Fibocom Wireless Inc.
深圳市廣和通無線股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 00638)

MAJOR TRANSACTION

ACQUISITION OF THE 37.16% EQUITY INTERESTS IN SHENZHEN HANGSHENG ELECTRONICS CO., LTD.

THE TRANSACTION

On 29 June 2026, the Company entered into the SPAs with each of the Sellers (as well as the Third Parties, where applicable) (details below) for the purchase of 37.16% of the equity interests in Hangsheng Electronics, pursuant to which the Company, as the buyer, has conditionally agreed to acquire the equity interests in Hangsheng Electronics from each of the Sellers for a total consideration of RMB1,427.99 million (equivalent to approximately HK$1,642.90 million). Assuming there are no other changes in the share capital of Hangsheng Electronics, the Company will be interested in approximately 37.16% of the share capital of Hangsheng Electronics upon Acquisition Completion. Meanwhile, the Company has entered into the Acting in Concert Agreement with each of the Concert Parties (details below), stipulating that following the Transaction, such Concert Parties, as shareholders of Hangsheng Electronics, will act in concert with the Company. The Company and such Concert Parties will collectively hold 51.40% of the share capital of Hangsheng Electronics. Hangsheng Electronics (together with its subsidiaries) will become a controlled subsidiary of the Company and the financial results of the Hangsheng Electronics Group will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

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

The Transaction is subject to the satisfaction (or, if applicable, waiver) of various Conditions and as such, the Transaction may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

The announcement is prepared in both Chinese and English languages. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

INTRODUCTION

The Board is pleased to announce that, on 29 June 2026, the Company entered into the SPAs with each of the Sellers (as well as the Third Parties, where applicable) (details below) for the purchase of 37.16% of the equity interests in Hangsheng Electronics, pursuant to which the Company, as the buyer, has conditionally agreed to acquire the Target Equity Interests from each of the Sellers for a total consideration of RMB1,427.99 million (equivalent to approximately HK$1,642.90 million). As at the date of this announcement, the Company does not have any equity interests in Hangsheng Electronics. Assuming there are no other changes in the share capital of Hangsheng Electronics, the Company will be interested in approximately 37.16% of the share capital of Hangsheng Electronics upon Acquisition Completion.

Meanwhile, the Company has entered into the Acting in Concert Agreement with each of the Concert Parties (details below), stipulating that following the Transaction, such Concert Parties, as shareholders of Hangsheng Electronics, will act in concert with the Company. The Company and such Concert Parties will collectively hold 51.40% of the share capital of Hangsheng Electronics. Hangsheng Electronics (together with its subsidiaries) will become a controlled subsidiary of the Company and the financial results of the Hangsheng Electronics Group will be consolidated into the Group's consolidated financial statements.

1. SUMMARY OF PRINCIPAL TERMS OF THE SPAS

The principal terms of the SPAs are summarized below. For each of the Sellers (other than Bohuasheng, Xu Shutian, Dong Li, Zou Zhengping and Lu Zhiji), apart from the considerations and the percentages of equity interests sold, other terms of their respective SPAs with the Company are substantially the same.

With respect to the SPA entered into by each of Bohuasheng, Xu Shutian, Dong Li, Zou Zhengping and Lu Zhiji as the Sellers, the Company as the buyer, and Yang Hong and Hangsheng Investment as the Third Parties, except for certain terms of SPA (in comparison to the other SPAs) (including additional representations and warranties provided by the Sellers and the Third Parties, corporate governance and post-completion arrangements of Hangsheng Electronics and the Sellers and the Third Parties' agreement to grant the Company a right of first refusal with respect to the shares of Hangsheng Electronics held by them), and the other terms (except for the considerations and the percentages of equity interests sold) are substantially the same as those in the SPAs with the other Sellers.

1.1 Date

29 June 2026

1.2 Parties, Subject Matters and Considerations

Each of the Sellers has agreed to sell, and the Company (as the buyer) has agreed to acquire, the Target Equity Interests in Hangsheng Electronics as described below, at a price of RMB10.5 to RMB12.5 per share. The total consideration of RMB1,427.99 million (equivalent to approximately HK$1,642.90 million) shall be paid in cash, subject to the terms of each SPA. Details are as follows:

No.	Name of the Seller	Price per share	Percentage of equity interests held in Hangsheng Electronics as at the date of this announcement	The number of shares corresponding to Target Equity Interests in Hangsheng Electronics sold by the Seller	Percentage of Target Equity Interests in Hangsheng Electronics sold by the Seller	Cash consideration (Unit: RMB '000)
1	Huajian Jiachuang	12.50	9.37%	30,000,000	9.37%	375,000
2	Huadeng II	12.50	3.54%	11,335,153	3.54%	141,689
3	Jinshi Zhongtou	12.50	7.04%	11,267,303	3.52%	140,841
4	Huaxin Yunkai	11.00	2.44%	7,799,715	2.44%	85,797
5	Bohuasheng	12.50	1.62%	5,180,000	1.62%	64,750
6	Shouheng Zhiming	11.00	1.56%	5,000,000	1.56%	55,000
7	Huiyou Haojia	10.50	1.56%	5,000,000	1.56%	52,500
8	Shengrun Investment	11.00	1.25%	4,000,000	1.25%	44,000
9	Hi-Tech Investment and Capital	12.50	1.06%	3,400,000	1.06%	42,500
10	Transportation Holding Jinshi	12.50	2.12%	3,391,222	1.06%	42,390
11	Huang Sisi (黃思思)	12.50	0.94%	3,000,000	0.94%	37,500
12	Shengdao Investment	12.50	0.94%	3,000,000	0.94%	37,500
13	Runwu Holding	10.50	0.94%	3,000,000	0.94%	31,500
14	Jinshi Transportation	12.50	1.32%	2,119,428	0.66%	26,493
15	Xiao Jinhong (肖錦鴻)	11.00	1.51%	2,000,000	0.62%	22,000
16	Xia Guoxin (夏國新)	12.50	0.62%	2,000,000	0.62%	25,000
17	CITICS Investment	12.50	0.62%	2,000,000	0.62%	25,000
18	Baoteng Lianxiang	10.50	0.94%	1,500,000	0.47%	15,750
19	Zhang Zhiqing (張志清)	12.50	0.47%	1,500,000	0.47%	18,750
20	Hongtao Chengxuan	12.50	0.46%	1,460,000	0.46%	18,250
21	Shengtai Investment	12.50	0.37%	1,200,000	0.37%	15,000
22	Guangshen United	10.50	0.62%	1,000,000	0.31%	10,500
23	Shenzhen Capital	10.50	0.31%	1,000,000	0.31%	10,500
24	Capital Investment	10.50	0.31%	1,000,000	0.31%	10,500
25	HAXC	11.00	0.31%	1,000,000	0.31%	11,000
26	Avary Investment	10.50	0.31%	1,000,000	0.31%	10,500
27	Ganshang United Investment	10.50	0.31%	1,000,000	0.31%	10,500
28	Hi-Tech Investment Yun	12.50	0.29%	943,240	0.29%	11,791
29	Wang Gang (王剛)	12.50	0.33%	850,000	0.27%	10,625
30	Hi-Tech Investment Zhiyuan Phase I	12.50	0.17%	549,760	0.17%	6,872
31	Cheng Qingfu (程慶富)	10.50	0.16%	500,000	0.16%	5,250
32	Yang Lu (楊廬)	12.50	0.09%	300,000	0.09%	3,750
33	Dong Li (董利)	12.50	0.36%	287,500	0.09%	3,594
34	Xu Shutian (徐樹田)	12.50	0.19%	150,000	0.05%	1,875
35	Xiaohe Venture Capital	12.50	0.03%	107,000	0.03%	1,338
36	Li Guobing (李國兵)	12.50	0.03%	100,000	0.03%	1,250
37	Lu Zhiji (呂智戟)	12.50	0.05%	37,500	0.01%	469
38	Zou Zhengping (鄒正平)	12.50	0.05%	37,500	0.01%	469
	Total		**44.61%**	**119,015,321**	**37.16%**	**1,427,992**

Notes:

1. The parties to each SPA are set out in detail below:

   (1) Bohuasheng, Xu Shutian, Dong Li, Zou Zhengping and Lu Zhiji, each as a Seller, entered into an SPA with the Company as the buyer and Yang Hong and Hangsheng Investment as the Third Parties;

   (2) The other Sellers, each as a Seller, entered into an SPA with the Company as the buyer.

2. The discrepancies between the total amounts of the percentage of Target Equity Interests in Hangsheng Electronics sold by the Seller and cash consideration in the table above and the sums of the individual figures are due to rounding of decimal places.

1.3 Basis of Consideration

As of the Valuation Reference Date, the appraised value of 100% of the equity interests in Hangsheng Electronics was RMB3,850.40 million. Following negotiations among the parties to the Transaction, the transaction price for 37.16% of the equity interests in Hangsheng Electronics was RMB1,427.99 million, corresponding to a price of RMB3,843.08 million for 100% of the equity interests in Hangsheng Electronics.

Based on the results of the aforementioned valuation as the basis for the consideration, the differentiated pricing for the Transaction takes into account factors such as Hangsheng Electronics' historical performance, future development plans, performance undertaking arrangements, initial investment costs and investment cycle and is determined through independent negotiations among the parties to the Transaction. The differentiated pricing is the result of commercial negotiations between the counterparties conducted in accordance with market principles.

The Company has engaged Shanghai Zhonghua Assets Appraisal Co., Ltd. (an independent and qualified valuation institution in the PRC) to conduct an asset appraisal and prepare a valuation report for Hangsheng Electronics as of the Valuation Reference Date. Further details of the valuation, including the key assumptions and methods used in the valuation report, are set out in the section headed "*Valuation of the Hangsheng Electronics Group*" of this announcement.

1.4 Payment Terms

The Company shall make the following payments to each of the Sellers:

(1) First installment payment: Within five Working Days from the effective date of the relevant SPA, 20% of the transfer price shall be paid to the Seller of the relevant agreement;

(2) Second installment payment: Within five Working Days from the date of Completion of the transfer of the Target Equity Interests, the remaining 80% of the transfer price shall be paid to the Seller of the relevant agreement that has completed the transfer.

1.5 Conditions Precedent of the Agreements

Each SPA will become effective only upon the satisfaction of each of the following conditions:

(1) the SPA has been legally signed by the relevant Seller(s) and the Company (as well as the Third Parties, where applicable);

(2) the Share Acquisition has been approved by the Board and the general meeting of the Company;

(3) the Seller(s) of the SPA has (or have) completed the necessary approval or filing procedures in accordance with relevant laws and regulations (if required), including but not limited to obtaining a reply of "no-further-review" or "not prohibited" in connection with the Share Acquisition from the PRC anti-monopoly law enforcement agency, or no reply received upon the expiry of the statutory review period; and

(4) other necessary approvals, registrations, filings or licenses as may be required by applicable laws and regulations (if required).

On 29 June 2026, the Board reviewed and approved the resolution in relation to the Transaction (including Share Acquisition).

1.6 Completion

The Completion will take place when Hangsheng Electronics has changed its shareholder register and completed the registration change procedures with the share custody institution. Where the Seller is an individual, proof of personal income tax payment for the Share Transfer is also required for the Completion of the Transaction.

1.7 Profit Compensation for the Interim Period

For the SPAs with each of the Sellers, the Interim Period commences from 1 January 2026 and expires on the date when Hangsheng Electronics changes its shareholder register and completes the registration change procedures for the share transfer with the share custody institution (inclusive).

Should any losses incur in Hangsheng Electronics during the Interim Period, each of the Sellers shall make up the shortfall in cash in full in proportion to the shares under the share transfer. These arrangements will be treated as transaction price adjustments or settlement mechanism among the parties only after approval has been obtained from the PRC anti-monopoly authority on the Share Acquisition and the transfer registration of the shares has been completed.

The profit or loss during the Interim Period shall be based on the specified audit report prepared by an accounting firm with securities industry qualifications, which is approved by the Company and engaged by Hangsheng Electronics. The loss compensation payment shall be made within ten Working Days from the date of issuance of such audit report.

2. SUMMARY OF PRINCIPAL TERMS OF THE PERFORMANCE UNDERTAKING AND PROFIT COMPENSATION AGREEMENT

2.1 Date

29 June 2026

2.2 Performance Undertaking and Profit Compensation

Each of the Compensating Obligors has agreed to provide a performance undertaking to the Company regarding the net profit of Hangsheng Electronics for the years 2026 and 2027 (the "Performance Undertaking Period") in accordance with the liability ratio set forth in the table below. Details of the undertaking are that the total audited net profit of Hangsheng Electronics during the Performance Undertaking Period shall be no less than RMB598 million. Net profit is measured as the net profit attributable to owners of the parent company on a consolidated basis, after deducting non-recurring gains and losses (but without deducting government grants included in non-recurring gains and losses).

	Compensating Obligors	**Liability ratio for profit compensation undertaken**
1	Yang Hong (楊洪)	95.4357%
2	Yu Jie (喻傑)	1.4483%
3	Xu Shutian	0.7022%
4	Dong Li	1.0533%
5	Zou Zhengping	0.3072%
6	Qi Jie (齊捷)	0.7022%
7	Lu Zhiji	0.3511%
Total:		100%

If the total audited net profit of Hangsheng Electronics during the Performance Undertaking Period is no less than RMB538.2 million (i.e., 90% of RMB598 million), it shall be deemed to have fulfilled the performance undertaking and will not trigger profit compensation.

