of IoT devices has increased the demand for EMS providers capable of producing complex, interconnected electronics;
- **Miniaturization and Integration:** There is a growing trend towards smaller, more integrated electronic components, which requires advanced manufacturing capabilities;

- Design and Development: Many EMS companies now offer product design and development services, enabling customers to bring products to market more quickly; and
- Supply Chain Management: Integrated supply chain management services help clients manage logistics, inventory, and procurement more efficiently.

Government Policies and Regulations

China has been implementing institutional reforms on the electrical and electronics industry. The reform aims to remove institutional barriers curbing high-quality development of the electrical and electronics industry, improve effective regulatory oversight of the government, unleash market entities' vitality, and promote industrial upgrading and technological innovation. As part of these reforms, electrical and electronics appliances manufacturing enterprises are encouraged to carry out self-inspection and self-certification on their products. These reforms are expected to further stimulate the growth of the EMS industry in China. The Chinese government has also implemented several policies to support the EMS industry, such as (i) Made in China 2025, aiming to transform China into a global manufacturing leader, with a focus on high-tech industries including electronics manufacturing; (ii) tax incentives where various tax breaks and incentives are provided to high-tech enterprises, including those in the EMS sector, to encourage research & development and technological innovation; and (iii) environmental regulations pursuant to which stricter environmental regulations are being enforced, requiring EMS providers to adopt greener manufacturing practices and reduce their carbon footprint.

Future Market Outlook

The EMS industry in China is expected to continue its growth trajectory where the key growth drivers include:

- 5G Technology: The rollout of 5G networks is expected to drive demand for advanced electronic components and devices;
- Electric Vehicles (“EVs”): The rapid growth of the EV market is boosting demand for electronic components and systems, benefiting EMS providers; and
- Consumer Electronics: The continuous innovation in consumer electronics, including wearables and smart home devices, will sustain demand for EMS services.

According to the data from Statista, the revenue generated in the consumer electronics market in China in 2025 is expected to reach US\$206.9 billion, with an expected annual growth rate of 3.8% from 2025 to 2029. When considering the total population figures, the per-person revenue in China within the mentioned electronics sector is estimated to be US\$141.2 in 2025. On a forward-looking basis, the market volume is projected to reach 2.0 billion pieces units by 2029. China, being the largest consumer electronics market in the world, is experiencing a strong demand for smart home devices.

Notes:

- (1) FBI is a global research data house based in the United States, the United Kingdom and the Asia Pacific regions with co-operation track records across major audit firms and technology enterprises.
- (2) China Briefing was founded in 1999 and published the China Briefing Magazine on the legal, tax and operational issues in China. Through its parent company, Dezan Shira & Associates, China Briefing maintained co-operation with over 300 professionals including lawyer and auditors across the globe.
- (3) Statista is a global data and business intelligence platform with an extensive collection of statistics, reports, and insights on over 80,000 topics from 22,500 sources in 170 industries.

10. INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to historical performance, operations and industry, and other relevant information of the Target Company. In addition, we have made relevant enquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to financial information and other pertinent data concerning the Target Company provided to us by the Management.

The valuation of the Target Company requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following:

- Nature and operations of the Target Company;
- Historical information of the Target Company;
- Financial conditions of the Target Company;
- Proposed business development of the Target Company;
- Nature, terms and conditions of the relevant agreements, contracts, licenses, permits and rights, if applicable;
- Expected economic income from the relevant agreements, contracts, licenses, permits and rights, if applicable;

- Regulations and rules of the relevant industries;
- Economic and industry data affecting markets and other dependent industries;
- Market-derived investment return(s) of similar business; and
- General global economic outlook.

11. GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to value a business subject:

- Market approach;
- Asset approach; and
- Income approach.

Under each approach, a number of methods are available which can be used to assess the value of a business subject. Each method uses a specific procedure to determine the business value.

Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted method in valuing businesses that are similar in nature. It is also common practice to employ a number of valuation methods under each approach. Therefore, no one business valuation approach or method is definitive. A more detailed discussion of each approach is presented in the *ADDENDUM I – VALUATION APPROACHES* of this report.

12. VALUATION ANALYSIS

12.1. Methodology

In the process of valuing a business subject, we have taken into consideration of business nature, assets type, specialty of its operations, assets owned, and liabilities assumed and industry it is participating. Having considered the three general valuation methodologies, we believed that the market approach would be appropriate and reasonable in the valuation of the Target Company.

In this valuation, the income approach is not appropriate as projections of the Target Company are not available and accessible to us. Also, the use of projections would involve a high level of uncertain, long-term forecast estimates and underlying assumptions. The asset approach is not applied as the valuation of the company is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole. We have therefore solely relied on the market approach in determining our opinion on value.

Under the market approach, the comparable transaction method is not recommended as there are insufficient direct comparable transactions in the market to form a reliable opinion of value. The guideline public company method (“**GPC Method**”) has been adopted as there are certain publicly traded companies engaged in the same or similar line of business as the Target Company that can be identified. Among various value and price multiples, we have adopted the Price-to-Earnings ratio (“**P/E**”) and the Price-to-Book ratio (“**P/B**”) for this valuation based on the following reasons:

- Sales does not capture the cost of operations which is significant in manufacturing industry, and thus does not necessarily and truly indicate the profitability of the subject. Therefore, the Enterprise Value-to-Sales ratio and the Price-to-Sales ratio are not good and relevant indicators;
- EBITDA and EBIT omit the economic costs throughout the useful life of the fixed assets used in production process and the interest expenses arisen from the lease liabilities via leasing the industrial site, which are key expenditure in operating the subject manufacturing business. Therefore, the Enterprise Value-to-Earnings Before Interests, Taxes, Depreciation & Amortization ratio and the Enterprise Value-to-Earnings Before Interests & Taxes ratio are not good and relevant indicators;
- In accordance with the analysis of *Section 7 FINANCIAL REVIEW* in this report, the Target Company has been generating significant net profits during the Track Record Periods. By taking into account of the direct production cost, the operating expenses, the financing cost and the relevant tax and surcharges, which are considered as necessary in daily operation, the use of net earnings-basis matrix can represent the true earning power and operating value of the Target Company. Therefore, the P/E ratio is a good and relevant indicator; and
- As an electronics manufacturer, the major assets of the Target Company include the fixed assets for production, inventories of electronics outputs and receivables to be settled upon product deliveries, where the size of the book value indicates the efficiency of machine and equipment utilization and the working capital turnover. The net asset value of the Target Company has been demonstrating a steadily upward trend during the Track Record Periods, forming a representative indicator to assess its scale of production under the P/B ratio.

In light of the above, we considered the P/E and the P/B ratios are more appropriate and reasonable for this valuation.

12.2. Comparable Companies Search

In determining the search criteria, to find the most relevant and appropriate comparable samples, we have considered a number of factors including but not limited to business operations, income stream, products, services and market location of the valuation subject. The Target Company's SMT processing business, involving the automated placement, soldering, and inspection of electronic components on PCBs is a foundational and high-value process within the broader EMS ecosystem. The EMS providers typically encompass SMT assembly as a core service, alongside complementary activities like the PCBs fabrication, testing, and supply chain management. This ensures the EMS-focused companies as highly representative comparable companies, as they share the same or similar operational and risk exposure to key inputs and outputs across the same industry value chain. Selecting pure SMT specialists would yield an impractically narrow peer set, risking biased and unreliable multiples, while the EMS comparable companies provide a broader, yet relevant, sample pool which is able to capture the Target Company's primary revenue drivers. The following criteria have been adopted for the selection of comparable sample:

- Publicly listed in Hong Kong and the PRC with financial information available as at the Valuation Date;
- Over 50.0% of the trailing-twelve-month revenue as at the Valuation Date generated from the Greater China regions; and
- Over 50.0% of the trailing-twelve-month revenue as at the Valuation Date generated from the provision of the EMS business, focused on the design and/or manufacturing of electronics components and equipment, where encompassed the SMT processing and the related products as an integral workflow thereof.

Based on the above searching criteria, on best effort basis, we shortlisted the following exhaustive list of comparable companies.

Comparable company	Bloomberg ticker
Wong's Kong King International Holdings Ltd.	532 HK
Karrie International Holdings Ltd.	1050 HK
FIH Mobile Ltd.	2038 HK
Shenzhen Sunlord Electronics Co., Ltd.	002138 CH
Shenzhen Zowee Technology Co., Ltd.	002369 CH
Shenzhen Sunshine Laser & Electronics Technology Co., Ltd.	300227 CH
DBG Technology Co., Ltd.	300735 CH
Shenzhen King Brother Electronics Technology Co., Ltd.	301041 CH
TDG Holding Co., Ltd.	600330 CH
Universal Scientific Industrial (Shanghai) Co., Ltd.	601231 CH
Guangdong Champion Asia Electronics Co., Ltd.	603386 CH
Shenzhen Xunjiexing Technology Corp. Ltd.	688655 CH

Source: Bloomberg

We have made a further comparison between the Target Company and the above shortlisted comparable companies in terms of geographical and business segments. Set forth below are the revenue contributions of the Target Company and the shortlisted comparable companies by geographical and service segments based on their latest available annual or interim financial results:

Comparable company	Revenue from the Greater China regions	Revenue from the EMS business
The Target Company	100%	100%
532 HK	51.5%	98.7%
1050 HK	55.1%	100%
2038 HK	89.3%	100%
002138 CH	84.5%	100%
002369 CH	94.6%	93.9%
300227 CH	97.2%	78.9%
300735 CH	57.1%	97.8%
301041 CH	77.9%	90.5%
600330 CH	82.4%	96.2%
601231 CH	61.9%	98.0%
603386 CH	72.5%	93.5%
688655 CH	73.8%	95.3%

Source: Bloomberg

Based on the above findings, all the shortlisted comparable companies are considered to be relevant and appropriate as they produced income primarily from the EMS business in the Greater China regions. The basic profile of the selected comparable companies is set out in *ADDENDUM II – COMPARABLE COMPANIES PROFILE* of this report.

12.3. Multiple Ratios

We referred to the latest publicly available annual or interim results of the comparable companies and applied the relevant financial data. Projected financial data are not used as they are unavailable for both the comparable companies and the Target Company. Multiples are presented as below:

Ticker	P/E		P/B
	Base	Adjusted ¹	
532 HK	n/a ²	n/a ²	0.1
1050 HK	8.7	8.7	1.6
2038 HK	59.6	30.1	0.7
002138 CH	24.2	17.3	3.8
002369 CH	n/a ²	n/a ²	13.6
300227 CH	n/a ²	n/a ²	4.0
300735 CH	70.8	32.8	4.1
301041 CH	105.8	105.8	4.1
600330 CH	143.7	42.8	1.1
601231 CH	21.7	14.8	1.8
603386 CH	n/a ²	n/a ²	3.9
688655 CH	n/a ²	n/a ²	4.2
Maximum	143.7	105.8	13.6
Median	59.6	30.1	3.9
Minimum	8.7	8.7	0.1
Mean excluding outliers ³	56.4	24.4	2.7

* Figures above are subject to rounding.

