LONGCHEER

Shanghai Longcheer Technology Co., Ltd.
上海龍旗科技股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 9611)

FURTHER ANNOUNCEMENT PROFIT FORECAST OF THE DISCLOSEABLE TRANSACTION ACQUISITION OF THE 60% EQUITY INTEREST IN THE TARGET COMPANIES

Reference is made to the announcement (the "**Acquisition Announcement**") of Shanghai Longcheer Technology Co., Ltd. (the "**Company**") dated March 30, 2026 with respect to the discloseable transaction in relation to the acquisition of 60% equity interest in the Target Companies. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Acquisition Announcement.

COMPLIANCE WITH THE LISTING RULES

As disclosed in the Acquisition Announcement, the consideration was determined following arm's-length negotiations between the parties on normal commercial terms, having regard to, amongst other things, the valuation (the "**Valuation**") of the market value of the equity interest in the Target Companies as of December 31, 2025 (the "**Valuation Date**") as set out in the Valuation Report prepared by the Valuer in accordance with the China Asset Valuation Standards.

According to the Valuation Report dated March 28, 2026 issued by the Valuer, the market value of 100% of the equity interest in the Target Companies as of December 31, 2025 was approximately RMB928.98 million (equivalent to approximately HK$1,060.93 million).

As the Valuer adopted the discounted cash flow method under the income approach in the Valuation Report, the Valuation constitutes a profit forecast pursuant to Rule 14.61 of the Listing Rules. Therefore, this announcement is made in compliance with Rule 14.60A of the Listing Rules.

THE VALUATION OF THE TARGET COMPANIES

Identity of the Valuer

The Valuation was conducted by Shenzhen Pengchen Real Estate Land Asset Appraisal Co., Ltd. (深圳市鵬晨房地產土地資產評估有限公司), an independent and qualified Chinese asset appraiser (regulated by the China Appraisal Society) engaged by the Company.

Scope of Work of the Valuer

The scope of work of the Valuer includes:

(a) targets identification: identify and analyze the targets to be valued, including their development status and financial information;

(b) market research: conduct market research and gather data on comparable companies and industry benchmarks;

(c) valuation methodology: select and apply appropriate valuation methods, such as the income or cost approach;

(d) financial analysis: discuss with the management to understand the current status and future planning of the companies, and analyze forecasts to estimate the future economic benefits of the targets;

(e) report preparation: prepare a detailed Valuation Report, outlining the targets, methodologies, assumptions, and valuation conclusions;

(f) quality control: review the valuation analysis and report to ensure accuracy and reliability; and

(g) client and external coordination: collaborate with the client and assist in responding to inquiries from regulatory authorities.

Source of Information

The information used in the Valuation Report has been gathered from a variety of reliable sources, including historical financial data from KC Precision and Geeia Metal, as well as market research data. Additionally, discussions with the management were conducted to gain deeper insights into operational strategies and market trends. Publicly available information, such as industry benchmarks, was also utilized to ensure a comprehensive and accurate analysis.

In completing the work, the Valuer has relied on the integrity of the information and data supplied to the Valuer by the management. The Valuer has not independently verified the information or documentation provided to the Valuer unless expressly stated in the Valuation Report.

Limitations on the Valuation

(a) No material change in national macroeconomic policies or general market conditions had occurred during the period from the Valuation Date to the date of issuance of the Valuation Report. However, the Valuer is unable to predict the impact of any changes in government policies or market conditions after the date of the Valuation Report on the valuation conclusions.

(b) The Valuation does not take into account the effects of future changes in market conditions or any premium that a special purchaser might be willing to pay.

(c) The Valuation does not take into account any encumbrances, including but not limited to mortgages, pledges, guarantees or other security interests, that may affect the value of the assets under Valuation.

(d) As of December 31, 2025, certain items of fixed assets of KC Precision were subject to restrictions on title as they were acquired through finance leases. As the lease terms of such equipment were close to their useful lives, or the aggregate lease payments were close to the value of the respective equipment, the Valuer treated such assets as if they were owned by KC Precision for the purpose of the Valuation.

(e) As noted in the Valuation Report, the other receivables and payables of Geeia Metal included balances with KC Precision, which is a related party of Geeia Metal.