If the total audited net profit of Hangsheng Electronics during the Performance Undertaking Period is less than RMB538.2 million, the Compensating Obligors shall make up the shortfall in cash according to the following calculation formula. The cash compensation shall be allocated among the Compensating Obligors based on their respective liability ratio.

Total cash compensation amount payable by the Compensating Obligors = Total guaranteed net profit for the two years ending at the end of the Performance Undertaking Period (i.e., RMB598 million) – Total realised net profit for the two years ending at the end of the Performance Undertaking Period

The profit compensation shall be calculated, settled and paid according to the above formula upon the expiry of the Performance Undertaking Period, and the settlement and payment shall be completed within 6 months from the date on which the audit reports for the years 2026 and 2027 are issued. If, during the Interim Period under the SPAs, the Compensating Obligors have triggered the loss compensation and the compensation amount has actually been paid, compensation amount payable by each Compensating Obligor shall be the aforesaid amount shared in proportion to the respective liability assumed by each Compensating Obligor, minus the actual amount already paid by such Compensating Obligor in respect of the loss compensation for the Interim Period.

2.3 Over-performance Rewards

Upon the expiry of the Performance Undertaking Period, where the total audited realised net profit of Hangsheng Electronics during the Performance Undertaking Period is in excess of the total guaranteed net profit (i.e., RMB598 million), 25% of the portion of the total realised net profit of Hangsheng Electronics in excess of 125% of the total guaranteed net profit shall be awarded to the Compensating Obligors as rewards. The formula for calculating the over-performance rewards is as follows:

Total cash amount to be awarded to the Compensating Obligors	=	(Total realised net profit at the end of the Performance Undertaking Period – Total guaranteed net profit at the end of the Performance Undertaking Period × 125%) × 25%

The total amount of performance rewards shall not exceed 20% of the consideration of the Share Acquisition (i.e., RMB285.60 million). If the amount of the over-performance rewards based on the above formula is greater than 20% of the consideration of the Share Acquisition, the amount of the over-performance rewards = Consideration of the Share Acquisition × 20%.

The over-performance rewards shall be allocated among the Compensating Obligors based on their respective liability ratio. Such allocation shall be proposed by the corresponding Compensating Obligors upon the expiry of the Performance Undertaking Period, and implemented upon the review and approval by the general meeting of Hangsheng Electronics. The over-performance rewards shall be paid by Hangsheng Electronics to the corresponding Compensating Obligors. The Company agrees to procure the review and approval of the resolution in relation to the over-performance reward arrangement proposal by the general meeting of Hangsheng Electronics at the meeting.

The over-performance rewards shall be calculated, settled and paid upon the expiry of the Performance Undertaking Period. The settlement and payment shall be completed within 6 months from the date on which the audit reports for the years 2026 and 2027 are issued and the conditions for over-performance rewards as described in the previous paragraph have been fulfilled (that is, the relevant resolution has been reviewed and approved by the general meeting of Hangsheng Electronics).

The performance rewards are based on the over-performance results achieved by Hangsheng Electronics, and the amounts of rewards are agreed in accordance with the allocation of the excess net profit based on the fulfillment of the performance targets. While rewarding the core management of Hangsheng Electronics, the Company also gains excess returns brought by Hangsheng Electronics. Establishing excess reward is conducive to enhancing motivation for operation and management of the core management of Hangsheng Electronics, building a solid foundation for Hangsheng Electronics to reach expected or higher profitability level, and safeguarding the interests of the Company and investors.

3. SUMMARY OF PRINCIPAL TERMS OF THE SHARE PLEDGE AGREEMENT

3.1 Date

29 June 2026

3.2 The Pledged Shares and the Guaranteed Debts

Each Pledgor (as shown in the table below) has agreed to pledge its respective shares held in Hangsheng Electronics to the Company (as the pledgee) based on the number of shares as stated in the table below for the amount of cash compensation (and penalties for late payment of compensation and expenses incurred by the Company to realize creditor's rights) that each Pledgor is obligated to pay to the Company under the Performance Undertaking and Profit Compensation Agreement.

3.3 The Maximum Amount of Pledge Guarantee

The aggregate maximum guaranteed debt amount under the share pledge is RMB598 million. The Company shall be entitled to be paid in priority out of the pledged shares of the Pledgors up to such maximum guaranteed debt amount.

The number of shares pledged and the liability ratio for the maximum amount of secured claims undertaken for each Pledgor are shown in table below:

No.	Pledgors	Number of pledged shares	Liability ratio for the maximum amount of secured claims undertaken (i.e., RMB598 million)
1	Yang Hong	16,150,000	95.4357%
2	Yu Jie	245,087	1.4483%
3	Xu Shutian	118,829	0.7022%
4	Dong Li	178,244	1.0533%
5	Zou Zhengping	51,986	0.3072%
6	Qi Jie	118,829	0.7022%
7	Lu Zhiji	59,415	0.3511%
Total		**16,922,390**	**100%**

4. SUMMARY OF PRINCIPAL TERMS OF THE ACTING IN CONCERT AGREEMENT

4.1 Date

29 June 2026

4.2 Acting in Concert Arrangement

Each Concert Party (namely: Yang Hong, Shenzhen Bohuahang Investment Partners Enterprise (Limited Partnership)* (深圳市博華航投資合夥企業(有限合夥)), Shenzhen Bohua Hangzhi Investment Partners Enterprise (Limited Partnership)* (深圳市博華航致投資合夥企業(有限合夥)), Shenzhen Bohua Shengjing Investment Partners Enterprise (Limited Partnership)* (深圳市博華盛敬投資合夥企業(有限合夥)), Yu Jie, Xu Shutian, Dong Li, Zou Zhengping, Qi Jie and Lu Zhiji) agrees that, as shareholders of Hangsheng Electronics, they shall unconditionally act in concert with the Company when making decisions on, voting on or implementing matters that may impact on the production and operation of Hangsheng Electronics, and shall exercise their shareholder rights and votes in accordance with the Company's decisions.

Without the Company's written consent, no Concert Party may transfer, sell, donate or entrust the shares held by it, nor may it take concerted action or enter into a similar contract with any other third party in respect of the matters agreed in the Acting in Concert Agreement, or authorize any third party to exercise its shareholder rights and interests in any manner.

4.3 Term

The Acting in Concert Agreement shall take effect from the date on which the SPAs become effective and shall terminate when the Company acquires 51% or more of the equity interests in Hangsheng Electronics, or accepts the transfer of all the shares held by each Concert Party, whichever is earlier.

If any Concert Party ceases to be a shareholder of Hangsheng Electronics, the Acting in Concert Agreement will no longer be binding on such Concert Party, but shall remain valid for the remaining Concert Parties.

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The acquisition by the Company of an aggregate of 37.16% of the equity interests in Hangsheng Electronics from each of the Sellers will expand the Company's product portfolio in the automotive electronics sector and broaden its business positioning, enable vertical software-hardware integration under the model of "communication modules + automotive electronic systems," facilitate the Company's transformation from an in-vehicle communication module supplier into a full-stack automotive electronics solutions provider, allow it to capture the development trends of electrification, intelligentization and connectivity in the automotive industry, and enhance the Company's overall competitiveness.

Specifically, it is expected that the Transaction will benefit the Company through the following:

(1) **Product value chain extension and transition from Tier 2 to Tier 1 system-level supplier of the Company**

The Company has established a core product portfolio and technical services in the intelligent automotive sector that encompass in-vehicle wireless communication modules, smart cockpit modules and cockpit-network integration platforms. Hangsheng Electronics is principally engaged in the R&D and design, production and sales of automotive electronic products. It is a leading domestic provider of automotive electronic system solutions and possesses comprehensive hardware and software development capabilities and mass production experience in areas such as smart cockpits. Through the Transaction, the Company can effectively expand the automotive electronic products portfolio, achieve a leap in its automotive business from a single communication module to complete system integration products, enable vertical software and hardware integration under the model of "communication modules + automotive electronic systems", and gain the capability to deliver self-developed system-level products directly to OEMs. These will enable the Company to upgrade from a Tier 2 supplier to a Tier 1 supplier, significantly enhancing its contribution to product value and its comprehensive service capabilities.

(2) **Leveraging business synergies between the Company and Hangsheng Electronics to achieve complementary advantages and mutual benefits**

The Transaction represents a crucial step in implementing the Company's development strategy and business positioning. By integrating the resources of Hangsheng Electronics, the Company will transform itself from an in-vehicle communication module supplier into a full-stack automotive electronics solutions provider, achieving deep synergy with the target company in areas such as main products, industry resources, globalization strategy, R&D technology, as well as production and operation management, thereby effectively leveraging complementary resource strengths. This initiative will enable the Company to accurately capture the development trends of electrification, intelligentization and connectivity in the automotive industry, continuously enhance its overall competitiveness, and further consolidate its leading position in the automotive electronics industry.

(3) **Enhancing the Company's sustainability and profitability and safeguarding the interests of all shareholders**

Upon Acquisition Completion, the Company will become the controlling shareholder of Hangsheng Electronics, whose financial results will be consolidated into the Company's financial statements. This will further enhance the Company's sustainable operating capability, improve its profitability, increase shareholder returns, help maximize shareholder value, and safeguard the interests of the Company and its minority shareholders.

The Board is of the opinion that the Transaction is on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. INFORMATION OF THE PARTIES

6.1 The Company

The Company is a joint stock company incorporated in the People's Republic of China with limited liability and is a leading wireless communication module provider. The Company's module products include data transmission modules, smart modules and AI modules. Building on its module products and drawing on its deep understanding of downstream application scenarios, the Company provides customers with edge AI solutions, robotics solutions and other solutions. The Company's module products and solutions are widely applied in sectors including automotive electronics, smart homes, consumer electronics, smart retail, the low-altitude economy and robotics.

6.2 The Sellers

The Share Acquisition involves a total of 38 Sellers, including 26 companies and funds and 12 individuals. To the best of the Company's knowledge, information and belief having made all reasonable enquiries, the details of such persons are as follows.

No.	Name of the Sellers	Ultimate Beneficial Owner (if applicable)	Main business
1	Huajian Jiachuang	Its general partner is Shenzhen Tianji Jiasheng Industrial Development Co., Ltd.* (深圳天驥佳盛實業發展有限公司), and its limited partners are Huajian Industrial Investment Co., Ltd.* (華建實業投資有限公司) and China Wall King Holding Co., Ltd* (中國華建投資控股有限公司)	Management consulting, project investments
2	Huadeng II	Its general partner is Qingdao Huaying Huachuang Investment Management Center (Limited Partnership)	Equity investment
3	Jinshi Zhongtou	Its general partner is CITIC Goldstone Investment Co., Ltd. (中信金石投資有限公司), Shenzhen Zhongtou Capital Management Co., Ltd.(深圳市重投資本管理有限公司) and CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司)	Equity investment
4	Huaxin Yunkai	Its general partner is Qingdao Huaying Huachuang Investment Management Center (Limited Partnership)* (青島華盈華創投資管理中心(有限合夥))	Equity investment
5	Bohuasheng	Its general partner is Yang Hong	Employee stock ownership platform

No.	Name of the Sellers	Ultimate Beneficial Owner (if applicable)	Main business
6	Shouheng Zhiming	Its general partner is Guangzhou Conservation Of Energy Equity Investment Fund Management Co., Ltd.* (廣州能量守恆股權投資基金管理有限公司)	Equity investment
7	Huiyou Haojia	Its general partner is Xiamen Huiyou Lanying Private Equity Fund Management Partnership (Limited Partnership)* (廈門惠友藍楹私募基金管理合夥企業(有限合夥))	Equity investment
8	Shengrun Investment	Its general partner is Xiao Jinhong	Equity investment
9	Hi-Tech Investment and Capital	It is wholly owned by Shenzhen High-Tech Investment Group Company Limited* (深圳市高新投集團有限公司), and its ultimate actual controller is the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government	Equity investment
10	Transportation Holding Jinshi	Its general partner is CITIC Goldstone Investment Co., Ltd. and Anhui Transportation Holding Capital Fund Management Co., Ltd.	Equity investment
11	Xiao Jinhong	Not applicable	Not applicable
12	Huang Sisi	Not applicable	Not applicable
13	Shengdao Investment	Its general partner is Beijing Lingyue Private Fund Management Co., Ltd. (北京凌越私募基金管理有限公司)	Equity investment
14	Runwu Holding	Its sole shareholder is Chen Yuan (陳遠)	Equity investment
15	Jinshi Transportation	Its general partner is CITIC Goldstone Investment Co., Ltd. and Nanjing Transportation Holding Private Equity Fund Management Co., Ltd. (南京交控私募基金管理有限公司)	Equity investment
16	Xia Guoxin	Not applicable	Not applicable
17	CITICS Investment	Its sole shareholder is CITIC Securities Company Limited (listed on the Shanghai Stock Exchange, 600030.SH)	Securities investment and equity investment
18	Baoteng Lianxiang	Its general partner is Shenzhen Baoteng Capital Management Co., Ltd.* (深圳市保騰資本管理有限公司), and its limited partners are Ningbo Sanxing Medical Electric Co., Ltd, Ningbo Orient Group Co., Ltd., Shenzhen Baoteng Lianda Investment Enterprise (Limited Partnership)* (深圳市保騰聯達投資企業(有限合夥)), Xu Jinchao (徐金超) and Bian Zhoubin (卞周彬)	Equity investment
19	Zhang Zhiqing	Not applicable	Not applicable