Notes:

- (1) The multiples are adjusted for the size differentials between the Target Company and the comparable companies. The adjustment details are set out in *ADDENDUM III – MULTIPLE ADJUSTMENTS* of this report.
- (2) Data is not available due to the net loss incurred by the comparable company.
- (3) Mean excluding outliers refers to the average excluding multiple values which are out of the +1/-1 standard deviation range from the sample mean.

Based on the above table, we selected (i) the mean excluding outliers P/E ratio of 24.4, which ranged from the minimum of 8.7 to the maximum of 105.8; and (ii) the mean excluding outliers P/B ratio of 2.7, which ranged from the minimum of 0.1 to the maximum of 13.6. We then applied the multiple ratios to the corresponding measurement bases, which is based on the latest available financial data of the Target Company as at the Valuation Date. Based on the financial information provided by the Management, the net profit excluding non-operating items and the net book value of the Target Company were approximately RMB6.8 million and RMB49.3 million respectively for the trailing-twelve-month period ended 30 June 2025.

12.4. Marketability Discount

We have adopted a lack of marketability discount (“**DLOM**”) of approximately 10.1%¹ for the Target Company as ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company. The discount is benchmarked to the Stout Restricted Stock Study Companion Guide (“**Guide**”), a commonly and widely used research study to assist the valuation profession in determining the DLOM.

Note:

- (1) The adopted DLOM of 10.1% is derived from the latest-available Guide as at the Valuation Date, by adjusting the Guide’s overall market median DLOM of 15.6% for the enhanced marketability implied by effective “registration rights” (“**RR**”) equivalents, using the ratio of median discounts from the Guide for transactions with the RR (12.9%) versus without the RR (20.0%): $15.6\% \times (12.9\% / 20.0\%) \approx 10.1\%$. The existence of the RR reflects an improved liquidity under implied conversion to freely tradable shares within a listing group structure while the loss of the RR implies prolonged trading restrictions and higher information asymmetry under standalone private entities. This adjustment reflects the Target Company’s structural advantages under a public parent, which mitigates illiquidity risks compared to individual private entities. The ratio-based adjustment ($12.9\% / 20.0\% = 0.645$) scales the overall median downward, yielding 10.1%. This serves as a prudent proxy endorsed by the Guide for scenarios where partial liquidity features of the Target Company’s equity interest exist, avoiding overstatement of illiquidity.

12.5. Calculation

Based on the above parameters and inputs, the calculation of this valuation is presented as follows:

Under the Adjusted P/E

	Formula	Unit	Input value
(1) Multiple ratio			24.4
(2) Measurement base		RMB million	6.8
(3) Implied value	(1) x (2)	RMB million	166.6
(4) Less DLOM	(3) x 10.1%	RMB million	16.8
(5) Value of 100% equity interests	(3) – (4)	RMB million	149.9
(6) Fair value of the Equity Interests	(5) x 30.0%	RMB million	45.0

Under the P/B

	Formula	Unit	Input value
(1) Multiple ratio			2.7
(2) Measurement base		RMB million	49.3
(3) Implied value	(1) x (2)	RMB million	131.8
(4) Less DLOM	(3) x 10.1%	RMB million	13.3
(5) Value of 100% equity interests	(3) – (4)	RMB million	118.6
(6) Fair value of the Equity Interests	(5) x 30.0%	RMB million	35.6

* Figures above are subject to rounding.

Based on the above analysis, the implied value of the Equity Interests ranged from approximately RMB35.6 million to RMB45.0 million as at the Valuation Date, indicating an average of approximately RMB40.3 million.

13. VALUATION ASSUMPTIONS

- To continue as a going concern, the Target Company will successfully carry out all necessary activities for the development of its business;
- The contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;
- The financial and operational information of the Target Company as supplied to us have been prepared in a manner which truly and accurately reflect the financial position of the Target Company as at the balance sheet dates;
- Market trends and conditions where the Target Company operates will not deviate significantly from the economic forecasts in general;
- Key management, competent personnel and technical staff will all be retained to support ongoing operations of the Target Company;
- There will be no material changes in the business strategy of the Target Company and its expected operating structure;
- Interest rates and exchange rates in the localities for the operations of the Target Company will not differ materially from those presently prevailing;

- All relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Target Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Company.

14. LIMITING CONDITIONS

Our conclusion of the value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

Our work in connection with this engagement is of a different nature to that of a formal audit or a review of information, as those terms are understood in applicable to relevant auditing and accounting standards. We do not, as part of this exercise, perform an audit, review, or examination of any of the historical, present or prospective financial information used and therefore, do not express any opinions with regard to it.

This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates as identified or being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made, nor liability assumed for their accuracy. The value might be adjusted should more specific and update information of the valuation subject is made available to us.

We have made reference to the information provided by the Management in arriving at our opinion on value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and that any material facts have been omitted from the information provided. No responsibility for the operational and financial information that have not been provided to us is accepted.

We accept no responsibility for the realization and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this report. We assumed that financial and other information provided to us are accurate and complete.

We have not investigated the title to or any legal liabilities against the Target Company. We have assumed no responsibility for the title to the Target Company.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value(s) are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value(s) represents the consideration based on information furnished by the Company/engagement parties and other sources. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

We would particularly point out that our valuation was based on the information such as company background, business nature, market share, and future prospects of the Target Company provided to us by the Management.

15. REMARKS

The Management has reviewed and agreed on the report and confirmed the factual content of the report.

We hereby confirm that we have neither present nor prospective interests in the Target Company, the Company, the Group or the value reported herein.

16. OPINION ON VALUE

Based on the investigation and analysis stated above and on the valuation methods employed, we are of the opinion that the fair value of the Equity Interests as at the Valuation Date was in the sum of **RMB40,266,000 (RENMINBI FORTY MILLION TWO HUNDRED AND SIXTY-SIX THOUSAND ONLY)**.

Respectfully submitted,
For and on behalf of
VALPLUS CONSULTING LIMITED
Damon S.T. Wan, CFA, FRM, MRICS
Founding Partner

Analysed and reported by:

Willy T.Y. Yu, CESGA
Associate Director

Alfred Y.M. Wong, CPA (Aust.)
Manager

ADDENDUM I – VALUATION APPROACHES***Market Approach***

The market approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analysing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity to derive an indication of value.

Asset Approach

The asset approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operations, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the values of all types of assets of a business entity from book values, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", to arrive at the value of the equity interests of the business entity.

Income Approach

The income approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the income approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

ADDENDUM II – COMPARABLE COMPANIES PROFILE***Wong's Kong King International Holdings Ltd. – 532 HK***

Wong's Kong King International Holdings Ltd. is an investment holding company principally engaged in electronic business. The company operates its business through three segments. The trading segment is engaged in the trading and distribution of chemicals, materials and equipment used in the manufacturing of printed circuit boards and electronic products. The manufacturing segment is engaged in the manufacture of electrical and electronic products. The other segment is engaged in the original equipment manufacturer (OEM) green manufacturing business, engineering services business, travel business and medicine and health business.

Karrie International Holdings Ltd. – 1050 HK

Karrie International Holdings Ltd. is an investment holding company principally engaged in manufacturing business. The metal and plastic business segment is engaged in the manufacture and sales of metal and plastic parts and enclosures, including moulds, server chassis and household products. The electronic manufacturing services business segment is engaged in the manufacture and sales of magnetic tape data storage, point-of-sale (POS) systems and other computer peripherals.

FIH Mobile Ltd. – 2038 HK

FIH Mobile Ltd. is a company mainly engaged in the provision of vertically integrated manufacturing services for the mobile phone industry worldwide. The company provides mobile phone complete end-to-end elements and manufacturing and engineering services, including product development and design, mandatory components, components, printed circuit board assembly and entire system assembly, and provides supply chain services, solutions, and repair and other after-sales services available in customer neighboring locations. The company also manufactures other wireless communication devices and electronic consumer products and accessories, as well as e-book readers, tablet and voice interactive products.

Shenzhen Sunlord Electronics Co., Ltd. – 002138 CH

Shenzhen Sunlord Electronics Co., Ltd. engages in development, manufacture, and sale of various chip electronic components. It offers EMC components, including multilayer chip ferrite bead, wire wound ferrite bead, common mode filters, and common mode chokes; coils/inductors; sensitive components comprising multilayer varistors and NTC thermistors; RF components, including filters, diplexers and triplexers, couplers, antenna, and baluns; tantalum capacitors; and customized components, including NFC products, high-frequency transformers, differential mode chokes, common mode inductors, reactors, and wireless charging coil assembly. The company also provides resonant inductors, PFC chokes, transformers for current sense, and LAN transformers, as well as winding, PCB planar, and LLC transformers; electronic, structural, and furniture ceramic products; and printed circuit boards. Its products are used in communications,

consumer electronics, computers, automotive electronics, new energy, network equipment, industry electronics, and other applications.

Shenzhen Zowee Technology Co., Ltd. – 002369 CH

Shenzhen Zowee Technology Co., Ltd. researches, develops, manufactures, and sells products for use in communication, computers, consumer electronics, etc. worldwide. The company also provides electronics manufacturing services, including mold development and manufacturing, as well as molding and spray printing; supply chain management; printed circuit board assembly; product assembly and packaging; system integration and testing; and production track systems and automation systems development. In addition, it offers components selection and the suggestion, product appearance and packaging design, product mechanism and mold design capacity, customized circuit and layout development, wireless application design, product software custom development, optical and acoustic design, prototype development, M2M application design, and EMC testing and design, as well as network communication, hardware, and energy storage services.

Shenzhen Sunshine Laser & Electronics Technology Co., Ltd. – 300227 CH

Shenzhen Sunshine Laser & Electronics Technology Co., Ltd. provides laser technology related products and application services for manufacturing and processing industries worldwide. The company offers 3D printing products; precision laser stencils; and electronic manufacturing industry related products, including mobile sealing test, FCT test, laptop motherboard reflow, wave solder, automatic dispensing, and FPC magnetic fixtures, as well as anti-static inspection templates. It is also involved in the personalized design and manufacturing of precise metal and non-metal components. In addition, the company engages in the provision of laser structuring of flexible circuit boards, precision laser drilling, and 3D laser direct structuring activities.