(f) The data and information used in the Valuation were provided by the Company. The Company is responsible for the truthfulness and completeness of such data and information. If the Valuation conclusions are rendered inaccurate as a result of any false or misleading data or information provided by the commissioning party, the Company shall bear full responsibility therefor.

(g) With respect to the data and information provided by the Company and other parties on which the Valuation conclusions (in whole or in part) are based, the Valuer has conducted an independent review in accordance with its Valuation procedures. However, the Valuer makes no warranty or representation as to the truthfulness or accuracy of such data and information.

(h) In the course of the Valuation, the Valuer did not carry out any technical inspection or testing of the concealed parts or internal structures of the fixed assets.

Valuation Methodology Adopted by the Valuer

For the purpose of the Valuation analysis, the income approach was adopted to arrive at the appraised value of the Target Companies, taking into account the following factors:

(a) the asset-based approach was not adopted by the Valuer as it may not adequately capture the Target Companies' future earnings potential. The asset-based approach determines enterprise value from the perspective of asset replacement cost, focusing on the cost of recreating the Target Companies' existing asset base. However, over the course of long-term operations, the Target Companies accumulate significant intangible assets, such as human capital, customer relationships, proprietary technologies, and brand equity, which are typically not fully captured on the balance sheet. As such, the asset-based approach may materially understate the Target Companies' true economic value by failing to capture these forward-looking factors;

(b) the market approach was not adopted by the Valuer, as most of the important assumptions of comparable transactions (such as discounts or premiums on transaction prices or consideration) are not publicly available data. The Target Companies are privately held and relatively small in scale, which makes it difficult to identify sufficiently comparable publicly listed companies. In addition, there is a lack of observable precedent transactions involving similar businesses, and relevant transaction metrics are not readily accessible. As a result, the market approach faces significant limitations in applicability;

(c) (i) The Target Companies have generated profits in recent years and recorded a significant increase in profits last year; (ii) the Target Companies have formulated investment plans, and their future earnings are predictable and can be measured reliably. In particular, the substantial growth is primarily attributable to the Target Companies becoming a supplier to a major North American customer. Looking ahead, the presence of the major North American customer provides a degree of demand stability and revenue assurance. Based on macroeconomic expectations, including overall economic growth and inflation, a five-year geometric average growth rate of approximately 2.15% has been adopted, which is considered consistent with broader market conditions; (iii) the future risks of the Target Companies can be inferred from the risks of comparable enterprises in the market; and (iv) the Target Companies are assumed to operate on a going-concern basis. Having considered the above factors and the earnings potential of the Target Companies, and as the conditions for the application of the income approach under the China Asset Appraisal Standards are met – including the predictability of future income streams, the measurability of associated risks and the estimability of the period of sustainable earnings – the Valuer is of the view that it is appropriate to adopt the income approach in the Valuation.

Since the discounted cash flow method under the income approach was adopted by the Valuer in the Valuation Report, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rule 14.60A of the Listing Rules apply.

Income Approach Analysis

The valuation of KC Precision and Geeia Metal was conducted using the discounted cash flow ("**DCF**") method under the income approach. Under the DCF method, the value of the Target Companies is determined by discounting the projected future cash flows to their present value using an appropriate discount rate, reflecting the time value of money and the risks associated with the projected cash flows.

KC Precision has existing debt and expects future borrowings; therefore, the weighted average cost of capital model ("**WACC**") is applied for valuation. Geeia, on the other hand, has no debt, so the capital asset pricing model ("**CAPM**") is used. In practice, Geeia could also adopt WACC. Under a fully equity-financed structure, WACC equals CAPM.

KC Precision – FCFF Basis (WACC Discounting)

For KC Precision, the valuation is based on the Free Cash Flow to the Firm ("**FCFF**") methodology.

(1) Projection of Cash Flows

The projected unlevered free cash flows are derived from net operating profit after tax plus depreciation and amortisation, less capital expenditures and increases in working capital. These projected cash flows represent the cash flows available to both equity holders and debt holders.

The DCF model and underlying data for KC Precision are as follows, with amounts denominated in RMB million.