No.	Name of the Sellers	Ultimate Beneficial Owner (if applicable)	Main business
20	Hongtao Chengxuan	Its general partner is Shenzhen Hongtao Fund Management Co., Ltd.* (深圳市弘陶基金管理有限公司), and its limited partners are Xiao Miaoyu (肖妙玉), Zheng Miaoling (鄭妙玲), Zhou Chuxiong (周楚雄), Chen Wenli (陳文黎) and Shenzhen Jiamao Emerging Industry Development Co., Ltd.* (深圳市嘉茂新興產業發展有限公司)	Equity investment
21	Shengtai Investment	Its general partner is Xiong Jianming (熊建明), and its limited partner is Xiong Xi (熊希)	Equity investment
22	Guangshen United	Its controlling shareholder is Guangshen United Holdings Limited, and its ultimate actual controller is Liu Zhixiong (劉志雄)	Equity investment
23	Shenzhen Capital	Its largest single shareholder is the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government	Equity investment
24	Capital Investment	It is a wholly-owned subsidiary of Shenzhen Capital, and its ultimate actual controller is the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government	Equity investment
25	HAXC	Its largest single shareholder is He Xinyi (何信義)	Customization of core display components for smart automotive cockpits, software system development and sales of supporting components
26	Avary Investment	Its sole shareholder is Avary Holding (Shenzhen) Co., Ltd. (listed on the Shenzhen Stock Exchange, 002938.SZ)	Equity investment
27	Ganshang United Investment	Its largest single shareholder is Huang Shaowu (黃紹武)	Equity investment

No.	Name of the Sellers	Ultimate Beneficial Owner (if applicable)	Main business
28	Hi-Tech Investment Yun	Its general partner is Shenzhen High-Tech Investment Venture Capital Equity Investment Fund Management Co., Ltd.* (深圳市高新投創投股權投資基金管理有限公司), and its limited partners are Guangdong Yun Capital Industrial Investment Co., Ltd.* (廣東雲資本實業投資有限公司), Shenzhen High-Tech Investment Group Company Limited and Chen Haoxin (陳浩鑫)	Equity investment
29	Wang Gang	Not applicable	Not applicable
30	Hi-Tech Investment Zhiyuan Phase I	Its general partner is Shenzhen High-Tech Talent Equity Investment Fund Management Co., Ltd.* (深圳市高新投人才股權投資基金管理有限公司)	Equity investment
31	Cheng Qingfu	Not applicable	Not applicable
32	Yang Lu	Not applicable	Not applicable
33	Dong Li	Not applicable	Not applicable
34	Xu Shutian	Not applicable	Not applicable
35	Xiaohe Venture Capital	Its general partner is Liu Lili (劉麗麗), and its limited partner is Ji Jiajun (紀佳君)	Equity investment
36	Li Guobing	Not applicable	Not applicable
37	Lu Zhiji	Not applicable	Not applicable
38	Zou Zhengping	Not applicable	Not applicable

Among the Sellers, Xu Shutian acts as the vice general manager and the secretary to the board of directors of Hangsheng Electronics. Dong Li acts as the vice general manager and chief financial officer of Hangsheng Electronics. Zou Zhengping and Lu Zhiji act as the vice general manager of Hangsheng Electronics and are also limited partners of Bohuasheng. All of them are Compensating Obligors under the Performance Undertaking and Profit Compensation Agreement, Pledgors under the Share Pledge Agreement and Concert Parties under the Acting in Concert Agreement.

Among the Sellers, Wang Gang acts as the adviser to chairman of Hangsheng Electronics (formerly served as, and resigned from, the positions of vice chairman and vice general manager of Shenzhen Hangsheng in January 2026), and he is neither a Compensating Obligor under the Performance Undertaking and Profit Compensation Agreement, nor a Pledgor under the Share Pledge Agreement nor a Concert Party under the Acting in Concert Agreement.

Upon Acquisition Completion, the Sellers will no longer hold 5% or more equity interests in Hangsheng Electronics.

To the best of the Board's knowledge, information and belief, having made all reasonable enquiries, the Sellers, the Third Parties, the Compensating Obligors, the Pledgors, the Concert Parties and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

6.3 The Third Parties

Yang Hong is the chairman and a shareholder of Hangsheng Electronics (who currently directly holds 9.8856% equity interests in Hangsheng Electronics), the controlling shareholder holding 100% equity interests in Hangsheng Investment, and the general partner of Shenzhen Bohuasheng Investment Partners Enterprise (Limited Partnership) (who currently directly holds 1.6172% equity interests in Hangsheng Electronics), Shenzhen Bohuahang Investment Partners Enterprise (Limited Partnership) (who currently directly holds 1.5048% equity interests in Hangsheng Electronics), Shenzhen Bohua Shengjing Investment Partners Enterprise (Limited Partnership) (who currently directly holds 0.9522% equity interests in Hangsheng Electronics) and Shenzhen Bohua Hangzhi Investment Partners Enterprise (Limited Partnership) (who currently directly holds 0.9210% equity interests in Hangsheng Electronics).

Hangsheng Investment is a shareholder of Hangsheng Electronics (who currently directly holds 4.6833% equity interests in Hangsheng Electronics). Hangsheng Investment also holds 4.0816% equity interests in Ganshang United Investment, which currently holds 0.3122% equity interests in Hangsheng Electronics (the 0.3122% equity interests in Hangsheng Electronics currently held by Ganshang United Investment will be held entirely by the Company upon completion of the Transaction).

6.4 Compensating Obligors, Pledgors and Concert Parties

Compensating Obligors: Xu Shutian, Dong Li, Zou Zhengping and Lu Zhiji among the Sellers are Compensating Obligors. In addition, there are three other Compensating Obligors who are not the Sellers under the Share Acquisition (i.e., Yang Hong, Yu Jie and Qi Jie). In specific, Yu Jie is the director, vice general manager and shareholder of Hangsheng Electronics (who currently directly holds 0.4371% equity interests in Hangsheng Electronics); Qi Jie is the vice general manager and shareholder of Hangsheng Electronics (who currently directly holds 0.0624% equity interests in Hangsheng Electronics).

Pledgors: All Compensating Obligors are Pledgors.

Concert Parties: Xu Shutian, Dong Li, Zou Zhengping and Lu Zhiji among the Sellers are Concert Parties, and all Compensating Obligors and all Pledgors are Concert Parties as well. In addition, other Concert Parties are the existing shareholders of three other Hangsheng Electronics entities (but not the Sellers, Compensating Obligors or Pledgors under the Share Acquisition), including Shenzhen Bohuahang Investment Partners Enterprise (Limited Partnership) (which currently directly holds 1.5048% equity interests in Hangsheng Electronics), Shenzhen Bohua Hangzhi Investment Partners Enterprise (Limited Partnership) (which currently directly holds 0.9210% equity interests in Hangsheng Electronics), and Shenzhen Bohua Shengjing Investment Partners Enterprise (Limited Partnership) (which currently directly holds 0.9522% equity interests in Hangsheng Electronics).

6.5 Hangsheng Electronics

Hangsheng Electronics is a company incorporated under the laws of the PRC with limited liability and it (and its subsidiaries) are principally engaged in the research and development, design, production and sales of automotive electronic products. It is a leading domestic provider of automotive electronic system solutions. Leveraging its continuous technological innovation and product iteration capabilities, Hangsheng Electronics has established a comprehensive business presence covering smart cockpit solutions, intelligent driving solutions, automotive acoustic solutions and other automotive electronics fields. It also provides corresponding software engineering services for each business segment.

Assuming there are no other changes in the share capital of Hangsheng Electronics, the Company will be interested in approximately 37.16% of the issued share capital of Hangsheng Electronics upon Acquisition Completion. The remaining 62.84% of the issued share capital of Hangsheng Electronics will be held by 79 shareholders. Apart from Yang Hong (who holds approximately 9.8856% equity interests in Hangsheng Electronics upon Acquisition Completion) and AVIC Airborne Systems Co., Ltd.* (中航機載系統有限公司) (which is not involved in the Transaction, and holds approximately 6.2441% equity interests in Hangsheng Electronics upon Acquisition Completion), the remaining shareholders of Hangsheng Electronics do not directly hold more than 5% of shares in Hangsheng Electronics.

Financial information of the Hangsheng Electronics Group

According to the audited consolidated financial statements of the Hangsheng Electronics Group, the net asset value of the Hangsheng Electronics Group as at 31 December 2025 was approximately RMB1,881.37 million, and the financial information of the Hangsheng Electronics Group for the two years ended 31 December 2024 and 31 December 2025, respectively, is set out below:

	For the year ended 31 December 2024 (RMB'000) (audited)	For the year ended 31 December 2025 (RMB'000) (audited)
Net profit (before taxation)	53,262.24	246,862.47
Net profit (after taxation)	48,668.94	242,579.79

7. VALUATION OF HANGSHENG ELECTRONICS GROUP

APPRAISED VALUE OF HANGSHENG ELECTRONICS

A. Value of the Entire Equity Interests of the Shareholders of Hangsheng Electronics Calculated Using the Income Approach

According to the valuation report issued on 24 June 2026 by the Independent Valuer engaged by the Company, the appraised value of the entire equity interests of the shareholders of Hangsheng Electronics as at the Valuation Reference Date (i.e. 31 December 2025) using the income approach is RMB3,850.40 million.

B. Reasons for Adopting the Income Approach

The income approach is based on the theory of utility value in economics, which holds that the value of an enterprise to an investor lies in the expected future returns that its assets can generate. Although the income approach does not directly use market comparables to reflect the current fair market value of the subject of the valuation, it evaluates the assets from the perspective of their expected profitability and value-in-use, thereby fully reflecting the overall value of the enterprise. As a tier 1 automotive supplier with over 30 years of development, the appraised entity has established mature sales and supply chain channels, stable production process systems and well-established internal management systems, and possesses independent profitability. The management of the enterprise has provided profit forecasts for future years based on its own operational development plans. The appraisal professionals, having reviewed the relevant information provided by the enterprise and taking into account factors such as the macroeconomic environment, industry policies and market development trends, are of the view that the future profitability of the enterprise can be reasonably estimated. In addition, the risk level corresponding to the expected future returns can be reasonably quantified. Therefore, it is appropriate to adopt the income approach for the valuation.

C. Key Assumptions Adopted in the Valuation Report

(1) Basic Assumptions

1) Open market assumption: the open market assumption is a hypothetical explanation or limitation about the conditions of the market in which the asset is intended to enter and the impact that the asset will receive under such market conditions. The open market refers to fully developed and perfect market conditions, and refers to a competitive market with willing buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information, and transactions between buyers and sellers are conducted under voluntary, sensible, non-mandatory or unrestricted conditions.

2) Continuing use assumption: the assumption first assumes that the appraised assets (including assets currently being employed and reserved assets) are being used and, based on the relevant data and information, will continue to be employed. Continuing use assumption describes the market conditions or environment for the appraised assets and particularly describes the assets' status of continuance. Specifically, it includes continuing to be used as the existing usage; continuing to be used with a change of usage; continuing to be used at a different location or space. Continuing to be used as existing usage refers to the case when the asset will continue to be used according to the existing usage purpose and manner after change in the property rights or related business. Continuing to be used with a change of usage refers to the case when the asset will continue to be used with a change of the existing usage purpose being replaced by a new usage purpose after change in property rights or related business. Continuing to be used at a different location or space refers to the case when the asset will continue to be used with a change of location or space and continue to be used at another location or space after change in property rights or related business. It is assumed that the appraised entity's use of the appraised assets is continuing to be used as existing usage.

3) Going concern assumption: it is assumed that the appraised entity will legally continue as a going concern based on its existing assets and resources, and such operations will not be suspended for any reason in the foreseeable future.

4) Transactional assumption: it is assumed that all the assets to be appraised are already in the course of transaction and are valued based on a simulated market with reference to the conditions of the trade of the assets to be appraised. The transactional assumption is the most fundamental assumption for the performance of asset valuation.

(2) General Assumptions

1) This valuation is based on the specific valuation purpose stated in this valuation report as its basic assumption and premise.

2) All assets in this valuation are based on the actual inventory as at the Valuation Reference Date, and the current market prices of the relevant assets are based on the effective prices on the Valuation Reference Date.

3) It is assumed that there will be no material changes in the macroeconomic environment, industry development trends, financial environment, credit interest rates, exchange rates, tax policies and relevant fee standards after the Valuation Reference Date.

4) It is assumed that the subject of the valuation will be traded under open market conditions, both parties to the transaction have access to necessary market information, and there is no artificial inflation or deflation of prices.

5) It is assumed that the businesses operated by the appraised entity and its subsidiaries are legal and no unforeseeable factors will prevent their continuing operation, and the existing uses of the appraised assets will remain unchanged and they will continue to be used in their current locations.

6) It is assumed that there will be no material changes to the accounting policies and accounting methods of the appraised entity and its subsidiaries after the Valuation Reference Date.

7) It is assumed that the free cash flows of the appraised entity will occur evenly over each forecast period.