DBG Technology Co., Ltd. – 300735 CH

DBG Technology Co., Ltd. provides various electronics manufacturing services worldwide. It manufactures mobile and communications network devices, automation system modules, inverters, and analyzers, as well as offers IoT and other customized electronic solutions. The company also provides product design and development, material procurement, lean manufacturing, and logistics solutions.

Shenzhen King Brother Electronics Technology Co., Ltd. – 301041 CH

Shenzhen King Brother Electronics Technology Co., Ltd. provides integrated design-manufacture services in China and internationally. The company specializes in providing hardware designing and manufacturing services, including hardware ODM, CAD design, printed circuit board (PCB) fabrication, surface mount technology (SMT), electronical manufacturing service (EMS), testing and integrated design-manufacturing (IIDM). Its products are used in various applications, such as IOT, telecommunication, industrial control, medical, power, automobile, computer, consumer electronics and security industry, etc.

TDG Holding Co., Ltd. – 600330 CH

TDG Holding Co., Ltd., together with its subsidiaries, engages in the research and development, manufacture, and sale of electronic materials, digital devices, and smart equipment in China and internationally. It operates through electronic materials manufacturing, special equipment manufacturing and installation, and other segments. The company offers electronic materials, such as ferrite sheets for NFC antennas; soft ferrite cores for wireless chargers and LED power supplies; soft magnetic cores for automotive electronics, EV wireless charging products, and new energy; cores for EMI suppression and consumer electronics; stress-insensitive, high bias, low core loss, EMI-suppression, and thermal shock resistance NiZn ferrites; metal powder cores; sapphire crystal products; and piezo-electric crystal materials. It also provides high-frequency magnetic components and modules, microwave components and modules, molding choke inductors, and electronic manufacturing services; and powder materials equipment, and crystal material growth and process equipment.

Universal Scientific Industrial (Shanghai) Co., Ltd. – 601231 CH

Universal Scientific Industrial (Shanghai) Co., Ltd., an electronic design and manufacturing service company, engages in the design, miniaturization, manufacture, industrial software and hardware solutions, material procurement, logistics, and maintenance services of electronic products worldwide. The company offers Wi-Fi modules; ODM/JDM and EMS servers, storage, SSD products, and flash testing and research and development services, manufacturing services; and ODM/JDM/EMS computing product design and manufacturing services, as well as point of sale products and smart handheld devices. It provides printed circuit board assembly services for electronics parts for various display technologies in consumer, computing, commercial, and automotive applications; integrated solutions with WLAN/WWAN capabilities used in human input devices, smart home, and drones; diagnostic equipment. In addition, the company offers wearable solutions, such as optical heart rate modules, wristbands, hybrid watches, PCBA/module products, and true wireless stereo Bluetooth earbuds modules; automotive parts and accessories, including powertrain, power modules, exterior LED lighting, vehicle body, driving safety, and chassis; and information and communication products. Further, it provides WiFi AP solutions, such as enterprise AP, small business AP, gateway, wireless controller, switch, and WiFi dock ODM/OEM business development products. It serves wireless communication, cloud and storage, industrial and medical, consumer app development, and car electronics sectors.

Guangdong Champion Asia Electronics Co., Ltd. – 603386 CH

Guangdong Champion Asia Electronics Co., Ltd. develops, produces, and sells high-density double-sided and multilayer printed circuit boards in the China. The company provides small and medium batch, mass production, flexible and rigid-flexible, and special PCB; and SMT and EMS services. Its products are primarily used in consumer electronics, car electronics, IT communication, industrial control, security, power, energy, and medical sectors.

Shenzhen Xunjiexing Technology Corp. Ltd. – 688655 CH

Shenzhen Xunjiexing Technology Corp. Ltd. engages in the research and development, production, and sale of printed circuit boards (PCB) in China. It offers PCB samples and batch boards, and raw materials. The company serves automotive electronics, communication equipment, energy photovoltaic energy storage, security electronics, industrial control, and medical equipment sectors.

ADDENDUM III – MULTIPLE ADJUSTMENTS

The adopted comparable companies are of different sizes from the Target Company. Larger companies generally have lower expected returns that translate into higher values. On the other hand, small companies are generally perceived as riskier in relation to business operation and financial performance, and therefore the expected returns are higher and resulting in lower multiples. Therefore, the P/E ratios of the comparable companies were adjusted to reflect their differences in size nature from the Target Company.

We referred to the formula in the textbook “Financial Valuation – Application and Model” by James R. Hitchner, a renowned valuation expert in the United States, for the multiple adjustments as below:

$$\text{Adjusted multiple} = 1 / ((1/M) + \theta)$$

where,

M^1 = the base multiple.

θ^2 = the required adjustment for size differentials between the comparable company and the subject company.

Notes:

- (1) This refers to the calculated base multiple value as illustrated in *Section 12.3 Multiple Ratios*.
- (2) This refers to the size premium factors depending on the market capitalization (“**Market Cap**”) of each comparable company, with reference to the CRSP Deciles Size Premia Study issued by Kroll, LLC., an international valuation research and data provider established in the United States in early 1900s.

Based on the above analysis, the breakdowns of the multiple adjustments are set forth as below.

Subject/ comparable company	Market Cap ¹ US\$ million	Size premium ²	M	θ ³	Adjusted multiples ⁴
The Target Company	7 ⁵	2.7%			
532 HK	23	2.7%	n/a ⁶	–%	n/a ⁶
1050 HK	227	2.7%	8.7	–%	8.7
2038 HK	1,030	1.0%	59.6	1.6%	30.1
002138 CH	3,165	1.0%	24.2	1.6%	17.3
002369 CH	737	1.0%	n/a ⁶	1.6%	n/a ⁶
300227 CH	706	2.7%	n/a ⁶	–%	n/a ⁶
300735 CH	2,689	1.0%	70.8	1.6%	32.8
301041 CH	383	2.7%	105.8	–%	105.8
600330 CH	1,235	1.0%	143.7	1.6%	42.8
601231 CH	4,485	0.5%	21.7	2.1%	14.8
603386 CH	576	2.7%	n/a ⁶	–%	n/a ⁶
688655 CH	395	2.7%	n/a ⁶	–%	n/a ⁶

* Figures above are subject to rounding.

Notes:

- (1) Market capitalization data as of the Valuation Date are extracted from Bloomberg.
- (2) The size premium factors based on the Market Cap under the CRSP Deciles Size Premia Study issued by Kroll, LLC. are as follows:

≤ US\$730 million	:	2.7%
US\$731 million – US\$3,946 million	:	1.0%
> US\$3,946 million	:	0.5%
- (3) This refers to the difference in size premium factors between the Target Company and the comparable company.
- (4) Adjusted P/E multiple = $1 / ((1/M) + \theta)$.
- (5) This is based on the carrying amount of the net asset value of the Target Company under the exchange rate of US\$1.0 = RMB7.2 as at the Valuation Date.
- (6) Data is not available due to the net loss incurred by the comparable company.

ADDENDUM IV – STAFF BIOGRAPHY

Damon S.T. Wan, *CFA, FRM, MRICS*

Founding Partner

Mr. Damon S.T. Wan is a CFA Charterholder, a Certified FRM and a member of Royal Institution of Chartered Surveyors. Mr. Wan has been working in the professional valuation field since 2008. He is experienced and specialized in performing properties, financial instruments, intangible assets and business valuations for the purposes of corporate advisory, merger & acquisition and public listing.

Willy T.Y. Yu, *CESGA*

Associate Director

Mr. Willy T.Y. Yu is a Certified ESG Analyst and has been working in the banking and financial industry since 2014. He possesses experience in the aspects of corporate credit risk, cash trading, business valuation and ESG analysis.

Alfred Y.M. Wong, *CPA (Aust.)*

Manager

Mr. Alfred Y.M. Wong is a member of CPA Australia and has been working in the corporate finance industry since 2015. He possesses experience in the aspects of corporate finance advisory, corporate credit risk and business valuation.



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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION OF THE TARGET COMPANY

TO THE DIRECTORS OF CONFIDENCE INTELLIGENCE HOLDINGS LIMITED

Introduction

We report on the historical financial information of Chongqing Confidential Intelligence Limited Company (the “**Target Company**”) set out on pages IV-4 to IV-44, which comprises the statements of financial position of the Target Company as at 31 December 2022, 2023, 2024 and 30 June 2025, the statements of profit or loss and other comprehensive income, and the statements of changes in equity and the statements of cash flows for each of the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the “**Relevant Period**”) and a summary of material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages IV-4 to IV-44 forms an integral part of this report, which has been prepared for inclusion in the circular of Confidence Intelligence Holdings Limited (the “**Company**”) dated 24 November 2025 (the “**Circular**”) in connection with the major and connected transaction in relation to acquisition of 30% equity interest of the Target Company.

Directors’ of the Company responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of 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” 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.

APPENDIX IV ACCOUNTANT’S REPORT ON THE TARGET COMPANY

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Target Company’s financial position as at 31 December 2022, 2023, 2024 and 30 June 2025 and of the Target Company’s financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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” 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 Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 IV-4 have been made.

Dividends

We refer to Note 10 to the Historical Financial Information which states that dividends of approximately RMB12,000,000, RMB8,000,000 respectively have been paid by the Target Company in respect of the Relevant Period.