Item/Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Perpetuity**
Net profit	132.79	99.47	107.22	102.75	104.52	111.92	111.92
Net operating profit after tax (nopat)	134.06	100.89	109.83	105.36	107.14	114.53	114.53
Add: depreciation and amortization	47.63	68.06	31.88	46.01	51.31	50.16	50.16
Less: increase /(decrease) in working capital	29.18	(4.52)	7.30	3.38	3.72	3.85	0.00
Less: capital expenditures	103.93	106.87	112.88	37.89	43.18	42.03	50.16
Free cash flow (DCF)	48.58	66.59	21.53	110.10	111.54	118.80	114.53
Discount rate *(Note 1)*	N/A	10.95%	10.95%	10.95%	10.95%	10.95%	10.95%
Discount factor	N/A	0.9013	0.8123	0.7321	0.6599	0.5947	–
Present value	N/A	60.02	17.49	80.61	73.60	70.66	621.96
Value of operating assets				924.34			
Debt value				9.90			
Surplus cash				11.91			
Net non-operating assets/(liabilities)				(14.42)			
Total equity value				911.94			
Book value				172.87			
Appreciation amount				739.07			
Appreciation rate (%)				427.5 (*Note 2*)			

Notes:

(1) The discount rate aligns with the industry practice.

(2) The total equity value of the shareholders in KC Precision increased from approximately RMB172.87 million prior to the Acquisition to RMB911.94 million upon completion of the Acquisition, representing an increase of RMB739.07 million. The appreciation rate of 427.5% is calculated based on the increase of RMB739.07 million divided by the net book value of RMB172.87 million of KC Precision prior to the Acquisition.

(2) Forecast Period

The projected revenue and growth rates of KC Precision are set out in the table below, with amounts denominated in RMB million:

Item/Year	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**Perpetuity**
Revenue	486.84	462.53	488.31	505.40	523.08	541.39	541.39
Growth rate (%)	N/A	-4.99	5.57	3.50	3.50	3.50	0.00

A detailed forecast period covers 2026 to 2030. Revenue projections are determined based on shipment volumes, outstanding orders, existing agreements, correspondence with customers and product portfolio compatibility. Revenue for 2028 to 2030 is projected at an annual growth rate of 3.5%, while revenue growth is assumed to be 0% from 2031 onwards. As the penetration rate of new product categories among North American customers continues to increase, supported by the ongoing AI-driven wave, smartphone shipments are expected to maintain growth. However, once the market reaches a certain scale, the growth rate is likely to moderate. Accordingly, revenue of KC Precision is projected to grow at a relatively steady and moderate pace over the next three to five years, before reaching a stable state beyond year five.

(3) Terminal Value

As KC Precision is assumed to operate on a going-concern basis with an indefinite operating life, a terminal value is calculated at the end of 2030 using a perpetual growth model. The perpetual growth rate is set at 0%. The enterprise ceases to grow after reaching a certain scale, which represents prevailing industry practice.

(4) Discount Rate

The projected FCFF is discounted using WACC, which reflects (i) interest bearing debt (D); (ii) equity (E); (iii) cost of debt (R_d, based on Loan Prime Rate ("**LPR**")); (iv) cost of equity (R_e); and (v) capital structure. The formula and its specific values are as follows:

$$WACC = \frac{E}{D+E} \times R_e + \frac{D}{D+E} \mathrm{R_d}\,(1\text{-}Tax)$$
$$= 0.9114 \times 11.73\% + 0.0886 \times 3.42\% * 0.85 = 10.95\%$$

The sum of the discounted projected cash flows and terminal value represents the enterprise value.

After adding non-operating assets and surplus cash and deducting interest-bearing debt, the equity value of KC Precision is derived.

Geeia Metal – FCFE Basis (CAPM Discounting)

For Geeia Metal, the valuation is based on the Free Cash Flow to Equity ("**FCFE**") methodology.

(1) Projection of Equity Cash Flows

Projected FCFE is derived from net income plus depreciation and amortisation, less capital expenditures, increases in working capital, then plus/minus changes in net debt.

Given that Geeia Metal has no interest-bearing liabilities, the change in net debt is not applicable.

The DCF model and underlying data for Geeia are set out below, with amounts denominated in RMB thousand.