8) It is assumed that the future development plans and operating data provided by the appraised entity will be realized as scheduled in future operations, and that relevant orders on hand, designated projects and business agreements will proceed as planned.

9) It is assumed that there will be no material changes to the business model of the appraised entity in the future.

10) Relevant basic information and financial information provided by the principal and the appraised entity are true, accurate and complete.

11) Information disclosed by comparable companies is true, accurate and complete, with no false statements, errors or material omissions that may affect value judgement.

12) It is assumed that the exercise of the intangible asset rights owned by the appraised entity is in full compliance with relevant laws and regulations, does not violate national laws or public interests, and does not infringe upon any rights protected by national laws, including computer software copyrights.

13) Unless otherwise specifically stated, this valuation has not taken into account the impact of any mortgages or guarantees that the equity interests or related assets of the appraised entity may bear on the valuation conclusion, nor has it considered the impact of changes in national macroeconomic policies or natural forces and other force majeure events on asset prices.

(3) Special Assumptions

1) In terms of the legal description or legal issues of the appraised assets (including their ownership or encumbrance limitations) in this valuation report, the Company has performed general investigation according to relevant standards. Apart from those disclosed in the work report, the ownership of the appraised assets is assumed to be in good condition and tradable in the market, not subject to any lien and easement, have not been violated and do not bear any other encumbrance limitations.

2) In terms of the information provided by the principal and other parties which all or part of the value appraisal conclusion set out in this valuation report relied upon, the Company has only conducted independent review pursuant to the valuation procedures. The Company makes no representation as to the authenticity, accuracy and completeness of such information.

3) All certificates, licenses, letters of consent or other legal or administrative authorization documents signed or issued by relevant local and national government institutions, private organizations or groups, which are required to be employed as basis of value estimation by the users of assets in this valuation report, have been or could be obtained or updated at any time.

4) The asset appraisal professionals' valuations are made based on the purchasing power of local currency on the Valuation Reference Date.

5) It is assumed that the various qualification certificates of the appraised entity and its subsidiaries can be renewed upon expiry.

6) It is assumed that all improvements on the relevant assets performed by the appraised entity are in line with all the requirements of relevant laws and the regulations related to other laws, plans or engineering codes set by relevant competent departments at higher levels.

7) Estimations in this valuation report are made based on the assumption that all significant or potential factors which may affect the value analysis have been fully disclosed between the asset appraisal professionals and the appraised entity.

8) This valuation assumes that the basic and financial information provided by the principal and the appraised entity is true, accurate and complete; the scope of valuation is only based on the valuation declaration form provided by the principal and the appraised entity, and does not take into account possible contingent assets and contingent liabilities that may exist outside the declaration list provided by the principal and the appraised entity.

9) It is assumed that the appraised entity's major customer relationships, supply chain system and core management and technical team will remain stable during the forecast period, and that no events that would have a material adverse effect on the going concern capability will occur.

10) Based on industry research reports, the historical operating performance of the enterprise and customer communication records, the appraisal professionals have conducted analysis and assessment regarding the price increase cycle of memory chips and the cost pass-through mechanism. Such assessments are made based on currently available information. If there are material changes to the price increase cycle, pass-through mechanism or settlement methods in the future, the assessment conclusions may be affected.

D. Forecast Model and Forecast Period

(1) Forecast Model

This valuation adopts the enterprise free cash flow discount model under the income approach. Based on the fundamental principle that the value of an asset equals the present value of its expected future returns, this approach first discounts the free cash flows expected to be generated by the enterprise in future years at an appropriate discount rate to arrive at their present value, and aggregates them to obtain the value of the enterprise's overall operating assets. On this basis, the net value of non-operating assets and liabilities is added, and interest-bearing liabilities are deducted, to ultimately determine the value of the entire equity interests of the shareholders. In this valuation, the expected returns are quantified as free cash flow of the enterprise, and the discount rate is calculated using the Weighted Average Cost of Capital (WACC) model. The specific formula is as follows:

$$P = \sum_{t=1}^{n} \frac{FCFF_t}{(1+r)^t} + \frac{FCFF_{n+1}}{(r\text{-}g)\times(1+r)^n} - S + A - L - D - M$$

Where: P —— value of total equity interests of shareholders;

FCFFt —— free cash flow of the enterprise in the t*th* year;

n —— length of the definite forecast period;

r —— discount rate;

g —— growth rate in the perpetual period;

S —— surplus funds;

A —— value of non-operating assets;

L —— value of non-operating liabilities;

D —— interest-bearing debts;

M —— value of minority interests.

(2) Forecast Period

The Valuation Reference Date is 31 December 2025. During the engagement, after comprehensive analysis of the enterprise's revenue and cost structure, capital structure, capital expenditure levels and operating risk levels, and taking into account macroeconomic policy guidance, industry cyclical trends and other relevant factors affecting the enterprise's entry into a stable operating period, the appraisal professionals have reasonably determined that the enterprise has an indefinite revenue period.

Given that near-term earnings can be forecasted with relative accuracy while the accuracy of long-term earnings forecasts is relatively low, this valuation divides the revenue period of the enterprise into a definite forecast period and a post-definite forecast period (stable year), with a perpetual period adopted as the overall revenue period. The first stage covers 1 January 2026 to 31 December 2030, during which the earnings are expected to undergo dynamic changes based on the appraised entity's current operations and future development plans. The second stage is the perpetual operation period commencing from 1 January 2031, during which the appraised entity will maintain a stable level of profitability.

(3) Earnings Forecast for the Forecast Period

1) Revenue Forecast

From an industry perspective, demand for automotive electronics is influenced by factors such as automobile production and sales volumes and the trend towards intelligentization. The appraisers have analyzed and assessed the revenue for the forecast period based on publicly available industry data and the appraised entity's historical revenue structure. The forecast takes industry background as a reference and is specifically based on the appraised entity's projects in production, designated projects and related business information.

(1) Smart cockpit solutions

The smart cockpit business primarily includes products such as in-vehicle infotainment systems, cockpit domain controller systems, human-machine interaction systems and in-vehicle driving information display systems. Revenue from such products is mainly influenced by factors such as customer designated projects, model sales volumes, product unit prices and annual price adjustments.

For the years 2026 to 2027, revenue forecasts are mainly based on projects in production and designated projects already secured. The appraisers have obtained relevant project designation documents, customer demand information and historical execution data, conducted necessary checks on the customer and product relationships corresponding to major projects, and made analysis and judgments on sales volumes for the forecast period based on customer demand and historical execution.

Unit prices for existing projects are based on prices in effect as at the Valuation Reference Date, with consideration given to annual price adjustments. For new projects, the forecasts are made with reference to the progress of the projects and price levels of similar historical projects.

For the year 2028 and subsequent years, given the uncertainties associated with individual vehicle models and projects, a steady growth rate is applied on the basis of the earlier forecasts, taking into account product maturity and industry development trends.

(2) Intelligent driving solutions

Intelligent driving solutions mainly include intelligent driving domain controllers and driver assistance systems. These businesses are in a phase of rapid development, and the revenue primarily depends on design-wins from customers, mass production and changes in product unit prices.

For the years 2026 to 2027, forecast will be made based on the design-wins obtained by the appraised entity and projects in progress. The valuers have reviewed relevant designated documents and project schedules and also made analysis and judgements on the sales volume taking into account the customer needs, implementation history and product introduction pace. In terms of the unit prices, forecast will be made based on the current prices and change in product mix.

For the year 2028 and subsequent years, in light of the rapid technological iterations in the industry and the significant changes in the market competition, prudent growth rate assumption will be adopted based on the prior period forecasts.

(3) Automotive acoustics solutions

This segment is electroacoustic systems business, primarily including amplifiers, speakers and related acoustics products, with revenue primarily generated from the OEM demand.

Revenue during the forecast period is based on the existing projects and design-wins that have already been obtained and is analyzed and judged by referring to the implementation history and customer needs. The forecast of the unit price is conducted by considering the changes in product mix and price adjustment for the year. In the future, prudent adjustments will be made based on previous forecasts and also considering the product maturity and industry conditions.

(4) Other businesses

Other businesses include telematics system business, technical services, operation and maintenance services and relevant supporting business. In particular, the teleprocessing system business mainly includes T-Box, automotive gateways and other products, with revenue primarily generated from design-wins that have been obtained. The revenue forecast is based on the design-wins that have been obtained and is analyzed and judged by referring to the implementation history and customer needs. The unit prices forecast is conducted by considering the current price levels and the annual adjustments. The amount is reasonably adjusted by combining the customer needs and the implementation history. For other technical services and relevant supporting business — which has historically maintained relatively stable scale — the prediction of the forecast period is conducted with reference to the historical level and the management's plan.

2) Forecast on Operating Cost

The forecast for the principal business is made based on the revenue forecast, with reference to the cost structure corresponding to various product series. The cost forecast is primarily analyzed and judged taking into account the historical cost composition of the assessed entity, the BOM structure of the products, changes in prices in major raw materials, direct cost in labour and manufacturing, as well as the enterprises' control and implementation on previous costs.

The cost forecast of principal business is primarily based on the following factors:

(1) Direct material costs

Direct material costs are estimated based on the BOM structure corresponding to each product, raw material procurement prices on or around the Valuation Reference Date, supplier quotations, project quotation information and the sales plan for products during the forecast period.

For existing mass-produced projects, the unit material cost is determined mainly based on the actual executed product BOM, procurement prices and historical production costs on or around the Valuation Reference Date. For new SOP projects during the forecast period, the unit material cost is determined mainly based on the project initiation BOM, customer quotation information, supplier quotations and updated cost information developed during the project advancement. During the forecast period, direct material costs will be adjusted accordingly in line with changes in different product configurations, customer vehicle models, core component prices and product structures.

Special matters such as memory chip price increases are considered as a specific factor in this revenue forecast, and are comprehensively estimated based on the vehicle models involved, projected usage volumes, changes in procurement prices, customer compensation arrangements and the portion to be borne by the enterprise.

(2) Production labor and manufacturing expenses

Production labor and manufacturing expenses mainly include remuneration of production staff, depreciation and amortization, utilities (water, electricity and gas), equipment maintenance and other expenses related to production line operations. The forecast is made based on the appraised entity's production plans, capacity arrangements, standard working hours, production volumes, production base distribution and manufacturing expense budgets during the forecast period.

For production labor, the forecast is made based on the production volume, staffing configuration and remuneration levels during the forecast period. For manufacturing expenses, allocation is performed based on historical expense levels, production scale during the forecast period, production line arrangements, depreciation and amortization and other factors. Depreciation and amortization are estimated in accordance with the enterprise's existing depreciation and amortization policies, based on existing production-related assets as of the Valuation Reference Date, the schedule for capitalization of construction-in-progress and the capital expenditure plan during the forecast period.

(3) Cost control and other cost factors

In the automotive electronics industry, original equipment manufacturers typically impose annual price reduction requirements. As a Tier 1 supplier, the appraised entity faces pressure from customer annual price reductions while implementing cost control measures through supplier negotiations, bulk procurement, domestic substitution, supply chain optimization, product design optimization, process improvements and material substitution. The above factors relating to procurement cost reduction and technical cost reduction have been taken into account in this cost forecast. In addition, cost items related to product production and delivery, such as customer claims and logistics freight, are also comprehensively estimated based on historical occurrences, customer mix, product quality management standards, revenue scale during the forecast period, delivery models and transportation arrangements.

(4) Cost and gross profit margin of principal business for the forecast period

The forecast of cost of principal business is aligned with the revenue forecast of principal business in terms of product, customer and vehicle model. Differences in gross profit margins across different products are primarily driven by changes in customer mix, vehicle model mix, product configuration, production models, project SOP timing, production ramp-up phases and the proportion of low-margin OEM business.

For the years 2026 to 2027, the cost forecast will be made mainly based on the BOM, procurement prices, production man-hours, manufacturing expense allocation and cost control conditions of mass-produced projects, projects in progress and SOP projects during the forecast period. For the year 2028 and subsequent years, on the basis of the previous estimates, the gross profit margin levels for each product will be determined prudently by taking into account factors such as product mix, customer annual price reductions, industry competition, room for cost control and project maturity.

The fluctuations in gross profit margins for in-vehicle infotainment systems, cockpit domain controller systems and similar products during the forecast period are primarily driven by the combined effect of changes in the mix of designated projects and differences in gross profit margins and SOP timeline across different models. Differences in the actual contribution period of vehicle models with different gross profit margins, coupled with dynamic adjustments in the designated model structures, result in certain changes in the gross profit margin of the aforementioned product categories in different years. The above impact of the designated projection conditions and changes in gross profit contribution across various models have been fully considered in this cost forecast.

In summary, the cost forecast of principal business has been comprehensively estimated by taking into account factors aligned with the revenue forecast, including product mix, customer mix, BOM costs, material prices, production labor, manufacturing expenses, cost control measures, customer claims, logistics freight and the price increase of memory chips.

3) Forecast on Taxes and Surcharges

Taxes and surcharges of the assessed entity primarily include stamp duty, urban maintenance and construction tax, education surcharge and local education surcharge, property tax, land use tax, vehicle and vessel tax and other related taxes. In this valuation, each tax is reasonably estimated based on historical occurrence, current tax policies and business scale during the forecast period.

(1) Stamp duty: Predictions for stamp duty are made in accordance with principal business scale and relevant tax base pursuant to the current tax policies.