Conpak CPA Limited

Certified Public Accountants

Hong Kong

24 November 2025

APPENDIX IV ACCOUNTANT’S REPORT ON THE TARGET COMPANY

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 financial statements of the Target Company for the Relevant Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards issued by the HKICPA and were audited by Conpak CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**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.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six Months ended 30 June	
	NOTES	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	5	44,395	40,226	86,623	45,421	32,438
Cost of sales		(33,693)	(29,301)	(66,772)	(28,636)	(26,793)
Gross profit		10,702	10,925	19,851	16,785	5,645
Other income	6	261	624	1,086	578	600
Other gains/(losses), net		(148)	(10)	55	55	–
Selling and distribution expenses		(230)	(217)	(1,164)	(251)	(100)
Administrative and other operating expenses		(1,754)	(1,614)	(3,479)	(1,329)	(1,098)
(Impairment losses)/reversal of impairment losses on financial assets and contract assets		–	–	(598)	–	21
Finance costs	7	(10)	(25)	(149)	(112)	(37)
Profit before tax		8,821	9,683	15,602	15,726	5,031
Income tax (expenses)/credit	8	(2,205)	(1,570)	915	(2,329)	(767)
Profit and total comprehensive income for the year/period	9	<u>6,616</u>	<u>8,113</u>	<u>16,517</u>	<u>13,397</u>	<u>4,264</u>

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December			At 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	11	17,897	11,540	11,071	8,804
Intangible assets	12	953	626	299	136
Deferred tax assets	13	–	201	–	–
		<u>18,850</u>	<u>12,367</u>	<u>11,370</u>	<u>8,940</u>
Current assets					
Inventories	14	321	164	276	400
Trade and bills receivables and contract assets	15	3,323	14,611	28,130	20,877
Prepayments, deposits and other receivables	16	2	107	989	491
Amounts due from immediate holding company		3,036	3,251	–	–
Income tax recoverable		–	–	301	–
Cash and cash equivalents	18	<u>24,252</u>	<u>16,190</u>	<u>20,912</u>	<u>29,293</u>
		<u>30,934</u>	<u>34,323</u>	<u>50,608</u>	<u>51,061</u>
Current liabilities					
Trade payables	19	390	656	861	627
Other payables and accruals	20	3,461	3,496	5,957	3,715
Amounts due to immediate holding company		–	–	4,588	1,464
Lease liabilities	21	48	420	1,210	1,225
Income tax payable		5,369	3,714	–	227
Deferred government grants	22	<u>–</u>	<u>712</u>	<u>638</u>	<u>558</u>
		<u>9,268</u>	<u>8,998</u>	<u>13,254</u>	<u>7,816</u>

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

	NOTES	At 31 December			At 30 June
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Net current assets		<u>21,666</u>	<u>25,325</u>	<u>37,354</u>	<u>43,245</u>
Total assets less current liabilities		<u>40,516</u>	<u>37,692</u>	<u>48,724</u>	<u>52,185</u>
Non-current Liabilities					
Lease liabilities	21	97	–	3,272	2,656
Deferred government grants	22	–	831	291	23
Deferred tax liabilities	13	<u>16</u>	<u>345</u>	<u>128</u>	<u>209</u>
		<u>113</u>	<u>1,176</u>	<u>3,691</u>	<u>2,888</u>
Net assets		<u>40,403</u>	<u>36,516</u>	<u>45,033</u>	<u>49,297</u>
Capital and reserves					
Share capital	23	25,000	25,000	25,000	25,000
Statutory reserve		1,540	2,351	4,003	4,003
Retained earnings		<u>13,863</u>	<u>9,165</u>	<u>16,030</u>	<u>20,294</u>
Total equity		<u>40,403</u>	<u>36,516</u>	<u>45,033</u>	<u>49,297</u>

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	25,000	879	7,908	33,787
Profit and total comprehensive income for the year	–	–	6,616	6,616
Appropriation to statutory reserve	–	661	(661)	–
At 31 December 2022	25,000	1,540	13,863	40,403
Profit and total comprehensive income for the year	–	–	8,113	8,113
Appropriation to statutory reserve	–	811	(811)	–
Dividends paid (<i>Note 10</i>)	–	–	(12,000)	(12,000)
At 31 December 2023	25,000	2,351	9,165	36,516
Profit and total comprehensive income for the year	–	–	16,517	16,517
Appropriation to statutory reserve	–	1,652	(1,652)	–
Dividends paid (<i>Note 10</i>)	–	–	(8,000)	(8,000)
At 31 December 2024	25,000	4,003	16,030	45,033
Profit and total comprehensive income for the period	–	–	4,264	4,264
At 30 June 2025	25,000	4,003	20,294	49,297
At 1 January 2024	25,000	2,351	9,165	36,516
Profit and total comprehensive income for the period	–	–	13,397	13,397
Dividends paid (<i>Note 10</i>)	–	–	(8,000)	(8,000)
At 30 June 2024 (unaudited)	25,000	2,351	14,562	41,913

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six Months ended	
	2022	2023	2024	30 June	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
OPERATING ACTIVITIES					
Profit before tax	8,821	9,683	15,602	15,726	5,031
Adjustments for:					
Depreciation of property, plant and equipment	9,611	8,445	11,940	6,160	2,497
Amortisation of intangible assets	27	327	327	163	163
Bank interest income	(119)	(230)	(185)	(102)	(79)
Finance costs	10	25	149	112	37
Loss on disposal of property, plant and equipment, net	–	10	–	–	–
Government grants	–	(357)	(614)	(355)	(348)
Impairment losses/(reversal of impairment losses) on financial assets and contract assets	–	–	598	–	(21)
Operating cash flows before movements in working capital	18,350	17,903	27,817	21,704	7,280
(Increase)/decrease in inventories	(270)	157	(112)	(446)	(124)
Decrease/(increase) in trade and bills receivables and contract assets	6,208	(11,288)	(14,117)	(27,171)	7,275
Decrease/(increase) in prepayments, deposits and other receivables	2,032	(113)	(882)	52	498
Net change in amounts due from/(to) immediate holding company	(832)	(215)	7,839	10,321	(3,124)
(Decrease)/increase in trade payables	(318)	266	205	1,705	(234)
(Decrease)/increase in other payables and accruals	(2,122)	35	2,461	(1,942)	(2,242)
Cash generated from operations	23,048	6,745	23,211	4,223	9,329
Income tax paid	(2,801)	(3,097)	(3,116)	(2,228)	(159)
Interest received	119	230	185	102	79
NET CASH GENERATED FROM OPERATING ACTIVITIES	20,366	3,878	20,280	2,097	9,249

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

	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)	
INVESTING ACTIVITIES					
Payment for purchase of property, plant and equipment	(286)	(1,361)	(1,250)	(927)	(230)
Payment for purchase of intangible assets	(980)	–	–	–	–
Receipt of government grants for purchase of equipment	–	1,900	–	–	–
Proceeds from disposal of property, plant and equipment	–	370	–	–	–
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(1,266)	909	(1,250)	(927)	(230)
FINANCING ACTIVITIES					
Payment of principal element of lease liabilities	(165)	(824)	(6,159)	(2,968)	(601)
Payment of interest element of lease liabilities	(10)	(25)	(149)	(112)	(37)
Dividends paid	–	(12,000)	(8,000)	(8,000)	–
Advance from immediate holding company	1,000	–	10,000	10,000	–
Repayment to immediate holding company	(8,000)	–	(10,000)	(10,000)	–
NET CASH USED IN FINANCING ACTIVITIES	(7,175)	(12,849)	(14,308)	(11,080)	(638)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,925	(8,062)	4,722	(9,910)	8,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	12,327	24,252	16,190	16,190	20,912
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD AND REPRESENTED BY					
Cash and cash equivalents	24,252	16,190	20,912	6,280	29,293

APPENDIX IV ACCOUNTANT’S REPORT ON THE TARGET COMPANY

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Chongqing Confidential Intelligence Limited Company (the “**Target Company**”) was a limited liability company incorporated in the People’s Republic of China (the “**PRC**”) on 14 October 2020. At the date of this report, the ultimate holding company of the Target Company is Confidence Intelligence Holdings Limited, which was incorporated as an exempted company with limited liability in the Cayman Islands and the immediate holding company of the Target Company is Shenzhen Confidence Intelligence Electronic Co. Limited (“**Shenzhen Confidence Intelligence**”), a limited Company established in the PRC. The Target Company’s registered office is No. 3, Tonggui Avenue, Yufengshan Town, Yubei District, Chongqing City.

The principal activities of the Target Company are provision of electronic manufacturing service (“**EMS**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Target Company.

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), accounting principles generally accepted in Hong Kong. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Historical Financial Information has been prepared under the historical cost convention.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

2.1 New and amended standards adopted by the Target Company

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Company has consistently adopted accounting policies which conform with the HKASs, HKFRSs, amendments and the related interpretations that are effective for the accounting period beginning on 1 January 2022 throughout the Relevant Period.

2.2 New and revised HKFRSs issued but not yet effective

The Target Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the preparation of the Historical Financial Information. The Target Company intends to apply these new and revised HKFRSs, if applicable, when they become effective.

**Effective for accounting
periods beginning on or after**

Amendments to HKFRS 9 and HKFRS 7

– Classification and measurement of financial Instruments 1 January 2026

Amendments to HKFRS 9 and HKFRS 7

– Contracts Referencing Nature-dependent Electricity 1 January 2026

Annual Improvements to HKFRS Accounting Standards – Volume 11 1 January 2026

HKFRS 18 – Presentation and Disclosure in Financial Statements 1 January 2027

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

Effective for accounting
periods beginning on or after

HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5	
– Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	
– Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date to be determined

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

Property, plant and equipment

Property, plant and equipment (included right-of-use assets) are stated at cost less accumulated depreciation and accumulated 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. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold improvements	Shorter of estimated useful lives and remaining lease terms
Plant and machinery	3 to 5 years
Office equipment	3 years
Motor vehicles	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets

Research and development costs

Research costs are expensed as incurred. Costs incurred on development activities, which involve the application of research findings to a plan to design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Target Company has sufficient resources to complete the development. The expenditure capitalised will be the outsourcing costs. Other development expenditure is recognised in profit or loss as an expense as incurred. When the asset is available for use, the capitalised development costs are amortised on a straight-line basis over their estimated useful lives.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

Software

The initial costs of acquiring the computer software licenses for own use are capitalised. Computer software licenses with finite useful lives is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on the straight-line basis over their estimated useful lives of 3 years.

Impairment of non-current assets

At the end of each reporting period, the Target Company reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment (including right-of-use assets) and intangible assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment losses is recognised as an income in profit or loss immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Leasing

The Target Company assesses whether a contract is, or contains, a lease at inception of the contract. 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.

The Target Company as lessee

The Target Company applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Target Company has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Target Company accounts for each lease component within a lease contract as a lease separately. The Target Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

Amounts payable by the Target Company that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Target Company recognises a right-of-use asset (included in property, plant and equipment) and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Target Company; and
- (d) an estimate of costs to be incurred by the Target Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Target Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Target Company will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Leased properties	2 to 5 years
Plant and machinery	1 to 2 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Target Company is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Target Company exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Target Company will be reasonably certain to exercise a purchase option.

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The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Target Company remeasures the lease liability using a revised discount rate.

The Target Company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Target Company recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification:

- (a) the Target Company allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;
- (b) the Target Company determines the lease term of the modified contract;
- (c) the Target Company remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;
- (d) for lease modifications that decrease the scope of the lease, the Target Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; or
- (e) for all other lease modifications, the Target Company accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments and on a trade date basis, except for financial assets measured at fair value through profit or loss ("FVTPL") and financial assets measured at fair value through other comprehensive income ("FVOCI") which are accounted for on the settlement date basis.