Item/Year	**2025** ***(Note 1)***	**2026**	**2027**	**2028**	**2029**	**2030**	**Perpetuity**
Net profit/(loss)	(410.47)	441.3 *(Note 1)*	447.9	452.0	450.8	449.6	449.6
Net operating profit/(loss) after tax (nopat)	(410.47)	441.3 *(Note 1)*	447.9	452.0	450.8	449.6	449.6
Add: depreciation and amortization	25.92	80.8	8.5	9.4	10.4	11.5	11.5
Less: increase/(decrease) in working capital	2,169.03	3,159.2	(14.6)	(1.2)	(1.2)	(1.1)	0.0
Less: capital expenditures	0	80.8	8.5	9.4	10.4	11.5	11.5
Free cash flow (DCF)	(2,553.57)	(2,717.9)	462.5	453.2	452.0	450.8	449.6
Discount rate *(Note 2)*	N/A	11.10%	11.10%	11.10%	11.10%	11.10%	11.10%
Discount factor	N/A	0.9001	0.8102	0.7292	0.6564	0.5908	–
Present value	N/A	(2,446.3)	374.7	330.5	296.7	266.3	2,393.2
Value of operating assets				1,215.0			
Debt value				0.00			
Surplus cash				323.9			
Net non-operating assets/(liabilities)				15,501.9			
Total equity value				17,040.8			
Book value				14,369.6			
Appreciation amount				2,671.1			
Appreciation rate (%)				18.59 *(Note 3)*			

Notes:

(1) Geeia Metal recorded a net loss of approximately RMB410.47 thousand in FY2025 but is projected to achieve a net profit of approximately RMB441.3 thousand in FY2026 because:

(a) Geeia Metal and KC Precision operate as an integrated business unit. In FY2025, certain inter-company arrangements resulted in an allocation of costs and customer relationships that did not fully reflect each entity's standalone economics. Specifically, Geeia Metal bore certain costs properly attributable to both entities, while certain customers substantively served by Geeia Metal were routed through KC Precision. In the FY2026 projections, the Valuer has normalized these arrangements by (i) reallocating certain costs to KC Precision, where they more properly belong, and (ii) attributing certain customer revenues to Geeia Metal, which substantively serves those customers. The resulting projections reflect a more commercially accurate allocation of costs and revenues between the two entities, consistent with their respective roles within the integrated business. As Geeia Metal and KC Precision operate as an integrated business in substance, the Valuer has taken into account their integrated operations and interrelationships for valuation purposes, while assessing each entity separately using the income approach.

(b) Geeia Metal's revenue is expected to grow in FY2026, driven by an expanding customer base and increased order volumes. While costs are also expected to rise with business expansion, revenue growth is projected to outpace cost growth. This operating leverage is expected to drive the transition from a net loss to a net profit position within a single fiscal year.

(2) The discount rate aligns with the industry practice.

(3) The total equity value of the shareholders in Geeia Metal increased from approximately RMB14.37 million prior to the Acquisition to RMB17.04 million upon completion of the Acquisition, representing an increase of RMB2.67 million. The appreciation rate of 18.59% is calculated based on the increase of RMB2.67 million divided by the net book value of RMB14.37 million of Geeia Metal prior to the Acquisition.

(2) Forecast Period

The projected revenue and growth rates of Geeia are set out in the table below, with amounts denominated in RMB million:

Item/Year	2025	2026	2027	2028	2029	2030	Perpetuity
Revenue	9.09	9.18	9.28	9.32	9.37	9.42	9.42
Growth Rate(%)	–	1.00	1.00	0.50	0.50	0.50	0.00

Revenue growth for 2026 is projected at 1% based on 2025 performance, followed by growth rates of 1%, 0.5%, 0.5% and 0.5% for subsequent forecast years. The revenue growth rate for 2027 is projected to be in line with that of 2026. Nevertheless, as Geeia Metal reaches a more mature scale, growth is expected to gradually decelerate. Accordingly, revenue is projected to grow at a relatively moderate pace over the next three to five years.

Moreover, the projection reflects the intention to maintain revenue levels aligned with KC Precision's business structure.

(3) Terminal Value

A terminal value is calculated at the end of the detailed forecast period using a perpetual growth model with a 0% growth rate assumption. The enterprise ceases to grow after reaching a certain scale, which represents prevailing industry practice.