(2) Urban maintenance and construction tax, education surcharge and local education surcharge

These taxes are predicted based on value-added tax base and used applicable tax rate. Value-added tax is comprehensively predicted by considering the revenue and cost of the principal business, as well as the impact of relevant tax policies.

(3) Property tax and land use tax

Property tax and land use tax are predicted based on the existing asset scale of the assessed entity and applicable tax rate, and the forecast period is reasonably extended based on the asset condition as of the Valuation Reference Date. The proportion corresponding to the non-operating asset has been excluded.

(4) Vehicle and vessel tax and other related taxes, which are relatively minor in tax amount, are predicted based on the historical occurrence and its proportion to revenue.

(5) Taxes related to overseas subsidiaries are predicted based on their historical operating conditions and local tax policies and also reflected on the consolidated basis.

4) Forecast on Selling Expenses

Selling expenses mainly include employee compensation, after-sales services fees and other sales-related expenses. This prediction is made in accordance with the historical expense levels, expenses structure and changes in business scales of the appraised entity.

In terms of the expense structure, employee compensation and after-sales services fees account for a relatively high proportion of the selling expenses, while other expenses, including business entertainment expenses, travel expenses, office expenses, promotion and exhibition fee, prototype and samples expenses, material consumption expenses and other related expenses, generally show a certain correlation with business scale.

(1) Employee compensation

Employee compensation for sales personnel is predicted based on historical compensation levels, staff allocation and changes in business scales. On the basis of analyzing the historical relationships between personnel and revenue, the valuers made a reasonable prediction of the employee compensation during the forecast period.

(2) After-sales services fees

After-sales services fees are primarily related to the revenue for principal business activities. The valuers analyzed the historical ratio of historical after-sales service fees to the revenue of principal business, and cost prediction is made on this basis during the forecast period.

(3) Other selling expenses

Other selling expenses mainly include business entertainment expenses, travel expenses, office expenses, promotion and exhibition fee, prototype and samples expenses, material consumption expenses and relevant expenses. Overall, the above expenses or fees are related to business scale and market development activities. The valuers conducted an overall analysis based on historical expenses levels, expenses composition and fees control by the enterprises, and made a reasonable extension within the forecast period.

5) Forecast on Administrative Expenses

Administrative expenses primarily include employee compensation, office expenses, travel expenses, business entertainment expenses and other expenses related to administration. The forecast is made taking into account the historical expense levels, expenses structure and changes in business scales of the assessed entity. In terms of the expense structure, employee compensation accounts for a relatively high proportion of the administrative expenses, while other expenses include office expenses, travel expenses, business entertainment expenses, intermediary agencies expenses and other related expenses, whose overall expenses are related to companies' management scales, organization composition and fees control.

(1) Employee compensation

Employee compensation for management is predicted based on historical compensation levels, staff allocation and changes in operating scales. On the basis of analyzing the historical conditions between personnel and expenses, the valuers made a reasonable prediction of employee compensation during the forecast period.

(2) Daily administration fees

Daily administration fees mainly include office expenses, travel expenses, business entertainment expenses and material consumption expenses. The above expenses are generally related to the scale of daily operations and management needs of the companies. The forecast is made by analyzing the historical expenses and fees control, pursuant to which, expenses were continued in a reasonable manner as of the forecast period.

(3) Intermediary agencies and special expenses

Intermediary agencies and other special expenses mainly include audit, consulting and relevant services expenditures. Upon consideration of the historical expenses and excluding the impacts of contingent or phased factors, the valuers made a reasonable prediction to the expenses during the forecast period.

(4) Expenses in relation to leasing and operation

Expenses in relation to leasing and operation mainly include rent, utility and park renovation, as well as promotion-related expenses. During the forecast period, predictions are made in accordance with the utilization of the existing assets and historical expenses.

(5) Share-based payments

Share-based payments are non-cash expenses recognized in accordance with relevant accounting standards and do not form the actual cash outflow under the corporate criteria of free cash flows. As the income approach used the corporate criteria of free cash flows, no prediction is made to the share-based payments.

In summary, for the year 2026, the administrative expenses are adjusted and determined with reference to implementation history and budget materials from the management with prudent analysis. For the year 2027 and subsequent years, reasonable growth assumptions will be used to forecast based on previous forecast, taking into account the operating scale of enterprises and fees features. Administrative expenses mainly include employee compensation, office expenses, travel expenses, business entertainment expenses and other administration-related expenses. This forecast is made in accordance with historical expenses levels, expenses structures and changes in operation scales of the assessed entity.

6) Forecast on Research and Development (R&D) Fees

R&D fees primarily include employee compensation, outsourced R&D activities fees and other R&D fees. This forecast is made in accordance with historical R&D fees, expenses structures and investment and arrangement in R&D activities of the assessed entity.

In terms of the expense structure, employee compensation accounts for a relatively high proportion of the R&D fees. Other expenses include outsourced R&D activities fees, trial production and testing costs, technical services fees and other related expenses, whose overall expenses are related to the R&D investment of the enterprise and development needs of products.

(1) Employee compensation

Employee compensation for R&D personnel is predicted based on historical compensation levels, staff allocation and scale of R&D investments. On the basis of analyzing the historical conditions between the scales of R&D personnel and expenses, the valuers made a reasonable prediction of employee compensation during the forecast period.

(2) Outsourced R&D activities fees

Forecast on outsourced R&D activities fees is made in accordance with needs for research projects and historical expenses levels. Upon exclusion of the impact of phased factors, the valuers made reasonable predictions of fees during the forecast period.

(3) Other R&D fees

Other R&D fees primarily include trial production and testing costs, technical service fees, inspection fees, certification fees and material consumption costs. These expenses are generally related to product development progress and R&D investment scale. This forecast is based on a comprehensive analysis of historical expense levels, expense structure and the entity's R&D plans, with reasonable continuation assumed throughout the forecast period.

In summary, for 2026, R&D fees are primarily determined with reference to historical performance and management budgets, adjusted on the basis of prudent analysis. For 2027 and beyond, such expenses are calculated using reasonable growth assumptions based on prior forecasts, taking into account R&D investment scale and business development trends.

7) Forecast of Finance Expenses

Finance expenses primarily include interest expenses, interest income, exchange gains and losses and related handling fees. Based on the historical composition of finance expenses and the operating conditions of the appraised entity, the relevant items have been classified and analyzed in this assessment.

Given that the entity's cash at bank and on hand will change frequently during its process of production and operation, interest income generated from deposits is not considered in this assessment. As exchange gains and losses are significantly affected by exchange rate fluctuations and are subject to a high degree of uncertainty, no separate forecast has been made under the going concern assumption in this assessment. The appraised entity has interest-bearing debt recorded as of the Valuation Reference Date. For the forecast period, the existing level of interest-bearing debt is assumed to be maintained, and interest on borrowings is projected based on the current effective interest rates. Since the appraised entity's handling fees bear a certain proportional relationship with its operating revenue, handling fees are therefore projected based on the ratio of handling fees to operating revenue in prior years in this assessment.

8) Forecast of Depreciation and Amortization

(1) Depreciation and amortization within the definite forecast period

For depreciation and amortization within the definite forecast period in this assessment, such depreciation and amortization to be accrued for each year within the definite forecast period are calculated based on the gross carrying amounts, net book values and commencement dates of the existing operating fixed assets, intangible assets and long-term deferred expenses as of the Valuation Reference Date, in conjunction with the adopted accounting depreciation policies (including useful life, salvage rate and depreciation method) and the economic useful life of each category of assets.

For fixed assets newly transferred from construction in progress and other non-current assets within the definite forecast period, projections are made using a uniform method starting from the point of transfer.

For non-operating fixed assets, projections are made separately after being stripped out for assessment and added back.

(2) Depreciation and amortization within the perpetual period

The annuitization method is adopted in this assessment to forecast depreciation and amortization within the perpetual period. The specific approach and process are as follows:

① Based on the assets' economic useful life and their years of use, the remaining economic useful life at the end of the forecast period (i.e., the starting point of the perpetual period) is calculated. The depreciation and amortization of existing assets to be accrued for each future year over the remaining economic life (i.e., the depreciation and amortization cash flows still to be generated) are discounted to the end of the forecast period (i.e., the starting point of the perpetual period) at the discount rate. The present value is then allocated equally over the remaining economic life at the same discount rate, yielding the equal annual depreciation and amortization amount for the perpetual period.

② Assets need to be renewed or replaced upon the end of their economic useful life. In this assessment, the timing of future rounds of renewal expenditures is projected based on the assets' economic useful life used as the renewal cycle, and the assets' original replacement and renewal costs (calculated at their original acquisition costs in this assessment). For each round of renewal expenditure, it is assumed that a new asset is formed at the point of expenditure and will be subject to depreciation and amortization over the subsequent renewal cycle. The depreciation and amortization generated by these future rounds of renewal assets are first discounted to the timing of each renewal, and then further discounted to the end of the forecast period (the starting point of the perpetual period). The total present value of depreciation and amortization of all future renewal assets is obtained by aggregation. Such total present value is then allocated equally over the entire perpetual period at the discount rate, yielding the equal annual depreciation and amortization amount generated by future renewal assets within the perpetual period.

③ The annuities calculated above are summed to arrive at the total projected depreciation and amortization for each year within the perpetual period.

9) Forecast of Capital Expenditures

(1) Capital expenditures within the definite forecast period

Within the definite forecast period, for maintenance capital expenditures, the renewal expenditures necessary to maintain existing production capacity are projected based on each asset's economic useful life used as the renewal cycle, and the original asset value as the full replacement cost. For expansion capital expenditures, the projection is based on the appraised entity's future revenue growth expectation, capacity matching relationship and the investment plans formulated by the management of Hangsheng Electronics, and the calculation is made using the same method as for maintenance capital expenditures based on the planned renewal timing and investment amounts within the definite forecast period.

(2) Capital expenditures within the perpetual period

For capital expenditures within the perpetual period, the annuitization method is adopted in this assessment. Future rounds of renewal expenditures for each category of assets are uniformly discounted to the starting point of the perpetual period and then annuitized, yielding the capital expenditure amount for each year within the perpetual period.

10) Forecast of Additional Working Capital

Additional working capital refers to the additional operating working capital required by the entity to maintain its existing operating scale and support its business development. It is generally projected based on changes in working capital levels for each year within the forecast period.

In this assessment, working capital refers to the difference between operating current assets and operating current liabilities. Operating current assets mainly include receivables and inventories, while operating current liabilities mainly include payables, employee benefits payable and taxes payable. In terms of calculation method, this assessment combines the historical operating conditions of the appraised entity and the turnover characteristics of each category of assets and liabilities to conduct a breakdown analysis of the relevant items, based on which the working capital levels for each year within the forecast period are projected, thereby determining the additional working capital.

The specific calculation formula for the additional working capital is as follows:

Additional working capital = Current working capital – Previous working capital

Working capital = Minimum cash holdings + Receivables + Inventories – Payables – Employee benefits payable – Taxes payable

In terms of specific treatment, receivables, inventories and payables are projected primarily based on their historical turnover rates in conjunction with changes in business scale. Employee benefits payable and taxes payable are reasonably estimated based on their settlement cycle characteristics. The minimum cash holdings are projected based on the entity's daily operating working capital turnover needs. Throughout the overall forecasting process, reasonable continuation and prudent judgment of the relevant parameters have been applied, incorporating the appraised entity's historical turnover levels and operating arrangements.

In the forecasting process of working capital, the impact of fluctuations in prices of key raw materials on procurement scale and capital turnover has been comprehensively considered. For the phased changes in fund occupation that may arise from price fluctuations, reasonable estimates have been made in this assessment based on the turnover of receivables and payables, and these have been reflected in the calculation of the additional working capital.

In summary, through comprehensive projection of operating current assets and liabilities, the working capital levels for each year within the forecast period are derived, and the changes therein are used as the additional working capital and incorporated into the income approach calculations.

11) Forecast of Enterprise Income Tax

As of the Valuation Reference Date, the parent company and subsidiaries of the appraised entity are subject to different enterprise income tax policies based on their places of registration and business nature. Among the major domestic operating entities, certain subsidiaries have obtained the qualifications of high and new technology enterprises and are subject to the preferential tax rate of 15%. Certain software enterprises qualify for relevant tax incentive policies, but have not yet actually enjoyed these benefits due to a lack of taxable income in previous periods. Certain smaller subsidiaries are subject to the policies applicable to small and low-profit enterprises. Overseas subsidiaries pay enterprise income tax in accordance with local tax policies.

This forecast analyzes and projects the enterprise income tax based on the historical operating conditions, applicable tax policies, and future profitability of each taxable entity of the appraised entity. In terms of specific treatment, projections are made on the basis of each independent taxable entity to estimate its taxable income and corresponding enterprise income tax for the forecast period. These figures are then aggregated to form the consolidated enterprise income tax forecast.

12) Forecast of Discount Rate

There are various methods and approaches to determine the discount rate. In accordance with the principle of consistency between the basis used for expected income and that for the discount rate, for the purpose of this assessment, the expected income is based on free cash flow of the entity, and the weighted average cost of capital (WACC) is adopted as the basis for the discount rate. The specific formula is as follows:

$$WACC = (Re \times We) + Rd \times (1 - T) \times Wd$$

Where: Re——cost of equity capital of the entity;

Rd——cost of debt capital;

We——Proportion of equity capital in the capital structure;

Wd——Proportion of debt capital in the capital structure;

T——Enterprise income tax rate.