- (1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset at amortised cost is subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Target Company's financial assets at amortised cost include trade and bills receivables, deposits and other receivables, due from immediate holding company and bank balances and cash.

(2) Financial assets at FVOCI

Upon initial recognition, the Target Company may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to retained earnings.

(3) Financial assets at FVTPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. These investments are subsequently measured at fair value and are not subject to impairment.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Target Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVTPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Target Company's financial liabilities include trade payables, other payables and accruals, due to immediate holding company and lease liabilities. All financial liabilities, except for financial liabilities at FVTPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

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Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Target Company recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Target Company measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Target Company measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) past due information
- (ii) nature of instrument
- (iii) industry of debtors
- (iv) geographical location of debtors
- (v) external credit risk ratings, if available

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Target Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Target Company may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria:

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Company, in full (without taking into account any collaterals held by the Target Company); or
- (ii) there is a breach of financial covenants by the counterparty.

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Irrespective of the above analysis, the Target Company considers that default has occurred when a financial asset is more than 90 days past due unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Company 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. In making this assessment, the Target Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Target Company.

Irrespective of the outcome of the above assessment, the Target Company presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the receivables for which the Target Company has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due.

Notwithstanding the foregoing, the Target Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Bill receivables guaranteed by banks and bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade receivables and contract assets without significant financing components, the Target Company applies a simplified approach in calculating ECL. The Target Company recognises a loss allowance based on lifetime ECL at each reporting date and 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.

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Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Target Company writes off a financial asset when the Target Company has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Target Company has a policy of writing off the gross carrying amount based on historical experience of recoveries of similar assets. The Target Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Target Company's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company 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 Company 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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Provision of EMS

The Target Company transfers control of a service over time and, therefore, satisfies a performance obligation and recognized revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Target Company's performance as the Target Company performs;
- (b) the Target Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Target Company's performance does not create an asset with an alternative use to the Target Company and the Target Company has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Target Company satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Target Company considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from provision of EMS is recognized over time because (i) the Target Company manufactures the products according to the customer's specification and the Target Company is limited practically or contractually from directing the final products and any assets created or enhanced during the production process for another use; and (ii) the Target Company has an enforceable right to payment for the performance completed to date if the customer were to cancel the contract for reasons other than the Target Company's failure to perform as promised.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Target Company applies (i) the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Target Company's inputs and the transfer of control of goods or services to the customers or (ii) the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Target Company's performance and reliable information is available to the Target Company to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The principal input applied in the input method is:

Provision of EMS: based on the cost incurred, including the raw material costs, direct labour costs and other overheads.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Target Company is provided with a significant benefit of financing the transfer of services to the customer), in determining the transaction price, the Target Company adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

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The Target Company determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Target Company and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the services to the amount paid in advance or arrears), the prevailing market interest rates, the Target Company's borrowing rates and other relevant creditworthiness information of the customer of the Target Company.

The Target Company has applied the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Revenue from other sources

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

If the Target Company performs by transferring services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Target Company has a right to an amount of consideration that is unconditional, before the Target Company transfers a service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Target Company's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For provision of EMS, payments are normally not due or received from the customer until the right for billing is unconditional. For such transactions, a contract asset is recognised until it becomes a receivable or payments are received.

Contract asset is recognised when the Target Company recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in Note 26(b) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Target Company recognises the related revenue. A contract liability would also be recognised if the Target Company has an unconditional right to receive consideration before the Target Company recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

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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 over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value credited to a deferred income account under the statement of financial position's line item "Deferred government grants" and is released to profit or loss on a systematic basis over the expected useful life of the relevant asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Target Company in an independently administered fund.

In accordance with the rules and regulations in the PRC, the employees of the Target Company are required to participate in defined contribution retirement plans organised by local governments. Contributions to these plans are expensed in profit or loss as incurred and other than these monthly contributions, the Target Company has no further obligation for the payment of retirement benefits to its employees.

Taxation

The charge for current income tax is based on the results for the year/period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, any deferred tax arises from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions concerning the future and judgements are made by the management of the Target Company in the preparation of the financial statements. They affect the application of the Target Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the end of each 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.

Useful lives of property, plant and equipment (including right-of-use assets) and intangible assets

The management of the Target Company determines the estimated useful lives of the Target Company's property, plant and equipment (including right-of-use assets) and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

Impairment of property, plant and equipment (including right-of-use assets) and intangible assets

The management of the Target Company determines whether the Target Company's property, plant and equipment (including right-of-use assets) and intangible assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amounts of the property, plant and equipment (including right-of-use assets) and intangible assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the Target Company's management to make an estimate of the expected future cash flows from the property, plant and equipment (including right-of-use assets) and intangible assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

Loss allowance for ECL

The management of the Target Company estimates the loss allowance for contract assets, trade and other receivables and by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Target Company's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets, trade and other receivables.

Income taxes

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised as the Target Company's management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax expense in the periods in which such estimate is changed.

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5. REVENUE

	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)	
Recognised on overtime basis					
Provision of EMS	44,395	40,226	86,623	45,421	32,438

The performance obligation is satisfied over time as services are rendered. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

6. OTHER 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)	
Other income					
Bank interest income	119	230	185	102	79
Government subsidies	20	385	901	476	521
Others	122	9	—	—	—
	261	624	1,086	578	600

Government grants primarily represent subsidies from relevant local government authorities granted to the Target Company for purchase of certain qualified property, plant and equipment for its operation.

During the three years ended 31 December 2024 and the six months ended 30 June 2025, the assets related grants recognised to profit or loss were approximately RMB Nil, RMB357,000, RMB614,000 and RMB348,000 respectively (Note 22). There are no unfulfilled conditions or contingencies attached to the remaining government grants for the three years ended 31 December 2024 and the six months ended 30 June 2025.

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	RMB'000
				(unaudited)	
Interests on lease liabilities	10	25	149	112	37

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8. INCOME TAX (EXPENSES)/CREDIT

	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)	
Current tax					
PRC Enterprise Income Tax ("EIT")	(4,296)	(1,442)	(1,919)	(1,557)	(249)
Over/(under) provision in respect of prior years	—	—	2,818	—	(437)
	(4,296)	(1,442)	899	(1,557)	(686)
Deferred taxation	2,091	(128)	16	(772)	(81)
	(2,205)	(1,570)	915	(2,329)	(767)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory EIT rate of the Target Company is 25%. During the year ended 31 December 2023, the Target Company were recognised as High and New Technology Enterprise and are entitled to a preferential tax rate of 15%. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years.

During the year ended 31 December 2022, the applicable income tax rate for the Target Company was 25%. During the years ended 31 December 2023 and 2024 and the six months ended 30 June 2024 and 2025, the applicable income tax rate for the Target Company was 15%.

The income tax (expenses)/credit for the year/period can be reconciled to the profit before tax 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)	
Profit before tax	8,821	9,683	15,602	15,726	5,031
Tax at the PRC EIT rate of 25%	(2,205)	(2,421)	(3,901)	(3,931)	(1,259)
Effects of the preferential income tax rates	—	825	1,560	1,573	503
Tax exempt revenue	—	—	—	—	21
Non-deductible expenses	—	—	(8)	(5)	—
Super deductions on research and development expenses (Note)	—	26	446	34	405
Over/(under) provision in prior years	—	—	2,818	—	(437)
Income tax (expenses)/credit	(2,205)	(1,570)	915	(2,329)	(767)

Note:

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the Relevant Period.

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9. PROFIT FOR THE YEAR/PERIOD

	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 has been arrived at after charging/(crediting):					
Auditors' remuneration	30	50	50	–	–
Directors' emoluments	–	–	–	–	–
Other staff's salaries and other benefits	12,350	9,493	10,027	4,951	4,320
Other staff's contributions to retirement benefit scheme	1,355	1,097	1,430	585	740
	<u>13,705</u>	<u>10,590</u>	<u>11,457</u>	<u>5,536</u>	<u>5,060</u>
Total staff costs					
Cost of raw materials and consumables used	2,505	3,659	5,232	2,411	2,679
Manpower service expenses	3,504	3,047	7,785	4,760	2,878
Outsourced processing and technical service expenses	–	214	22,710	8,481	6,370
Expenses recognised under short-term leases	5,089	3,563	4,617	1,777	5,298
Impairment losses/(reversal of impairment losses) on financial assets and contract assets	–	–	598	–	(21)
Depreciation	9,611	8,445	11,940	6,160	2,497
Amortisation	27	327	327	163	163
Transportation	121	179	979	217	484
	<u>121</u>	<u>179</u>	<u>979</u>	<u>217</u>	<u>484</u>

10. DIVIDENDS

During the year ended 31 December 2023, 31 December 2024 and the six months ended 30 June 2024, dividends of approximately RMB12,000,000, RMB8,000,000 and RMB8,000,000 respectively were declared and paid by cash.

No dividend was paid or declared by the Target Company for the year ended 31 December 2022, and for the six months ended 30 June 2025.

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11. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
COST						
At 1 January 2022	1,646	167	29,497	122	–	31,432
Additions	–	–	76	50	160	286
Disposals	–	(167)	–	–	–	(167)
At 31 December 2022	1,646	–	29,573	172	160	31,551
Additions	1,244	–	1,361	–	–	2,605
Disposals	(1,646)	–	(425)	–	–	(2,071)
At 31 December 2023	1,244	–	30,509	172	160	32,085
Additions	10,221	–	1,250	–	–	11,471
Disposals	(6,433)	–	–	–	–	(6,433)
At 31 December 2024	5,032	–	31,759	172	160	37,123
Additions	–	–	230	–	–	230
At 30 June 2025	5,032	–	31,989	172	160	37,353
ACCUMULATED DEPRECIATION						
At 1 January 2022	(1,353)	(84)	(2,738)	(35)	–	(4,210)
Provided for the year	(156)	(83)	(9,329)	(39)	(4)	(9,611)
Disposals	–	167	–	–	–	167
At 31 December 2022	(1,509)	–	(12,067)	(74)	(4)	(13,654)
Provided for the year	(766)	–	(7,574)	(55)	(50)	(8,445)
Disposals	1,509	–	45	–	–	1,554
At 31 December 2023	(766)	–	(19,596)	(129)	(54)	(20,545)
Provided for the year	(6,221)	–	(5,650)	(19)	(50)	(11,940)
Disposals	6,433	–	–	–	–	6,433
At 31 December 2024	(554)	–	(25,246)	(148)	(104)	(26,052)
Provided for the period	(617)	–	(1,847)	(8)	(25)	(2,497)
At 30 June 2025	(1,171)	–	(27,093)	(156)	(129)	(28,549)
NET BOOK AMOUNT						
At 30 June 2025	3,861	–	4,896	16	31	8,804
At 31 December 2024	4,478	–	6,513	24	56	11,071
At 31 December 2023	478	–	10,913	43	106	11,540
At 31 December 2022	137	–	17,506	98	156	17,897

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12. INTANGIBLE ASSETS

	Software <i>RMB'000</i>
COST	
At 1 January 2022	–
Additions	980
At 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025	980
ACCUMULATED AMORTISATION	
At 1 January 2022	–
Provided for the year	27
At 31 December 2022	27
Provided for the year	327
At 31 December 2023	354
Provided for the year	327
At 31 December 2024	681
Provided for the period	163
At 30 June 2025	844
NET BOOK AMOUNT	
At 30 June 2025	136
At 31 December 2024	299
At 31 December 2023	626
At 31 December 2022	953

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13. DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to the same tax authority.