(4) Discount Rate

The projected FCFE is discounted using the cost of equity derived under CAPM, taking into account (i) risk-free rate (R_f, 10-year government bond yield); (ii) market expected return (R_m, based on CSI 300 geometric average); (iii) beta coefficient; and (iv) company-specific risk adjustment (R_s). The formula and its specific values are as follows:

$$CAPM = R_f + \beta\ (R_m\text{-}R_f) + R_s = 1.85\% + 0.9385 \times (8.04\%\text{-}1.85\%) + 3.44\% = 11.10\%$$

The present value of projected equity cash flows plus terminal value represents the equity value of Geeia Metal.

After adjusting for non-operating assets and surplus cash, the total shareholders' equity value is determined.

Key Assumptions and Key Inputs for the Profit Forecast under the Valuation Report

The general and principal assumptions underlying the profit forecasts in the Valuation Report are summarized as follows, including but not limited to:

KC Precision

(a) there will be no material changes in national macroeconomic policies and market conditions after the Valuation Date;

(b) there will be no material changes in the political, legal, economic or financial conditions in the locations where the Target Company operates or intends to operate, which would have an adverse impact on the revenue and profitability attributable to metal processing business with a core focus on high-precision metal etching; and the interest rates and exchange rates in the locations where the Target Company operates will not differ significantly from those currently applicable;

(c) the Valuation assumes the business will operate on a going-concern basis. The forecast period covers the five-year period from 2026 to 2030, with the business entering a stable phase from 2031 onwards;

(d) the Target Company expects to incur capital expenditure of RMB200 million in the financial years ending December 31, 2026 and December 31, 2027 for equipment upgrades and factory investment. The existing equipment will be fully depreciated by 2026;

(e) in determining the capital structure and cost of debt for the purpose of calculating the discount rate as of the Valuation Date, the Valuer has taken into account the Target Company's projected interest-bearing debt profile. It is assumed that, out of the RMB200 million capital expenditure planned for equipment upgrading and replacement, 40% will be financed by long-term bank borrowings, amounting to RMB80 million. The applicable interest rate is determined with reference to the five-year LPR of 3.5% as of the Valuation Date. In addition, the Company has existing short-term bank borrowings of RMB9.9 million, for which the interest rate is determined with reference to the one-year LPR of 3.0% as of the Valuation Date. A separate borrowing of RMB693,100 from a finance company is expected to be fully repaid subsequent to the Valuation Date and is therefore not treated as interest-bearing debt for valuation purposes. Accordingly, the total interest-bearing debt assumed for the purpose of determining the discount rate amounts to RMB89.9 million, with a weighted average cost of debt of approximately 3.44%. Such amount of interest-bearing debt (D) and the corresponding cost of debt (Kd) are adopted in the calculation of the discount rate as of the Valuation Date;

(f) the management of the Target Company will focus its primary efforts on core business operations and does not intend to make further investments in or divest its non-operating assets in the future;

(g) the forecasts outlined in the financial information provided by the management of the Target Company are reasonable, reflect market conditions and economic fundamentals, and are expected to be realised;

(h) all relevant legal approvals, business certificates or licences required to operate the business at the locations where the Target Company currently operates or intends to operate have been formally obtained, and are renewable upon expiry at no material cost;

(i) the Target Company's orders are primarily sourced from a major North American customer, which is a well-established multinational corporation with stable operations and consistent profitability;

(j) the forecasts for product range, volume and revenue for 2026 are prepared with reference to shipment volumes, outstanding orders, existing agreements and relevant correspondence between the Valuation Date and the date of interview. The revenue forecast for 2027 is determined after taking into account the customers' expected future product portfolio and the compatibility of such products with those of the Target Company. Revenue for the period from 2028 to 2030 is projected to increase at an annual growth rate of 3.5%. A growth rate of 0% is assumed from 2031 onwards;

(k) the Target Company's forecast gross profit margins for 2026 to 2030 are expected to range from approximately the mid-30% level to the high-30% level, which are higher than the industry average of approximately 22%, but lower than the historical average of approximately mid-40%. The relatively higher margins as compared to the industry average are primarily attributable to the higher value-added and technical nature of the Target Company's products, particularly in high-precision metal etching;

(l) the Target Company's operating costs, which primarily comprise materials, labour, utilities, rent and other operating expenses, are projected to account for approximately 60% to 70% of total revenue during the period from 2026 to 2030. Such cost levels are broadly consistent with the projected gross profit margin range and reflect the expected cost structure of the Target Company's high-precision metal etching operations; and

(m) compared to historical net profit, net profit during the forecast period is lower than that of the historical period but higher than the industry average, mirroring the trend observed in gross profit margins.