In this assessment, the cost of equity capital of the entity (Re) is calculated using the capital asset pricing model (CAPM) with the specific formula as follows:

$$Re = Rf + \beta \times ERP + Rs$$

Where: Rf——risk-free rate of return;

β——risk factor of the entity;

ERP——equity risk premium;

Rs——company-specific risk premium.

(1) Determination of the return on equity

1) Risk-free rate of return

The risk-free rate of return (Rf) is the return on investment from a risk-free asset. For an asset to be considered risk-free, it must be free of default risk, which is a condition typically guaranteed only by the creditworthiness of the central government of a sovereign. Therefore, the risk-free rate is estimated using the yield on government bonds.

Government bonds with a maturity of 10 years and longer are selected to align with the time horizon of the market risk premium. The purpose of investing in government bonds is to hold until maturity. The coupon rate of a government bond may not equal the return on investment, and the two may equal only when the trading price of the government bond equals its par value. Besides, certain government bonds carry no coupon rate. Therefore, only the yield to maturity rate can reasonably estimate the return on investment of government bonds. In accordance with the PBOC Document No. 200 [2007], Notice of the People's Bank of China on Issues concerning Perfecting the Basis for Calculating the Yield to Maturity of Bonds in the National Inter-bank Bond Market, the yield to maturity rate of government bonds is calculated using compound interest.

In the estimation process, the following government bonds are excluded:

① Bonds issued by local governments via the central government;

② Government bonds for which yield to maturity rate data is unavailable;

③ Government bonds with negative yields or yields that are significantly higher or lower than the yield to maturity rate levels of other government bonds;

④ Government bonds traded in the inter-bank bond market, as these bonds are traded only among financial institutions and the trading entities are not representative of the general market;

⑤ Government bonds with trading volume in the current month, with an aim to ensure the yield period consistent with the calculation period of the yield to maturity rate.

Based on the above process, the risk-free rate of return (Rf) is estimated at 2.33%.

2) Market risk premium

The market risk premium (MRP), also referred to as the equity risk premium (ERP), represents the excess return that investors require for holding a fully diversified market portfolio over the risk-free rate of return. Since the stock market is generally regarded as a fully diversified market, the market risk premium therefore can be understood as the portion expected by the stock market in excess of the risk-free rate of return.

The Independent Valuer has conducted research on relevant data of the Chinese stock market and calculated the equity risk premium (ERP) for the Chinese stock market as follows.

- Identifying an index to measure the overall movement of the stock market: In order to estimate the return on investment in the stock market, firstly, it is necessary to determine the index that measures the volatility and change in stock market. Currently, there are many indices in Shanghai market and in Shenzhen market, but the index selected should be the one that can best reflect the changes of mainstream stocks in the market. With reference to the experience of the S&P 500 Index selected by the relevant U.S. institution when estimating the ERP, the Independent Valuer has selected CSI 300 Index for estimating the ERP of the Chinese market. CSI 300 Index is the first cross-market index that was jointly published by the Shanghai and Shenzhen Stock Exchanges on April 8, 2005. The index is comprised of 300 A-shares in the Shanghai and Shenzhen markets that are large in scale, have high liquidity and are most representative, so that they can comprehensively reflect the collective performance of A-shares in the Shanghai and Shenzhen markets. CSI 300 Index is a component index that uses the adjusted capital stock derived from the category-weighted method applied to the free-float proportion of index constituents as weights. Therefore, selecting the constituents of this index provides a more accurate reflection of the investment returns in the market.

- Selection of the return interval: The so-called return interval is considering that stock prices fluctuate randomly and there is uncertainty, in order to reasonably mitigate the disturbance caused by non-systematic fluctuations in stocks, the Independent Valuer needs to estimate the average rate of return of stock investments over a certain period of time, so as to minimize the possible differences caused by non-systematic fluctuations in stocks. Considering the characteristics of stock fluctuations in China's stock market, we chose 10 years as the interval period for calculating ERP, which means that the ten-year average investment return rate of each constituent stock needs to be calculated as its possible future expected investment return rate. In addition, China's stock market originated in the early 1990s, but the market was highly irregular in its initial years and only gradually became more standardised after 1997. In view of the above, when estimating the ERP for China's stock market, the earliest rolling period for calculation was set to start from 1997. Specifically, a "forward rolling" approach was adopted to calculate the ERP for the years 2012, 2013, 2014,..., 2020 and 2021. That is, the ERP in 2012 was calculated using data from the period 2003 to 2012, where the ERP for that year represents the average annual excess return that would have been achieved if an investor had purchased the index constituent stocks in 2003 and held them until 2012. Similarly, the ERP in 2013 was calculated using data from 2004 to 2013, representing the average annual excess return from holding the index constituent stocks purchased in 2004 until 2013. By the same logic, when calculating the ERP in 2025, the Independent Valuer used the period from 2016 to 2025 (a 10-year period), and the ERP for that year represents the average annual excess return that would have been achieved if an investor had purchased the index constituent stocks in 2016 and held them until 2025.

- Determination of the components of the index: Components of CSI 300 Index change every year. As a result, we have chosen the components of CSI 300 Index at the end of each year in our calculation. That is, when calculating ERP in 2024, the components of the CSI 300 Index at the end of 2024 are used; when calculating ERP in 2025, the components of the CSI 300 Index at the end of 2025 are used.

- Data collection: In this ERP calculation, the Independent Valuer utilised the iFinD financial data terminal to obtain the closing price of each selected constituent stock at the end of each year. Since the constituent stock returns should include the proceeds of annual bonus, dividend payout, the Independent Valuer needs to consider the so-called proceeds of annual bonus, dividend payout. Therefore, the year-end closing price that the Independent Valuer chooses is the year-end "restoration" price in iFinD data. For example, when calculating the ERP in 2023, the data used were the year-end adjusted closing prices from December 31, 2014 to December 31, 2023, based on December 31, 1997 as the reference date. These prices have effectively reflected the returns generated from annual dividends and distributions.

- The annual rate of return is calculated using both arithmetic mean and geometric mean:

  Calculation of arithmetic mean:

  Assume: The annual rate of return is Ri, then:

  $Ri = (Pi - Pi\text{-}1)/Pi$ $(i=1,2,3,\cdots\cdots,N)$

  where: Ri is the rate of return in year i, Pi is the year-end closing price of year i (backward adjusted)

  Assuming that the average return from year 1 to year n is An, then:

$$A_n = \sum_{t=1}^{n} Ri/N$$

  where: An is the arithmetic mean of rates of return from year 1 to year n, n = 1, 2, 3,......, 9, N is the effective life when calculating the annual ERP.

  Calculation of geometric mean:

  Assuming that the geometric mean from year 1 to year i is Ci, then:

$$C_i = \sqrt[(i-1)]{Pi/P1} - 1 \quad (i=2, 3, N)$$

  where: Pi is the closing price as at the end of year i (backward adjusted)

- Estimation Conclusion: After calculating the arithmetic mean or geometric mean of annual return of constituent stocks of CSI 300 index, the average return rate of the 300 constituent stocks was calculated, as the arithmetic or geometric mean to calculate the ERP results for the year. The weighted average method was adopted for this average. The weight chosen was the weight of each constituent stock in the calculation of CSI 300 index. ERP for each year is estimated in the following manner, respectively:

  Arithmetic mean:

  $ERPi = Ai - Rfi \ (i=1,2,\cdots\cdots,N)$

  Geometric mean:

  $ERPi = Ci - Rfi \ (i=1,2,\cdots\cdots,N)$

Through the above process, the excess rate of return in the market (ERPi) for each year over the 10-year calculation interval can be computed. After excluding the maximum and minimum values, the average ERP is calculated to be 6.09%, which is adopted as the final estimated equity risk premium for the market.

No.	**Year**	**Estimated Rm**	**Risk-free rate of return Rf (with remaining maturity over 10 years)**	**ERP (over 10 years) =Rm-Rf**	**Risk-free rate of return Rf (with remaining maturity over 5 years but less than 10 years)**	**ERP (5-10 years) =Rm-Rf**
1	2016	0.85%	4.02%	-3.17%	3.14%	-2.29%
2	2017	14.40%	4.23%	10.17%	3.68%	10.72%
3	2018	3.46%	4.12%	-0.66%	3.55%	-0.09%
4	2019	9.05%	4.10%	4.95%	3.41%	5.64%
5	2020	16.89%	4.08%	12.81%	3.30%	13.59%
6	2021	17.83%	3.41%	14.42%	2.85%	14.98%
7	2022	5.19%	3.31%	1.88%	2.81%	2.38%
8	2023	5.09%	2.94%	2.15%	2.66%	2.43%
9	2024	11.37%	2.02%	9.35%	1.79%	9.58%
10	2025	10.42%	2.33%	8.09%	1.80%	8.62%
11	Average	9.46%	3.46%	6.00%	2.90%	6.56%
12	Maximum	17.83%	4.23%	14.42%	3.68%	14.98%
13	Minimum	0.85%	2.02%	-3.17%	1.79%	-2.29%
14	Average after removing maximum and minimum values	9.48%	3.54%	6.09%	2.94%	6.61%

3) Appraised entity's market risk coefficient β (Levered β)

In this valuation, the β value is calculated using the iFinD financial data terminal, with the CSI 300 Index selected as the stock market index, consistent with the CSI 300 Index used in estimating the domestic stock market market risk premium.

The β calculator on the iFinD financial data terminal is used to compute the β values of the comparable companies. The above β values are levered β values, which incorporate the respective capital structures of the comparable companies.

① Unlevered β of comparable companies

The Independent Valuer calculates the Unlevered β of each comparable company using the following formula:

$$\text{Unlevered}\beta=\text{Levered}\beta/[1+(1-T)\times D/E]$$

Where: D——Debt value;

E—— Equity value;

T——Corporate income tax rate.

After calculating the Unlevered β of the comparable companies, their average is taken as the target capital structure.

② Capital structure of the appraised entity

In determining the capital structure of the appraised entity, the following two indicators were considered and analysed in this valuation:

- The target capital structure estimated based on comparable listed companies;
- The actual capital structure of the appraised entity estimated using an iterative approach.

In the iterative approach, each iteration adopts a capital structure (D/E) corresponding to a specific cost of debt (Rd). However, changes in D/E inevitably lead to fluctuations in Rd, making it difficult to reasonably estimate Rd throughout the iterative process. Moreover, this valuation adopts the cash flow model under the invested capital approach. According to the MM theorem, the weighted average cost of capital (WACC) under this model is independent of the capital structure. That is, when the sum of debt and equity (D+E) remains constant, the WACC calculated using different D/E ratios is essentially the same. Therefore, theoretically, the Independent Valuer can select any capital structure for calculating WACC. Based on this, selecting the industry optimal capital structure, as calculated from comparable listed companies, as the target capital structure, enables a reasonable analysis and determination of the corresponding cost of debt, i.e., the industry optimal lending rate. Although there is no direct mathematical formula for estimating the Rd corresponding to the optimal capital structure, a matching Rd value can still be determined through reasonable analysis and professional judgment. In light of the above analysis, the target capital structure is adopted as the capital structure of the appraised entity in this valuation.

③ Levered β of the appraised entity under the capital structure

The determined capital structure D/E is substituted into the following formula to calculate the Levered β of the appraised entity:

$$\text{Levered}\beta = \text{Unlevered}\beta \times [1+(1-T) \times D/E]$$

Where: D——Debt value;

E——Equity value;

T——Corporate income tax rate.

④ Adjustment of the β coefficient

The fundamental purpose of estimating the β coefficient is to determine the discount rate, which will be used to discount future expected earnings. Therefore, the discount rate itself should be a forward-looking expected value, which requires that the β coefficient, as a core input parameter, also possesses forward-looking attributes. However, the commonly adopted method for estimating the β coefficient is based on historical data, and the resulting β coefficient is actually a historical β coefficient rather than a forward-looking expected β coefficient. For the historical β coefficient to be used to reflect current or future risks, it is necessary that the estimated β coefficient be sufficiently stable to be reliable. Therefore, the original β coefficients of comparable listed companies need to be adjusted.

In 1975, Blume pointed out in his paper *Betas and Their Regression Tendencies* (《貝塔及其回歸趨勢》) that the true value of a stock's β tends to be closer to '1' than its estimated value. He proposed two possible explanations for this "mean-reverting" tendency: first, enterprises tend to choose higher-risk investment projects in their early stages, and as time passes and risks are gradually realised, the β coefficient shows a declining trend; second, when making new investment decisions, risk-averse management tends to select less risky projects, which causes the company's β coefficient to revert towards '1'.

The Blume Adjustment is widely adopted due to its theoretical soundness and practical effectiveness. Many internationally renowned investment advisory firms use β calculation formulas similar to the Blume Adjustment. In view of this, this valuation will apply the Blume Adjustment method to revise the β coefficient estimated from historical data, so as to better align it with forward-looking expectations.

The specific formula of the adjustment approach and method proposed by Blume is as follows:

$$\beta_a = 0.65 \times \beta_h + 0.35$$

Where: β_a——the adjusted β value;

β_h——the historical β value.

4) Company-specific risk premium

The Capital Asset Pricing Model (CAPM) is primarily used to estimate the expected return of a diversified investment portfolio. When applied to a single company, it is necessary to consider the undiversified company-specific risks that the company bears relative to a diversified portfolio, and to make adjustments through a company-specific risk premium.