For the purpose of presentation in the financial statements, the following is the analysis of the deferred taxation:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	–	201	–	–
Deferred tax liabilities	(16)	(345)	(128)	(209)
Deferred tax liabilities, net	(16)	(144)	(128)	(209)

The movements in the Target Company's deferred tax assets/(liabilities) were as below:

	Contracts assets and unbilled receivables RMB'000	Rights-of-use assets RMB'000	Lease liabilities RMB'000	Government grants RMB'000	Total RMB'000
At 1 January 2022	(2,110)	(43)	46	–	(2,107)
Credited/(charged) to the profit or loss	2,093	23	(25)	–	2,091
At 31 December 2022 and 1 January 2023	(17)	(20)	21	–	(16)
(Charged)/credited to the profit or loss	(349)	(51)	41	231	(128)
At 31 December 2023 and 1 January 2024	(366)	(71)	62	231	(144)
Credited/(charged) to the profit or loss	99	(600)	609	(92)	16
At 31 December 2024 and 1 January 2025	(267)	(671)	671	139	(128)
(Charged)/credited to the profit or loss	(31)	92	(90)	(52)	(81)
At 30 June 2025	(298)	(579)	581	87	(209)

Note:

At the end of each reporting period, the Target Company had no unused tax losses.

14. INVENTORIES

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	321	164	276	400

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15. TRADE AND BILLS RECEIVABLES AND CONTRACT ASSETS

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	3,323	6,761	11,400	7,492
Less: Loss allowances for contract assets	—	—	(34)	(23)
Contract assets, net	3,323	6,761	11,366	7,469
Trade receivables	—	7,850	17,075	13,962
Less: Loss allowances for trade receivables	—	—	(564)	(554)
Trade receivables, net	—	7,850	16,511	13,408
Bills receivables	—	—	253	—
Trade and bills receivables and contract assets, net	3,323	14,611	28,130	20,877

Notes:

(a) Contract assets

Contract assets represent the Target Company's rights to consideration for transfer the control of services but unbilled. The contract assets are transferred to trade receivables when the rights become unconditional, which generally takes one to two months for the Relevant Period.

Movements of contract assets are as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the reporting period	—	3,323	6,761	11,400
Additions	3,323	6,761	11,400	7,492
Transferred to trade receivables	—	(3,323)	(6,761)	(11,400)
Less: Loss allowances for contract assets	—	—	(34)	(23)
At the end of the reporting period	3,323	6,761	11,366	7,469

Information about the Target Company's exposure to credit risks and loss allowance on contract assets is included in Note 26(b) to the financial statements.

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(b) Trade receivables

The Target Company's business with its trade debtors is mainly on credit basis and the credit period is ranging from 30 to 60 days for the Relevant Period. At the end of the reporting period, the ageing analysis of trade receivables, net of loss allowance, by invoice date was as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	–	7,735	10,247	7,161
1 to 2 months	–	115	6,264	6,247
2 to 3 months	–	–	–	–
3 to 4 months	–	–	–	–
Over 4 months	–	–	–	–
	<u>–</u>	<u>7,850</u>	<u>16,511</u>	<u>13,408</u>

At the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) by due date is as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Not yet past due	–	7,850	16,511	13,408
Less than 1 month past due	–	–	–	–
1 to 2 months past due	–	–	–	–
2 to 3 months past due	–	–	–	–
3 to 4 months past due	–	–	–	–
More than 4 months past due	–	–	–	–
	<u>–</u>	<u>7,850</u>	<u>16,511</u>	<u>13,408</u>

Information about the Target Company's exposure to credit risks and loss allowance on trade receivables is included in Note 26(b) to the financial statements.

(c) Bills receivables

At the end of each reporting period, all bill receivables are interest-free and guaranteed by banks in the PRC and have maturities of less than three months.

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16. PREPAYMENT, DEPOSITS AND OTHER RECEIVABLE

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion				
Prepayments to suppliers	–	–	839	341
Rental and other deposits	–	–	150	150
Others	2	107	–	–
	<u>2</u>	<u>107</u>	<u>–</u>	<u>–</u>
	<u>2</u>	<u>107</u>	<u>989</u>	<u>491</u>

17. RELATED PARTY DISCLOSURES

(a) Names and relationships with related parties during the Relevant Period are as follows:

Name of company *	Principal Activities	Relationship
New Trive Limited	Investment holding	Intermediate holding company
Hero Tag Limited	Investment holding	Fellow subsidiary
New Trive (HK) Limited	Investment holding	Intermediate holding company
Xinzhi (Shenzhen) Electronic Co., Limited.	Investment holding	Intermediate holding company
Shenzhen Confidence Intelligence Electronic Co., Limited (“ Shenzhen Confidence Intelligence ”)	EMS and sales of PCBA and electronic components in the PRC	Immediate holding company
Confidence Intelligence (Hongkong) Limited	Investment holding	Fellow subsidiary
Hero Tag (HK) Limited	Investment holding	Fellow subsidiary

* The English name is for identification purpose only.

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(b) Related parties transactions

During the Relevant Period, the Target Company entered into the following significant transactions with related parties as follows:

Name of related party	Nature of transaction	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)	
Shenzhen Confidence Intelligence	Provision of EMS	–	214	15,623	4,508	3,641
Shenzhen Confidence Intelligence	Purchase of machinery and equipment	–	–	30	30	–
Shenzhen Confidence Intelligence	Disposal of machinery and equipment	–	380	–	–	–
Shenzhen Confidence Intelligence	Technical service expenses	–	–	7,087	3,973	2,729
Shenzhen Confidence Intelligence	Rental expenses	470	448	425	193	298

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents

Cash and cash equivalents comprises cash and short-term bank deposits, with original maturity date less than three months and carry variable interest rates range from 0.3% to 1% per annum for the Relevant Period.

19. TRADE PAYABLES

The trade payables are unsecured, interest-free and with normal credit terms ranging from 30 to 90 days for the Relevant Period.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 month	332	505	751	605
1 to 2 months	35	28	101	9
2 to 3 months	12	91	9	13
Over 3 months	11	32	–	–
	<u>390</u>	<u>656</u>	<u>861</u>	<u>627</u>

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20. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables and accruals				
Payable for operating expenses	–	5	1,734	1,180
Payable for staff salaries and manpower service expenses	1,445	1,710	1,938	1,071
VAT and other tax payables	1,986	1,658	1,984	1,464
Other payables	30	–	301	–
Accruals	–	123	–	–
	<u>3,461</u>	<u>3,496</u>	<u>5,957</u>	<u>3,715</u>

21. LEASE LIABILITIES

(a) The statement of financial position shows the following amounts relating to leases:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
Properties	137	–	4,478	3,861
Plant and machineries	–	478	–	–
	<u>137</u>	<u>478</u>	<u>4,478</u>	<u>3,861</u>
	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities				
Current portion	48	420	1,210	1,225
Non-current portion	97	–	3,272	2,656
	<u>145</u>	<u>420</u>	<u>4,482</u>	<u>3,881</u>

At the end of each reporting period, the weighted average effective interest rates of the lease liabilities of the Target Company were approximately range from 3.85% to 5.5% per annum.

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(b) The statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December			Six Months ended	
	2022	2023	2024	30 June 2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation charges of right-of-use assets (Note 11)					
Properties	48	–	554	–	617
Plant and machineries	108	766	5,667	3,262	–
	<u>156</u>	<u>766</u>	<u>6,221</u>	<u>3,262</u>	<u>617</u>
Finance costs (Note 7)	<u>10</u>	<u>25</u>	<u>149</u>	<u>112</u>	<u>37</u>

(c) During the Relevant Period, the total cash outflow for leases were analysed as below:

	Year ended 31 December			Six Months ended	
	2022	2023	2024	30 June 2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows used in operating activities					
Expenses paid under short term leases	5,089	3,563	4,617	1,777	4,519
Cash flows used in financing activities					
– Payment of principal element of lease liabilities (Note 24)	165	824	6,159	2,968	601
– Payment of interest element of lease liabilities (Note 24)	<u>10</u>	<u>25</u>	<u>149</u>	<u>112</u>	<u>37</u>
	<u>5,264</u>	<u>4,412</u>	<u>10,925</u>	<u>4,857</u>	<u>5,157</u>

22. DEFERRED GOVERNMENT GRANTS

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion	–	712	638	558
Non-current portion	<u>–</u>	<u>831</u>	<u>291</u>	<u>23</u>
	<u>–</u>	<u>1,543</u>	<u>929</u>	<u>581</u>

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Movement of assets related government grants:

	Total <i>RMB'000</i>
At 1 January 2022 and at 31 December 2022	–
Received during the year	1,900
Credited to the profit or loss	(357)
At 31 December 2023	1,543
Received during the year	–
Credited to the profit or loss	(614)
At 31 December 2024	929
Received during the period	–
Credited to the profit or loss	(348)
At 30 June 2025	581

During the Relevant Period, government grants have been received for the purchase of certain property, plant and equipment.

23. SHARE CAPITAL

	Number of shares <i>'000</i>	Nominal value <i>RMB'000</i>
Ordinary share of 1 each		
Authorised:		
On date of incorporation and 30 June 2025 (<i>Note</i>)	50,000	50,000
Fully paid:		
At 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025	25,000	25,000

Note: The Target Company was incorporated in the PRC on 14 October 2020 with an authorised share capital of RMB50,000,000 divided into 50,000,000 shares of RMB1 each.