Geeia Metal

(a) there will be no material changes in national macroeconomic policies and market conditions after the Valuation Date;

(b) there will be no material changes in the political, legal, economic or financial conditions in the locations where the Target Company operates or intends to operate, which would have an adverse impact on the revenue and profitability attributable to metal processing business with a core focus on high-precision metal etching; interest rates and exchange rates in the locations where the Target Company operates will not differ significantly from those currently applicable;

(c) the Valuation assumes the business will operate on a going-concern basis. The forecast period covers the five-year period from 2026 to 2030, with the business entering a stable phase from 2031 onwards;

(d) capital expenditure on operating equipment is assumed to be incurred to offset the depreciation of existing assets. Therefore, the capital expenditure for each period equals the depreciation;

(e) the management of the Target Company will focus its primary efforts on core business operations and does not intend to make further investments in or divest its non-operating assets in the future;

(f) the forecasts outlined in the financial information provided by the management of the Target Company is reasonable, reflect market conditions and economic fundamentals, and are expected to be realised;

(g) all relevant legal approvals, business certificates or licences required to operate the business at the locations where the Target Company currently operates or intends to operate have been formally obtained, and are renewable upon expiry at no material cost;

(h) as the Target Company is located in the PRC, there will be no material changes in the political, legal, economic or financial conditions at the locations where the Target Company operates or intend to operate, which would adversely affect the revenue and profitability attributable to metal processing business with a core focus on high-precision metal etching; and the interest rates and exchange rates at the locations where the Target Company operates will not differ materially from those currently applicable;

(i) Geeia Metal is an affiliate of KC Precision, with forecasted sales revenue growth at 0.5%-1.0%, and a stable period of 0% growth;

(j) the Target Company's forecast gross profit margin for 2026 to 2030 is expected to be approximately 8%; and

(k) the Target Company's operating costs, which primarily comprise materials, labor, utilities, rent and other operating expenses, are projected to account for more than 90% of its total revenue for the period from 2026 to 2030.

The specific assumptions and key inputs underlying the profit forecast in the Valuation Report are set out as follows:

Specific assumptions	Inputs	Basis of assumptions
Terminal growth rate	Nil	In accordance with industry practice
Discount rate (KC Precision)	10.95%	Determined based on the weighted average cost of capital, taking into account publicly available market data such as the risk-free rate, market returns and the beta coefficients of comparable listed companies, as well as the specific risks associated with the business
Discount rate (Geeia Metal)	11.1%	Determined in accordance with the CAPM, taking into account publicly available market data, including the risk-free rate, market returns and the beta coefficients of comparable listed companies, as well as the specific risks associated with the business

Impact of the Discount Rate and Revenue Growth Rates

Based on the above key inputs, the Valuer has performed a sensitivity analysis on (i) the discount rate; and (ii) the revenue growth rates for the years ending December 31, 2026 to December 31, 2030 adopted in the Valuation Report, details of which are set out as follows:

KC Precision

Discount rate (changes in the absolute value)	**Revenue growth rate** (changes in the absolute value)	**Valuation result** RMB (million)	**Increase/ (decrease) in Valuation result** RMB (million)
9.95% (-1%)	+1%	1,068	156
10.95% (base input)	+1%	960	48
11.95% (+1%)	+1%	870	(42)
9.95% (-1%)	Base input	1,015	103
10.95% (base input)	Base input	912	0
11.95% (+1%)	Base input	826	(86)
9.95% (-1%)	-1%	962	50
10.95% (base input)	-1%	864	(48)
11.95% (+1%)	-1%	782	(130)

The Valuer is of the view that, the adoption of the income approach is considered appropriate for KC Precision. This is because KC Precision's value is primarily driven by its future income-generating ability, and is not directly reflected by its historical book value or replacement cost. The income approach therefore better captures the economic benefits expected to be generated by the business going forward, and provides a more reasonable reflection of its intrinsic value.