In this valuation, a comprehensive analysis of the potential specific risk factors of the appraised entity was conducted, taking into account the industry characteristics, business model and the company's specific circumstances. These factors primarily include customer concentration, supply chain structure, product structure, market distribution, corporate governance and management stability.

From an industry perspective, automotive electronics Tier 1 suppliers generally adopt the fixed-point development and life-cycle binding business model, with relatively high customer and supplier concentration, which is a common industry feature. The appraised entity has a presence across multiple product areas, including smart cockpits, intelligent driving and acoustic systems, with a relatively diversified product structure and broad market coverage, providing it with a certain degree of risk resilience.

At the level of Hangsheng Electronics, the appraised entity has established a relatively sound internal management system and decision-making mechanism, and its operating activities have a relatively limited degree of dependence on any single individual or single factor. However, as a non-listed company, there remains a certain gap in corporate governance standards compared to listed companies.

After considering the above factors comprehensively, this valuation concludes that the appraised entity bears a certain degree of company-specific risk, but that such risk is generally manageable. On this basis, in consideration of industry experience and valuation judgment, the company-specific risk premium is determined to be 1.50%.

(2) Determination of rate of return on debt

In determining the rate of return on debt in this valuation, a comprehensive analysis was conducted taking into account the existing interest-bearing debt structure of the appraised entity, historical financing costs, and the market interest rate environment as at the valuation date. The valuation personnel made a reasonable judgment by reference to the maturity structure of each interest-bearing liability and the corresponding market interest rate levels, taking into account the enterprise's actual financing costs. On this basis, a weighted calculation was performed according to the scale of the debt, and the rate of return on debt for this valuation was determined to be 2.76%.

(3) Determination of discount rate

$$WACC = Re \times \frac{E}{(D+E)} + Rd \times \frac{D}{(D+E)} \times (1-\mathrm{T})$$

The discount rate is determined based on the Weighted Average Cost of Capital (WACC). Given that this valuation is conducted on a consolidated basis and that the applicable tax rates of different taxable entities vary, the tax components within the discount rate have been fully factored into the calculation with reference to the Hangsheng Electronics Group's overall tax burden, maintaining consistency with the basis adopted for income forecasts. Based on the foregoing, the discount rate for each year is calculated and determined by taking into account the cost of equity capital, cost of debt capital and capital structure. Accordingly, the discount rate for each year is determined to be 10.12% using the above formula.

E. DETERMINATION OF VALUE OF SURPLUS ASSETS

The appraisers analyzed and calculated the minimum cash holding requirement for the enterprise to maintain normal operations, taking into account the business scale, capital turnover, and liquidity needs for daily operations of the appraised entity. On this basis, they conducted a comprehensive judgment of the calculated result and the size of monetary funds as of the Valuation Reference Date to determine whether the enterprise had any surplus funds.

The analysis indicated that the monetary funds held by the appraised entity as of the Valuation Reference Date were primarily utilized to meet daily operational requirements. The scale of these funds was commensurate with the enterprise's business activities, and no significant accumulation of funds exceeding normal operational needs was found. Consequently, no surplus funds were recognized in this valuation.

F. DETERMINATION OF INTEREST-BEARING LIABILITIES

As of the Valuation Reference Date, the interest-bearing liabilities of the appraised entity consisted primarily of short-term borrowings and long-term borrowings. In this valuation, the outstanding balances were verified against information such as loan contracts and fund transaction records, with the verified book value being adopted as the appraised value.

G. DETERMINATION OF NON-OPERATING ASSETS (LIABILITIES)

As of the Valuation Reference Date, certain assets and liabilities of the appraised entity were not directly related to its core business operations and did not contribute to the generation of the enterprise's operating cash flow. In this valuation, such items were separately identified as non-operating assets or liabilities, and were analyzed and treated according to their respective natures. The details are as follows:

(1) Non-operating assets

Non-operating assets primarily included restricted cash in money funds, trading financial assets, certain other receivables, wealth management and tax prepayments in other current assets, as well as long-term equity investments and investments in other equity instruments.

The aforementioned assets did not participate in the enterprise's daily production and operations or were classified as investment assets, which in this valuation were treated based on their nature and measurement methods. Specifically, items measured at fair value or those whose value was reasonably reflected by their book value were recognized at their verified book value; for investment assets, their appraised value was determined based on the calculation results derived from the asset-based approach.

(2) Non-operating liabilities

Non-operating liabilities primarily included certain other payables, provisions, and deferred income.

The aforementioned liabilities bore no direct relationship to the enterprise's operating activities; therefore, the analysis considered the reasons for their incurrence and the nature of future obligations. Specifically, liabilities requiring settlement based on established obligations were recognized at their book value, while items that would no longer result in future economic benefits outflows were reasonably assessed based on their specific circumstances.

(3) Deferred income tax and related adjustments

Deferred income tax assets and liabilities primarily arose from temporary differences resulting from items such as provision for impairment, deferred income, and fair value changes. This valuation analyzed and treated these items by considering their underlying causes and their relationship with operating cash flows.

Items arising from accounting treatments but did not result in actual future cash inflows or outflows have not been separately reflected in the cash flows calculated using the income approach; items related to future tax obligations have been comprehensively considered during the corporate income tax estimation process. The deferred tax liabilities were recognized due to fair value changes of investments in other equity instruments. Since investments in other equity instruments have been classified as non-operating assets, with their value being separately determined and added back as of the Valuation Reference Date, there were no taxable temporary differences; consequently, the deferred tax liabilities were treated as zero.

(4) Other explanation

The portion of fixed assets leased to external parties, as well as the idle land held by Jiangxi Hangsheng Electronics Technology Co., Ltd.* (江西航盛電子科技有限公司), were treated as non-operating assets.

H. DETERMINATION OF THE VALUE OF MINORITY INTERESTS

As of the Valuation Reference Date, the appraised entity holds a 45.00% equity interest in Shenzhen Hangsheng Cheyun Technology Co., Ltd.* (深圳市航盛車雲技術有限公司), which has minority interests. In this valuation, the income approach was adopted to estimate the value of the total equity interests on a consistent basis, and the value of the minority interests was determined in proportion to their shareholding.

I. SENSITIVITY ANALYSIS

In the income approach valuation model, revenue growth rate, gross profit margin and discount rate are the core parameters affecting the valuation conclusion. Accordingly, a sensitivity analysis was conducted in this valuation with respect to the above indicators, as set out below:

Amounts in RMB million

Indicator	Change Rate	Valuation	Change in Valuation per 0.5% Change
Revenue growth rate	-1.00%	3,652.00	-5.15%
	-0.50%	3,751.00	-2.58%
	0.00%	3,850.40	/
	0.50%	3,950.00	2.59%
	1.00%	4,049.00	5.16%
Gross profit margin	-1.00%	3,744.00	-2.76%
	-0.50%	3,797.00	-1.39%
	0.00%	3,850.40	/
	0.50%	3,903.00	1.37%
	1.00%	3,955.00	2.72%
Discount rate	-1.00%	4,210.00	9.34%
	-0.50%	4,021.00	4.43%
	0.00%	3,850.40	/
	0.50%	3,696.00	-4.01%
	1.00%	3,556.00	-7.65%

J. APPLICABILITY ANALYSIS OF THE ASSET-BASED APPROACH

For tangible assets, the asset-based approach is based on their carrying amounts. As long as the carrying amounts are accurately recorded, the application of the asset-based approach is relatively straightforward and reliable. This approach is grounded in the balance sheet and, from the perspective of asset cost, replaces the historical cost of individual assets and liabilities with their market values (or other types of value). The value of the net assets of the enterprise is then derived by deducting the assessed value of liabilities from the sum of the assessed values of the individual assets. The assets and liabilities of the appraised entity, both on and off the balance sheet as at the Valuation Reference Date, can be fully identified, and there are no assets or liabilities that are difficult to identify or assess and that have a material impact on the value of the subject matter. Furthermore, each asset and liability can be valued individually using appropriate methods. Therefore, the asset-based approach is considered appropriate for this valuation.

K. VALUATION CONCLUSION OF THE ASSET-BASED APPROACH

As at the Valuation Reference Date of 31 December 2025, the carrying amount of the total assets in the parent company's financial statements was RMB3,596.79 million, with an appraised value of RMB4,845.59 million, representing an appraised appreciation of RMB1,248.80 million and an appreciation rate of 34.72%.

The carrying amount of total liabilities in the parent company's financial statements was RMB1,862.48 million, with an appraised value of RMB1,844.72 million, representing an appraised depreciation of RMB17.76 million and a depreciation rate of 0.95%.

The carrying amount of the total equity in the parent company's financial statements was RMB1,734.31 million, with an appraised value of RMB3,000.87 million, representing an appraised appreciation of RMB1,266.56 million and an appreciation rate of 73.03%.

For details of the valuation conclusion, please refer to the Summary Table of Asset Valuation Results and the Valuation Breakdown Table.

Summary Table of Asset Valuation Results

Valuation Reference Date: 31 December 2025

Appraised entity: Shenzhen Hangsheng Electronics Co., Ltd. Amounts in RMB million

Item		Carrying Amount A	Appraised Value B	Appreciation and Depreciation C=B-A	Appreciation Rate% D=C/A×100%
1	Current assets	2,887.10	2,925.30	38.20	1.32
2	Non-current assets	709.69	1,920.29	1,210.60	170.58
3	Of which: Long-term equity investments	281.17	613.99	332.82	118.37
4	Investments in other equity instruments	9.86	10.15	0.30	3.00
5	Fixed assets	361.09	1,135.40	774.32	214.44
6	Construction in progress	11.50	11.53	0.03	0.23
7	Intangible assets	26.66	137.45	110.80	415.64
8	Long-term deferred expenses	8.62	0.96	-7.65	-88.82
9	Other non-current assets	10.81	10.81	–	–
10	Total assets	3,596.79	4,845.59	1,248.80	34.72
11	Current liabilities	1,821.71	1,821.71	–	–
12	Non-current liabilities	40.77	23.01	-17.76	-43.56
13	Total liabilities	1,862.48	1,844.72	-17.76	-0.95
14	Total equity	1,734.31	3,000.87	1,266.56	73.03

That is, the appraised value of the total equity interest of the shareholders of Shenzhen Hangsheng Electronics Co., Ltd. is RMB3,000.87 million.

L. ANALYSIS OF THE DIFFERENCES BETWEEN THE VALUATION CONCLUSIONS UNDER THE INCOME APPROACH AND THE ASSET-BASED APPROACH

The asset-based approach primarily reflects the replacement value of the enterprise's existing assets from the perspective of asset replacement. It represents the socially necessary labor consumed in asset investment (construction and acquisition costs). Such construction and acquisition costs generally vary with changes in the national economy. However, this approach fails to fully reflect the enterprise's comprehensive value in terms of customer resources, project reserves, technological capabilities and future profitability.

In contrast, the income approach determines the enterprise's value from the perspective of its future going concern and cash flow generation capabilities, by forecasting its future operating results and discounting them to present value, and is therefore more capable of fully reflecting the enterprise's overall profitability and development potential.

As a Tier 1 automotive electronics supplier, Hangsheng Electronics' business is characterized by a distinct project-driven model, with revenue primarily derived from projects in production, designated projects and projects to be mass-produced in the future. In addition to its existing assets, the enterprise's value is more significantly reflected in its customer resources, vehicle model designation project reserves, product R&D capabilities, mass production and delivery capabilities, and the sustainable profitability arising from the future project ramp-ups. The asset-based approach fails to fully reflect the synergies and future profitability arising from the above factors. The income approach, however, can comprehensively reflect the enterprise's existing project base and future business development potential in the valuation results through forecasts of future cash flows.

In view of the purpose of this valuation, both transaction parties are more concerned with the future operating conditions and profitability of the enterprise. Therefore, the results of the income approach have been adopted as the final valuation conclusion in this valuation.

8. PROFIT FORECAST

Since the consideration in respect of the Share Acquisition took account of the valuation of all shareholders' equity interests in the Hangsheng Electronics Group as at the Valuation Reference Date adopting the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules, and Rule 14.60A of the Listing Rules is applicable.

Grant Thornton Zhitong Certified Public Accountants LLP, the reporting accountant of the Company, has reported on the calculations for the forecasts used in the valuation report, which do not involve the adoption of accounting policies. So far as the calculations are concerned, the discounted cash flows approach has been properly compiled in all material respects in accordance with the assumptions adopted by the Board as set out in the valuation report.

Please refer to the Report from Reporting Accountants in Appendix I. The Board has confirmed that the profit forecast has been made after due and careful enquiry by the Board. Please refer to the Letter from the Board in Appendix II.

9. QUALIFICATION, CONSENT AND OPINION OF EXPERT

The name and qualification of the expert who has given its opinion or advice contained in this announcement are as follows:

Name	Qualification
Grant Thornton Zhitong Certified Public Accountants LLP	Certified public accountants

As at the date of this announcement, the expert listed above does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Grant Thornton Zhitong Certified Public Accountants LLP has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letter and reference to its name in the form and context in which it appears.

10. LISTING RULES IMPLICATIONS

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

A circular containing further information relating to the Transaction, together with a notice convening the EGM, the financial and other information of Hangsheng Electronics Group, and the unaudited pro forma financial information of the Enlarged Group is expected to be despatched to the Shareholders on or around 30 September 2026, because the Company requires additional time to prepare and finalize the circular.