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24. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Details of the changes in the Target Company's liabilities from financing activities are as follows:

	Amounts due (from)/to immediate holding company RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	4,796	310	5,106
Financing cash flows, net	(7,000)	(175)	(7,175)
Other changes			
Interest expenses	–	10	10
Net change (presented as operating cash flows)	(832)	–	(832)
At 31 December 2022	(3,036)	145	(2,891)
Financing cash flows, net	–	(849)	(849)
Other changes			
New leases	–	1,244	1,244
Written off	–	(145)	(145)
Interest expenses	–	25	25
Net change (presented as operating cash flows)	(215)	–	(215)
At 31 December 2023	(3,251)	420	(2,831)
Financing cash flows, net	–	(6,308)	(6,308)
Other changes			
New leases	–	10,221	10,221
Interest expenses	–	149	149
Net change (presented as operating cash flows)	7,839	–	7,839
At 31 December 2024	4,588	4,482	9,070
Financing cash flows, net	–	(638)	(638)
Other changes			
Interest expenses	–	37	37
Net change (presented as operating cash flows)	(3,124)	–	(3,124)
At 30 June 2025	1,464	3,881	5,345
At 1 January 2024	(3,251)	420	(2,831)
Financing cash flows, net	–	(3,080)	(3,080)
Other changes			
New leases	–	5,170	5,170
Interest expenses	–	112	112
Net change (presented as operating cash flows)	10,321	–	10,321
At 30 June 2024 (unaudited)	7,070	2,622	9,692

During the Relevant Period, non-cash movements mainly arising from acquisition of new leases, written off of leases and relevant interest expenses.

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25. CAPITAL RISK MANAGEMENT

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

The capital structure of the Target Company consists of amount due to immediate holding company and lease liabilities, net of cash and cash equivalents and equity attributable to owners of the Target Company, comprising paid-in capital/share capital and reserves.

The management of the Target Company reviews the capital structure regularly. As part of this review, the management considers the cost of capital and the risk associated with the capital, and will take appropriate actions to balance its overall capital structure.

26. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at amortised cost				
– Trade and bills receivables	–	7,850	16,764	13,408
– Deposits and other receivables	2	107	150	150
– Due from immediate holding company	3,036	3,251	–	–
– Cash and cash equivalents	24,252	16,190	20,912	29,293
	<u>27,290</u>	<u>27,398</u>	<u>37,826</u>	<u>42,851</u>
Financial liabilities				
Financial liabilities at amortised cost				
– Trade payables	390	656	861	627
– Other payables and accruals	232	788	2,635	1,677
– Due to immediate holding company	–	–	4,588	1,464
– Lease liabilities	145	420	4,482	3,881
	<u>767</u>	<u>1,864</u>	<u>12,566</u>	<u>7,649</u>

b. Financial risk management objectives and policies

The management of the Target Company monitors and manages the financial risks relating to the operations of the Target Company through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below and remained unchanged during the Relevant Period. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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Market risk

Interest rate risk

The Target Company is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances.

Sensitivity analysis

The management considered that interest rate risk of bank balances is insignificant.

Credit risk

The carrying amount of financial assets and contract assets recognised on the statement of financial position at the end of each reporting period, which is net of impairment losses, represents the Target Company's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Trade and bill receivables and contract assets

The Target Company trades only with recognised, creditworthy third parties. The Target Company has policies in place to ensure that credit terms are made to customers with an appropriate credit history and the Target Company performs periodic credit evaluations of its customers. The Target Company limits its exposure to credit risk from contract asset and trade and bill receivables by establishing a maximum payment period of two months from invoice date or respective maturity dates stating on contracts.

At the end of the reporting period, the Target Company's credit risk was concentrated on the company's largest customer ranging from 90% to 100% for the Relevant Period.

The Target Company applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade and bill receivables and contract assets. The Target Company measures the ECL on a combination of both individual and collective basis.

Trade and bills receivables and contract assets with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a prepayment plan with the Target Company, and a failure to make contractual payments.

ECL is also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customers, its geographical location and its ageing category, and applying the ECL rates to the respective gross carrying amounts of the receivables.

The Target Company's customer base consists of a wide range of clients and the trade and bill receivables and contract assets are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The contract assets relate to unbilled services and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Target Company has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Target Company applies a simplified approach in calculating ECL for contract assets, trade and bill receivables and recognises a loss allowance based on lifetime ECL at each reporting date based on its historical credit loss experience, adjusted to reflect the effects of existing market conditions as well as forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. There was no change in the estimation techniques or significant assumptions made during the Relevant Period.

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Considered no significant default history and no forward-looking factors that give rise to significant increase in credit risk on bill receivables at the ended of each reporting period, the management of the Target Company estimates that the ECL for these balances was insignificant as all bills were issued by reputable banks, hence, the provision for loss allowances of these balances was close to zero or no provision was recognised.

The following table provides information about the Target Company's exposure to credit risk and ECLs for contract assets and trade receivables:

	Expected loss rate %	Gross carrying amount-contract assets RMB'000	Gross carrying amount-trade receivables RMB'000	Loss allowance RMB'000
As at 30 June 2025				
Individual assessment	100%	—	514	(514)
Collective assessment				
Current	0.3%	7,492	13,448	(63)
Less than 1 month past due	0.7%	—	—	—
1 to 2 months past due	9.2%	—	—	—
2 to 3 months past due	39.9%	—	—	—
3 to 4 months past due	81.9%	—	—	—
More than 4 months past due	100%	—	—	—
		7,492	13,448	(63)
		7,492	13,962	(577)
As at 31 December 2024				
Individual assessment	100%	—	514	(514)
Collective assessment				
Current	0.3%	11,400	16,561	(84)
Less than 1 month past due	0.7%	—	—	—
1 to 2 months past due	9.2%	—	—	—
2 to 3 months past due	39.9%	—	—	—
3 to 4 months past due	81.9%	—	—	—
More than 4 months past due	100%	—	—	—
		11,400	16,561	(84)
		11,400	17,075	(598)

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Movement in the loss allowance account in respect of contract assets and trade receivables during the year is as follows:

	At 31 December			At 30 June
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
At the beginning of the reporting period	–	–	–	564
Increase/(decrease) in allowances	–	–	564	(10)
	–	–	564	554
Contract assets				
At the beginning of the reporting period	–	–	–	34
Increase/(decrease) in allowances	–	–	34	(11)
	–	–	34	23
At the end of the reporting period	–	–	598	577

During the year ended 31 December 2022 and 31 December 2023, considered no significant default history and no forward-looking factors that give rise to significant increase in credit risk on contract assets and trade receivables, the management of the Target Company estimates that the ECL for these balances was insignificant, hence, the provision for loss allowances of these balances was close to zero or no provision was recognised.

Contract assets and trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Target Company, and a failure to make contractual payments.

Impairment losses on trade and bills receivables and contract assets are presented as “impairment losses on financial assets and contract assets” in the statement of profit or loss. When a receivable is uncollectible, it is written off against the impairment allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

The Target Company's other financial assets at amortised cost included deposits and other receivables, the amount due from immediate holding company and cash and cash equivalents. The impairment loss of other financial assets carried at amortised cost is measured based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

APPENDIX IV ACCOUNTANT’S REPORT ON THE TARGET COMPANY

As at the end of each reporting period, the Target Company’s management considered the credit risk of deposits and other receivables and the amount due from immediate holding company, to be low as counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. The Target Company has assessed that the ECL for these deposits and other receivables and the amount due from immediate holding company were immaterial under 12-month expected losses method. Therefore, the provision for loss allowance for these balances was close to zero and no provision was recognised.

The majority of the Target Company’s bank balances are deposited in major financial institutions located in the PRC, which are of high credit rating. The management of the Target Company does not expect any losses arising from non-performance by these counterparties.

Liquidity risk

The Target Company’s policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term.

The Target Company maintains liquidity by a number of sources including orderly realisation of receivables that the Target Company considers appropriate and long-term financing including lease liabilities are also considered by the Target Company in its capital structuring. The Target Company aims to maintain flexibility in funding by keeping sufficient bank and cash balances, committed credit lines available and bank borrowings which enable the Target Company to continue its business for the foreseeable future.

The following table details the remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Company can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

	Less than 1 year or on demand <i>RMB'000</i>	Over 1 year but within 2 years <i>RMB'000</i>	Over 2 years but within 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2025				
Trade payables	627	–	–	627
Other payables and accruals	1,677	–	–	1,677
Due to immediate holding company	1,464	–	–	1,464
Lease liabilities	1,225	918	1,738	3,881
	<u>4,993</u>	<u>918</u>	<u>1,738</u>	<u>7,649</u>
As at 31 December 2024				
Trade payables	861	–	–	861
Other payables and accruals	2,635	–	–	2,635
Due to immediate holding company	4,588	–	–	4,588
Lease liabilities	1,210	1,106	2,166	4,482
	<u>9,294</u>	<u>1,106</u>	<u>2,166</u>	<u>12,566</u>
As at 31 December 2023				
Trade payables	656	–	–	656
Other payables and accruals	788	–	–	788
Lease liabilities	420	–	–	420
	<u>1,864</u>	<u>–</u>	<u>–</u>	<u>1,864</u>
As at 31 December 2022				
Trade payables	390	–	–	390
Other payables and accruals	232	–	–	232
Lease liabilities	48	51	46	145
	<u>670</u>	<u>51</u>	<u>46</u>	<u>767</u>

Fair value of financial instruments

The fair values of financial asset and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The management of the Target Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information of the Target Company approximate their fair values.

APPENDIX IV ACCOUNTANT'S REPORT ON THE TARGET COMPANY

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to 30 June 2025, save as disclosed elsewhere in the financial statements, the Target Company has no significant subsequent events.

APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

In connection with the acquisition of 30% equity interest in a non-wholly owned subsidiary, Chongqing Confidential Intelligence Limited Company, (the “**Target Company**”) (the “**Acquisition**”), the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors (as defined in this circular) in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate the effect of the Acquisition on the Group’s financial position as at 30 June 2025 as if the Acquisition had been completed on 30 June 2025. The “Enlarged Group” refers to the Group as enlarged by the acquisition of 30% equity interest in the Target Company upon completion of the Acquisition.

The Unaudited Pro Forma Financial Information of the Enlarged Group as at 30 June 2025 has been 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 dated 29 August 2025, after making pro forma adjustments to reflect the effects of the Acquisition as explained in the accompanying notes set out below that are factually supportable and directly attributable to the Acquisition.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared based on a number of assumptions, estimates and current available information. Accordingly, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Group that would have been attained had the Acquisition been completed on 30 June 2025. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with other financial information included elsewhere in this circular.

**APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
AS AT 30 JUNE 2025**

	The Group as at 30 June 2025	Pro forma adjustments			Unaudited Pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>		
Non-current assets					
Property, plant and equipment	88,341	–	–		88,341
Intangible assets	584	–	–		584
Prepayments, deposits and other receivables	3,631	–	–		3,631
Deferred tax assets	1,364	–	–		1,364
Financial assets at FVOCI	2,556	–	–		2,556
	<u>96,476</u>	<u>–</u>	<u>–</u>		<u>96,476</u>
Current assets					
Inventories	10,686	–	–		10,686
Trade and bills receivables and contract assets	102,199	–	–		102,199
Prepayments, deposits and other receivables	7,622	–	–		7,622
Financial assets at amortised cost	12,130	–	–		12,130
Cash and cash equivalents	115,676	–	–		115,676
	<u>248,313</u>	<u>–</u>	<u>–</u>		<u>248,313</u>

**APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

	The Group as at 30 June 2025	Pro forma adjustments		Unaudited Pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
Current liabilities				
Trade payables	14,101	–	–	14,101
Contract liabilities	3,378	–	–	3,378
Other payables and accruals	14,672	40,000	760	55,432
Bank borrowings	3,000	–	–	3,000
Lease liabilities	1,965	–	–	1,965
Income tax payable	227	–	–	227
Deferred government grants	4,524	–	–	4,524
	41,867	40,000	760	82,627
Net current assets	206,446	(40,000)	(760)	165,686
Total assets less current liabilities	302,922	(40,000)	(760)	262,162
Non-current liabilities				
Lease liabilities	2,656	–	–	2,656
Deferred government grants	6,601	–	–	6,601
Deferred tax liabilities	209	–	–	209
	9,466	–	–	9,466
NET ASSETS	293,456	(40,000)	(760)	252,696

APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

NOTED 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 for the six months ended 30 June 2025.
2. Pursuant to the Sale and Purchase Agreement, the Company would pay in cash in an amount of RMB40 million for the Acquisition.

The cash consideration for the Acquisition would be paid once for all. Therefore, the cash consideration is assumed to be credited into other payables and accruals.

As at 30 June 2025, the Group had control over the Target Company and the assets and liabilities of the Target Company were included in the consolidated financial statements of the Group. Following the completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Group. According to the accounting policies of the Company, transactions with non-controlling interests that do not result in a loss of control are accounted for as transactions with equity owners of the Group. The Acquisition would not result in changes in the recognised amount of assets and liabilities of the Target Company in the Group's consolidated financial statements.

3. The adjustment represents the estimated transaction cost and professional fees of approximately RMB760,000, relating to the Acquisition.
4. Apart from the adjustments above, no other adjustments have been made to the Unaudited Pro Forma Financial Information of the Enlarged Group to reflect any trading results or other transactions entered into by the Enlarged Group subsequent to 30 June 2025.



CONPAK CPA LIMITED | 康栢會計師事務所有限公司

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

To the Directors of Confidence Intelligence Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Confidence Intelligence Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 June 2025 and related notes as set out on pages V-1 to V-4 of the circular issued by the Company dated 24 November 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-1 to V-4 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the major and connected transaction in relation to acquisition of 30% equity interest in a non-wholly owned subsidiary, Chongqing Confidential Intelligence Limited Company (the “**Acquisition**”), on the Group’s financial position as at 30 June 2025 as if Acquisition had taken place at 30 June 2025. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2025 as set out in the interim report of the Company dated 29 August 2025.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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 and 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 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 Group 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 event or transaction at 30 June 2025 would have been as presented.

APPENDIX V UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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

- the related 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 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.

Conpak CPA Limited
Certified Public Accountants
Hong Kong, 24 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) Interests of the Directors and the chief executive of the Company

As at the Latest Practicable Date, the interests and/or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which will fall to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long positions in the Shares

(i) Interest in the Company

Name	Nature of interest	Position	Number of Shares interested	Approximate percentage of interest held in the Company
Mr. Li Hao ⁽¹⁾ ("Mr. Li")	Interest in a controlled corporation	Executive Director	99,881,250	33.29
Mr. Zhang Bizhong ⁽²⁾ ("Mr. Zhang")	Interest in a controlled corporation	Executive Director	27,543,750	9.18

⁽¹⁾ As at the Latest Practicable Date, 99,881,250 Shares are held by Skyflying Company Limited (the "Skyflying"). Skyflying is wholly owned by Mr. Li. Mr. Li is also the sole director of Skyflying. Therefore, Mr. Li is deemed or taken to be interested in the Shares held by Skyflying under the SFO.

- (2) As at the Latest Practicable Date, 27,543,750 Shares are held by Realtime Limited (the “**Realtime**”). Realtime is wholly owned by Mr. Zhang. Mr. Zhang is also the sole director of Realtime. Therefore, Mr. Zhang is deemed or taken to be interested in the Shares held by Realtime under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates were considered to have interest in any business which competes or may compete with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, 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 Group were prepared.

None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group taken as a whole.

(ii) *Interests in the ordinary shares of associated corporation*

Name of Director	Name of associated corporation	Nature of interests	Number of shares	Percentage of shareholding (%)
Mr. Li	Skyflying	Beneficial owner	1	100
Mr. Zhang	Realtime	Beneficial owner	1	100

(b) Substantial Shareholders' and other Shareholders' interests

As at the Latest Practicable Date, and to the best knowledge of the Directors, the following entities/persons (except for the Directors and the chief executive of the Company) have interests or short positions in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 in Part XV of SFO:

Name of Shareholders	Nature of interest	Number of Shares held/interested	Approximate percentage of interest held in the Company
Skyflying	Beneficial owner	99,881,250	33.29
Realtime	Beneficial owner	27,543,750	9.18
Ms. Chen Juan ⁽³⁾ ("Ms. Chen")	Interest of spouse	27,543,750	9.18

⁽³⁾ As at the Latest Practicable Date, 27,543,750 Shares are held by Realtime. Realtime is wholly owned by Mr. Zhang. Mr. Zhang is also the sole director of Realtime. Therefore, Ms. Chen, as spouse of Mr. Zhang, is deemed or taken to be interested in the Shares held by Realtime under the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, no other Director was a director or employee of a company which had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all of its Directors. None of the Directors has entered into any service contracts with the Company which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

4. QUALIFICATION OF EXPERT

The following are the qualifications of the experts which are contained in this circular:

Name	Qualification
Valplus Consulting Limited	An independent professional valuer
Conpak CPA Limited	Certified Public Accountants

5. CONSENT OF EXPERTS

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinion (as the case may be) and reference to its letter and name in the form and context in which they appear.

6. INTERESTS OF EXPERTS

As at the Latest Practicable Date, each of the above experts had no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and had no 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 Group were prepared.

7. MATERIAL LITIGATION

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

8. MATERIAL CONTRACTS

Save as the Sale and Purchase Agreement, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date.

9. MISCELLANEOUS

- (a) The secretary to the Company is Mr. He Zhi, who is a Chartered Secretary and a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (b) The registered office of the Company is situated at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.
- (c) The headquarters and principal place of business in the PRC of the Company is situated at No. 7 Building, New Development Zone, Baishixia Fuyong Street, Bao'an District, Shenzhen.
- (d) The principal place of business in Hong Kong of the Company is situated at Unit 1705, 17/F, Strand 50, 50 Bonham Strand, Sheung Wan, Hong Kong.
- (e) The Hong Kong branch share registrar of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong.
- (f) This circular has been prepared in both English and Chinese. In the case of inconsistency, the English text of this circular will prevail over the Chinese text.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display for inspection on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.szxinken.com for 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement
- (b) the letter from the Board, the full text of which is set out in the section headed "Letter from the Board" of this circular;
- (c) the written consent referred to in the paragraph headed "Consent of Experts" in this Appendix;
- (d) the Valuation Report, the summary of which are set out in Appendix III of this circular;
- (e) the Accountant's Report on the financial information of the Target Company, the text of which is set out in Appendix IV of this circular;
- (f) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix V of this circular; and
- (g) this circular.

NOTICE OF EGM

CONFIDENCE INTELLIGENCE HOLDINGS LIMITED

信 懇 智 能 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1967)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the Confidence Intelligence Holdings Limited (the “**Company**”) will be held at No. 7 Building, New Development Zone, Baishixia, Fuyong Street, Bao'an District, Shenzhen, PRC on Friday, 12 December 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments), the following ordinary resolutions.

Unless otherwise indicated, capitalised terms used in this notice have the same meanings as those defined in the circular of the Company dated 24 November 2025.

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the Sale and Purchase Agreement and the proposed transactions and other matters contemplated thereunder, be and are hereby confirmed, approved and ratified; and
- (b) any one of the Directors be and is hereby authorized for and on behalf of the Company to do all such acts, deeds and things incidental to the Sale and Purchase Agreement and the relevant ancillary agreements as he/she considers necessary, desirable, or expedient in connection with the implementation of or giving effect to the Sale and Purchase Agreement, the relevant ancillary agreements and the transactions contemplated thereunder.”

By the Order of the Board
Confidence Intelligence Holdings Limited
Li Hao
Chairman

Hong Kong, 24 November 2025

Notes:

- 1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as its/his/her proxy to attend and vote instead of it/him/her and so appointed shall have the same right as the member to speak at the meeting. A member who is the holder of two or more Shares may appoint one or more proxies to attend and vote instead of it/him/her. A proxy need not be a member of the Company.

NOTICE OF EGM

2. The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 48 hours (i.e. 11:00 a.m. on Wednesday, 10 December 2025) before the time appointed for holding the EGM or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the EGM or at any adjourned meeting (as the case may be) should they so wish.
3. Where there are joint registered holders of any Share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such Share shall be accepted to exclusion of the votes of the other joint holders.
4. The register of members of the Company will be closed from Tuesday, 9 December 2025 to Friday, 12 December 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the EGM, all transfers accompanied by the relevant share certificates must be lodged with Tricor Investor Services Limited, the branch share registrar and transfer office of the company in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 December 2025. The record date for the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the EGM is Friday, 12 December 2025.
5. References to time and dates in this notice are to Hong Kong times and dates.
6. The Chinese translation of this notice is for reference only and in case of any inconsistency, the English version shall prevail.
7. As at the date of this notice, the Executive Directors are Mr. Li Hao, Mr. Zhang Bizhong, Mr. Xu Shizhen, Ms. Li Biqiong and Mr. Hao Xiangjun, and the Independent Non-executive Directors are Mr. Chow Kit Ting, Ms. Mu Lingxia and Mr. Huang Jianfei.