Geeia Metal

Discount rate (changes in the absolute value)	**Revenue growth rate** (changes in the absolute value)	**Valuation result** RMB (million)	**Increase/ (decrease) in Valuation result** RMB (million)
10.10% (-1%)	+1%	18.3	1.3
11.10% (base input)	+1%	17.9	0.9
12.10% (+1%)	+1%	17.5	0.5
10.10% (-1%)	Base input	17.4	0.4
11.10% (base input)	Base input	17.0	0.0
12.10% (+1%)	Base input	16.7	(0.3)
10.10% (-1%)	-1%	16.5	(0.5)
11.10% (base input)	-1%	16.2	(0.8)
12.10% (+1%)	-1%	16.0	(1.0)

The Valuer is of the view that, Geeia Metal is an affiliated subsidiary of KC Precision. Given that KC Precision is valued using the income approach, it is reasonable and necessary to adopt a consistent valuation methodology for Geeia Metal. This ensures consistency in valuation logic within the overall transaction structure and enables a more reasonable reflection of the economic relationship and value contribution between the two entities.

EXPERTS AND CONSENTS

The Company has engaged HLB Hodgson Impey Cheng Limited to report on the arithmetic calculations of the discounted cash flow used in the valuation prepared by the Valuer. A report from HLB Hodgson Impey Cheng Limited in relation to the calculations of the discounted cash flow is set out in Appendix I to this announcement for the purpose under Rule 14.60A(2) of the Listing Rules.

A letter from the Board of the Directors, confirming that the profit forecast in the Valuation has been made after due and careful enquiry by them, is set out in Appendix II to this announcement for the purpose under Rule 14.60A(3) of the Listing Rules.

Experts

The following are the qualifications of the experts who have provided opinions and/or recommendations in this announcement:

Name	**Qualifications**
HLB Hodgson Impey Cheng Limited	Certified public accountant
Shenzhen Pengchen Real Estate Land Asset Appraisal Co., Ltd.	Independent valuer

Each of the experts mentioned above has given, and has not withdrawn, its written consent to the issue of this announcement with the inclusion herein of its letters, reports and/or opinions and the references to its name (including its qualifications) in the form and context in which they are included.

To the best of the knowledge, information and belief of the Board and after making all reasonable enquiries, each of the experts is an Independent Third Party. As of the date of this announcement, none of the experts nor their respective subsidiaries mentioned above held any shareholding, directly or indirectly, 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.

As of the date of this announcement, as far as the Directors are aware, none of the experts nor their respective subsidiaries mentioned above had, or have had, any direct or indirect interest in any material assets which have been acquired since December 31, 2025 (being the date to which the latest published audited consolidated accounts of the Company were made up), or disposed of by, or leased to any member of the Group, or are proposed to be acquired, or disposed of by, or leased to any member of the Group.

CLARIFICATION ON CERTAIN INFORMATION IN PREVIOUS ANNOUNCEMENT

Reference is made to the announcement of the Company dated March 30, 2026 in respect of the Acquisition, the Company wishes to clarify that certain information set out on pages 6 and 7 of the announcement in relation to the historical information of KC Precision and Geeia Metal contained inadvertent errors. The correct figures should be as follows:

KC Precision

	Previous disclosure		**Correct version**	
	December 31,		**December 31,**	
	2025	2024	**2025**	2024
	(RMB '000)	*(RMB '000)*	***(RMB '000)***	*(RMB '000)*
Profit (loss) before taxation	**152,769.6**	N/A	**152,769.6**	(250.5)

Geeia Metal

	Previous disclosure		**Correct version**	
	December 31,		**December 31,**	
	2025	2024	**2025**	2024
	(RMB '000)	*(RMB '000)*	***(RMB '000)***	*(RMB '000)*
Profit (loss) before taxation	**N/A**	N/A	**(398.7)**	444.6
Profit (loss) after taxation	**N/A**	N/A	**(410.5)**	440.7

For the purpose of this announcement and for the purpose of illustration only, the HK$ amount has been translated from the RMB amount using the rate of RMB1.00 = HK$1.14. Such translation should not be construed as a representation that the RMB amount in question has been, could have been or could be converted to HK$ at such rate or at all.