Shareholders of the Company and potential investors should note that Completion of the Transaction is subject to the Conditions. Therefore, there is no assurance that the Transaction will be completed. Shareholders of the Company and potential investors should, accordingly, exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Acquisition Completion"	the completion of the SPAs
"Acting in Concert Agreement"	the acting in concert agreement dated 29 June 2026 entered into between the Company and each Concert Party, the principal terms of which are summarised in the section headed "*4. Summary of principal terms of the Acting in Concert Agreement*" in this announcement

"Avary Investment"	Avary Holding Investment (Shenzhen) Co., Ltd.* (鵬鼎控股投資(深圳)有限公司), a company established in the PRC with limited liability
"Baoteng Lianxiang"	Shenzhen Baoteng Lianxiang Investment Enterprise (Limited Partnership)* (深圳保騰聯享投資企業(有限合夥)), a limited partnership established in the PRC
"Board"	the Board of Directors of the Company
"Bohuasheng"	Shenzhen Bohuasheng Investment Partners Enterprise (Limited Partnership)* (深圳市博華盛投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Capital Investment"	Shenzhen Capital Investment Co., Ltd.* (深圳市創新資本投資有限公司), a company established in the PRC with limited liability
"CITICS Investment"	CITIC Securities Investment Co., Ltd.* (中信証券投資有限公司), a company established in the PRC with limited liability
"Company" or "Fibocom"	Fibocom Wireless Inc., a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00638)
"Compensating Obligor(s)"	has the meaning given to it in the section headed "*6. Information of the Parties – 6.4 Compensating Obligors, Pledgors and Concert Parties*" in this announcement
"Concert Party(ies)"	has the meaning given to it in the section headed "*6. Information of the Parties – 6.4 Compensating Obligors, Pledgors and Concert Parties*" in this announcement
"Conditions"	has the meaning given to it in the section headed "*1. Summary of principal terms of the SPAs – 1.5 Conditions Precedent of the Agreements*" in this announcement
"connected person"	has the meaning given to it in the Listing Rules
"Directors"	the directors of the Company
"Enlarged Group"	the Group as enlarged by Hangsheng Electronics Group upon Acquisition Completion
"Ganshang United Investment"	Shenzhen Ganshang United Investment Co., Ltd.* (深圳市贛商聯合投資股份有限公司), a joint stock company (unlisted) established in the PRC with limited liability
"Group"	Fibocom and its subsidiaries
"Guangshen United"	Guangxi Guangshen United Venture Capital Co., Ltd.* (廣西廣深聯合創業投資有限公司), a company established in the PRC with limited liability

"Hangsheng Electronics"	Shenzhen Hangsheng Electronics Co., Ltd. (深圳市航盛電子股份有限公司), a company incorporated in the PRC with limited liability
"Hangsheng Electronics Group"	Hangsheng Electronics and its subsidiaries
"Hangsheng Investment"	Shenzhen Hangsheng Investment Co., Ltd.* (深圳市航盛投資有限責任公司), a company established in the PRC with limited liability
"HAXC"	HAXC Holdings (Beijing) Co., Ltd.* (華安鑫創控股(北京)股份有限公司), a joint stock company established in the PRC with limited liability and listed in the PRC
"Hi-Tech Investment and Capital"	Shenzhen Hi-Tech Investment and Venture Capital Co., Ltd.* (深圳市高新投創業投資有限公司), a company established in the PRC with limited liability
"Hi-Tech Investment Yun"	Shenzhen Hi-Tech Investment Yun Capital Equity Investment Fund Partnership (Limited Partnership)* (深圳市高新投雲資本股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
"Hi-Tech Investment Zhiyuan Phase I"	Shenzhen Hi-Tech Investment Zhiyuan Phase I Equity Investment Fund Partnership (Limited Partnership)* (深圳市高新投致遠一期股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Hongtao Chengxuan"	Foshan Hongtao Chengxuan Equity Investment Partnership (Limited Partnership)* (佛山弘陶成選股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Huadeng II"	Hefei Huadeng II Integrated Circuit Industry Investment Partnership (Limited Partnership)* (合肥華登二期集成電路產業投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Huajian Jiachuang"	Shenzhen Huajian Jiachuang Enterprise Management Consulting Partnership (Limited Partnership)* (深圳華建佳創企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC
"Huaxin Yunkai"	Hangzhou Huaxin Yunkai Equity Investment Partnership (Limited Partnership)* (杭州華芯雲開股權投資合夥企業(有限合夥)), a limited partnership established in the PRC

"Huiyou Haojia"	Xiamen Huiyou Haojia Equity Investment Partnership (Limited Partnership)* (廈門市惠友豪嘉股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Independent Valuer"	Shanghai Zhonghua Assets Appraisal Co., Ltd.* (上海眾華資產評估有限公司)
"Interim Period"	has the meaning given to it in the section headed "*1. Summary of principal terms of the SPA – 1.7 Profit Compensation for the Interim Period*" in this announcement
"Jinshi Transportation"	Jiangsu Jinshi Transportation Technology Industry Fund Partnership (Limited Partnership)* (江蘇金石交通科技產業基金合夥企業(有限合夥)), a limited partnership established in the PRC
"Jinshi Zhongtou"	Shenzhen Jinshi Zhongtou Smart Sensor Industry Private Equity Fund Partnership (Limited Partnership)* (深圳市金石重投智能傳感器產業私募股權基金合夥企業(有限合夥)), a limited partnership established in the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the meaning given to it in the Listing Rules
"Performance Undertaking and Profit Compensation Agreement"	the performance undertaking and profit compensation agreement dated 29 June 2026 between the Company and each Compensating Obligor, the principal terms of which are summarised in the section headed "*2. Summary of principal terms of the Performance Undertaking and Profit Compensation Agreement*" in this announcement
"Performance Undertaking Period"	the years 2026 and 2027
"Pledgor(s)"	has the meaning given to it in the section headed "*6. Information of the Parties – 6.4 Compensating Obligors, Pledgors and Concert Parties*" in this announcement
"PRC"	the People's Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Reporting Accountant"	Grant Thornton Zhitong Certified Public Accountants LLP
"RMB"	Renminbi, the lawful currency of the PRC
"Runwu Holding"	Runwu Holding Co., Ltd.* (潤物控股有限公司), a company established in the PRC with limited liability

"Sellers"	the companies or individuals set out in the section headed "*6. Information of the Parties – 6.2 The Sellers*" in this announcement
"Share Acquisition"	the sale and purchase of the Target Equity Interests in accordance with the provisions of the SPAs
"Shareholder(s)"	holder(s) of the shares of the Company
"Share Pledge Agreement"	the share pledge agreement in connection with the maximum debt limit dated 29 June 2026 between the Company and each Pledgor, the principal terms of which are summarised in the section headed "*3. Summary of principal terms of the Share Pledge Agreement*" in this announcement
"Shengdao Investment"	Changzhou Shengdao Equity Investment Partnership Enterprise (Limited Partnership)* (常州晟道投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Shengrun Investment"	Shenzhen Shengrun Investment Partnership (Limited Partnership)* (深圳市生潤投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Shengtai Investment"	Gongqingcheng Shengtai Investment Partnership (Limited Partnership)* (共青城盛泰投資合夥企業(有限合夥)), a limited partnership established in the PRC
"Shenzhen Capital"	Shenzhen Capital Group Co., Ltd.* (深圳市創新投資集團有限公司), a company established in the PRC with limited liability
"Shouheng Zhiming"	Shouheng Zhiming (Jinjiang) Equity Investment Partnership (Limited Partnership)* (守恆致明(晉江)股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
"SPAs"	certain share purchase agreements dated 29 June 2026 between the Company and the respective Sellers (as well as the Third Parties, where applicable), relating to the sale by the respective Sellers and the acquisition by the Company of Target Equity Interests, the principal terms of which are summarized in the section headed "*1. Summary of principal terms of the SPAs*" in this announcement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Equity Interests"	37.16% of the equity interests of Hangsheng Electronics, representing the aggregate of the equity interests acquired under each SPA
"Third Parties"	the companies or individuals set out in the section headed "*6. Information of the Parties – 6.3 The Third Parties*" in this announcement

"Transaction"	the SPAs, the Performance Undertaking and Profit Compensation Agreement, the Share Pledge Agreement, the Acting in Concert Agreement and the transactions contemplated thereunder (including the Share Acquisition)
"Transportation Holding Jinshi"	Anhui Transportation Holding Jinshi Emerging Industries Equity Investment Fund Partnership (Limited Partnership)* (安徽交控金石新興產業股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC
"Valuation Reference Date"	31 December 2025
"Working Day"	any day(s) other than a Saturday, Sunday or statutory holiday in the PRC
"Xiaohe Venture Capital"	Shenzhen Xiaohe Venture Capital Partnership (Limited Partnership)* (深圳市小禾創業投資合夥企業(有限合夥)), a limited partnership established in the PRC
"%"	per cent.

* *For identification purposes only*

In this announcement, unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of HK$1.00 = RMB0.86919. Percentages and figures expressed in millions have been rounded.

By order of the Board
Fibocom Wireless Inc.
Zhang Tianyu
Chairman

The PRC, 29 June 2026

As of the date of this announcement, the Board comprises Mr. Zhang Tianyu, Mr. Ying Lingpeng, Mr. Xu Ning and Ms. Chen Qihua as executive directors, Mr. Wang Ning, Ms. Zhao Jing and Mr. Wu Chenggang as independent non-executive directors.

The following is the full text of the report issued by the Reporting Accountants, Grant Thornton Zhitong Certified Public Accountants LLP (Chinese Certified Public Accountants), which has been prepared for the purpose of incorporation into this announcement.

Grant Thornton
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FIBOCOM WIRELESS INC.
ACCOUNTANT'S REPORT ON THE DISCOUNTED CASH FLOW CALCULATIONS FOR THE EQUITY VALUATION OF SHENZHEN HANGSHENG ELECTRONICS CO., LTD.

GTCNZZ (2026) NO.441A000007

To the Board of Directors of Fibocom Wireless Inc.:

We have reviewed the discounted cash flow calculation process prepared by the Board of Directors of Fibocom Wireless Inc. ("the **Company**") for the business valuation to assess the fair value of the equity interest in Shenzhen Hangsheng Electronics Co., Ltd. as at 31 December 2025 (the "**Valuation**"). The Valuation has been prepared by Shanghai Zhonghua Assets Appraisal Co., Ltd. on 24 June 2026. The Valuation has been prepared using the discounted cash flow method 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 of the Company (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted cash flows for the Valuation, applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.

The Directors accept full responsibility for this profit forecast.

INDEPENDENCE AND QUALITY MANAGEMENT

We have complied with the independence and other ethical requirements set out in the Code of Ethics for Chinese Certified Public Accountants (the "**Code**") and the Independence Standards for Chinese Certified Public Accountants applicable to audits of public interest entities. The Code is founded on fundamental principles of integrity, objectivity, independence, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the *Chinese Standards on Quality Management No. 5101 – Quality Management for Engagements*, which requires us 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 assurance conclusion on whether the calculations of the discounted future cash flows 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 required by Rule 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 Chinese Certified Public Accountants Other Assurance Standards No. 3101 – Assurance Engagements Other than Audits or Reviews of Historical Financial Information. 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 calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the Assumptions. We performed procedures on the arithmetical calculations and the compilations of the discounted cash flows in accordance with the Assumptions. Our work does not constitute any valuation opinion on Shenzhen Hangsheng Electronics Co., Ltd..

As the Valuation relates to discounted future cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events 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.

CONCLUSION

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled, in all material respects, in accordance with the Assumptions as set out in the Valuation.

Grant Thornton Zhitong	Chinese Certified Public Accountants: Zhao Juanjuan
Certified Public Accountants LLP	(Project Partner)
	Chinese Certified Public Accountants: Zhou Yilan
China • Beijing	29 June 2026

29 June 2026
The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Dear Sirs,

MAJOR TRANSACTION

IN RELATION TO

ACQUISITION OF THE 37.16% EQUITY INTERESTS

IN SHENZHEN HANGSHENG ELECTRONICS CO., LTD.

We refer to the valuation report (Hu Zhong Ping Bao Zi [2026] No. 0610) dated 24 June 2026 in relation to the valuation of the total equity interests in Shenzhen Hangsheng Electronics Co., Ltd. ("**Hangsheng Electronics**") as at 31 December 2025 prepared by Shanghai Zhonghua Assets Appraisal Co., Ltd. (上海眾華資產評估有限公司) ("**Independent Valuer**") (the "**Valuation**").

Since the consideration in respect of the acquisition of all the shares in the share capital of Hangsheng Electronics took account of the valuation of the total equity interests attributable to the shareholders of Hangsheng Electronics as at the Valuation Reference Date adopting the income approach, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, Rule 14.60A of the Listing Rules is applicable.

We have discussed with the Independent Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report from our reporting accountants, Grant Thornton Zhitong Certified Public Accountants LLP, regarding whether the Valuation was compiled properly so far as the calculations are concerned.

Pursuant to the requirements of the Listing Rules, we are of the opinion that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

Yours faithfully
By order of the Board
Fibocom Wireless Inc.
Zhang Tianyu
Chairman