By order of the Board
Shanghai Longcheer Technology Co., Ltd.
上海龍旗科技股份有限公司
Mr. DU Junhong
Chairman and Executive Director

Hong Kong, April 23, 2026

As of the date of this announcement, the Board comprises: (i) Mr. DU Junhong, Mr. GE Zhengang, Mr. GUAN Yadong and Ms. QIN Yanling as executive Directors; and (ii) Dr. SHEN Jianxin, Mr. YANG Chuan and Dr. NIU Shuangxia as independent non-executive Directors.

Appendix I – Letter issued by HLB Hodgson Impey Cheng Limited

April 23, 2026

The Board of Directors
Shanghai Longcheer Technology Co., Ltd.
Floor 1, Building 1
401 Caobao Road
Xuhui District
Shanghai
PRC

Dear Sirs,

Shanghai Longcheer Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group")

Comfort letter on discounted cash flow forecasts in connection with the discloseable transaction of acquisition of the 60% equity interest in KC Precision Technology (Dongguan) Co., Ltd. (科峻成精密科技(東莞)有限公司) and Dongguan Geeia Metal Products Co., Ltd. (東莞市吉亞金屬製品有限公司) (the "Target Companies")

We have examined the arithmetical calculations of the discounted future cash flow forecasts on which the valuation report dated 28 March 2026 prepared by Shenzhen Pengchen Real Estate Land Asset Appraisal Co., Ltd. (深圳市鵬晨房地產土地資產評估有限公司) in respect of the transactions of the Target Companies as at 31 December 2025 ("**Valuation**") in connection with the disclosable transaction in relation to the acquisition of the 60% equity interests in Target Companies as published in the Company's announcement dated 30 March 2026 ("**Announcement**"). Capitalised terms used in this letter have the same meanings as defined in the Announcement unless the context otherwise requires.

The Valuation is prepared based on the discounted future cash flow forecasts and is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The Directors are responsible for the preparation of the discounted future cash flow forecasts in accordance with the bases and assumptions (the "**Assumptions**") determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted cash flow for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

The Directors are solely responsible for the discounted future cash flow forecasts.

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 Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on whether the arithmetical calculations of the discounted future cash flow forecasts have been properly compiled, in all material respects, in accordance with the assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rules 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical calculations are concerned, the Directors have properly compiled the discounted future cash flows forecast in accordance with the Assumptions. We performed procedures on the arithmetical calculations and the compilations of the discounted cash flow forecasts in accordance with the Assumptions. Our work does not constitute any valuation of Target Companies.

Because the Valuation related to discounted future cash flow forecasts, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future event and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical calculations are concerned, the discounted future cash flow forecasts have been properly compiled in all material respects in accordance with the Assumptions as set out in the Valuation.

Yours faithfully,

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Hong Kong

Appendix II – Letter from the Board

April 23, 2026

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong

Dear Sirs,

Re: Further Announcement – Profit Forecast of the Discloseable Transaction: Acquisition of 60% Equity Interest in the Target Companies

Reference is made to the announcement of Shanghai Longcheer Technology Co., Ltd. (the "**Company**") dated April 23, 2026 in relation to the captioned transaction (the "**Announcement**").

We hereby refer to the Valuation Report dated March 28, 2026 prepared by Shenzhen Pengchen Real Estate Land Asset Appraisal Co., Ltd. (the "**Valuer**") in relation to the valuation of 100% of the equity interest in the Target Companies as of December 31, 2025. The valuation is prepared based on discounted cash flow forecast and constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Unless otherwise stated herein, capitalized terms in this letter shall have the same meaning as defined in the Announcement.

The board of directors of the Company (the "**Board**") has reviewed and prepared the basis and assumptions on which the discounted cash flow forecast are based and the calculation method used, reviewed the Valuation Report prepared by the Valuer, and discussed the same with the Valuer. The Board has also considered the report from HLB Hodgson Impey Cheng Limited dated April 23, 2026, as set out in Appendix I to the Announcement, which relates to the arithmetic calculations of the discounted cash flow forecast in the valuation.

Pursuant to the requirements under Rule 14.60A(3) of the Listing Rules, the Board confirmed that the profit forecast used in the aforesaid valuation has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Shanghai Longcheer Technology Co., Ltd.

DU Junhong
Chairman and Executive Director