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

DISCLOSEABLE TRANSACTION ACQUISITION OF 80% EQUITY INTEREST IN THE TARGET COMPANY

THE ACQUISITION

On August 13, 2026, the Company entered into the Equity Transfer Agreements, namely the Founder ETA, the Incentive Platform ETA, the Institutional Vendor ETA and the Individual Vendor ETA with the Vendors, pursuant to which the Company agreed to acquire from the Vendors an aggregate of 80% equity interest in the Target Company, namely Suzhou Anruike Information Technology Co., Ltd. (蘇州安瑞可信息科技有限公司), for a total consideration of RMB1,120.00 million.

Upon Completion of the Acquisition, the Target Company will be held as to 80% by the Company and will become a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the financial statements of the Group.

HONG KONG LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Hong Kong Listing Rules, and is therefore subject to the reporting and announcement requirements but not subject to the circular and shareholders' approval requirements pursuant to Chapter 14 of the Hong Kong Listing Rules.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on August 13, 2026, the Company entered into the Equity Transfer Agreements with the Vendors to acquire from the Vendors an aggregate of 80% equity interest in the Target Company for a total consideration of RMB1,120.00 million.

THE EQUITY TRANSFER AGREEMENTS

The Equity Transfer Agreements comprise the Founder ETA, the Incentive Platform ETA, the Institutional Vendor ETA and the Individual Vendor ETA. Set out below are the principal terms of the Equity Transfer Agreements:

	Founder ETA	**Incentive Platform ETA**	**Institutional Vendor ETA/ Individual Vendor ETA**
Date	August 13, 2026		
Parties	(1) The Company, as the purchaser; (2) REN Liguo (任立國) ("**Mr. Ren**") and DING Zhiyong (丁志永) ("**Mr. Ding**"), each as a Vendor and a Performance Guarantor; (3) LI Hua (李華) ("**Ms. Li**"), as a Performance Guarantor; and (4) the Target Company.	(1) The Company, as the purchaser; (2) the Incentive Platform, as a Vendor and a Performance Guarantor; and (3) the Target Company.	For the Institutional Vendor ETA: (1) the Company as the purchaser, (2) Suanwang Investment as Vendor; and (3) the Target Company. For the Individual Vendor ETA: (1) the Company as the purchaser, (2) CHEN Bo (陳波) and WANG Zhonghui (王忠慧), each a Vendor; and (3) the Target Company.
Subject matter	Mr. Ren and Mr. Ding agreed to sell 41.0995% and 1.0168% equity interest in the Target Company to the Company, respectively. Ms. Li will not transfer any equity interest under the Acquisition. Each of Mr. Ren, Mr. Ding and Ms. Li has provided performance undertakings in favour of the Company pursuant to the Equity Transfer Agreements, details of which are set out in "Other Material Terms of the Equity Transfer Agreements – Performance Undertaking" below.	The Incentive Platform agreed to sell 5.8822% equity interest in the Target Company to the Company. Incentive Platform has provided performance undertakings in favour of the Company pursuant to the Equity Transfer Agreements, details of which are set out in "Other Material Terms of the Equity Transfer Agreements – Performance Undertaking" below.	Suanwang Investment agreed to sell 3.5274% equity interest in the Target Company to the Company. CHEN Bo and WANG Zhonghui agreed to sell 15.9298% and 12.5443% equity interest in the Target Company, respectively.

<table>
<tr><th></th><th>Founder ETA</th><th>Incentive Platform ETA</th><th>Institutional Vendor ETA/ Individual Vendor ETA</th></tr>
<tr><td>Consideration</td><td>RMB714.38 million payable to Mr. Ren, and RMB17.67 million payable to Mr. Ding.</td><td>RMB80.73 million, payable to the Incentive Platform.</td><td>RMB33.86 million payable to Suanwang Investment, RMB152.93 million payable to CHEN Bo and RMB120.43 million payable to WANG Zhonghui, respectively.</td></tr>
<tr><td>Basis for consideration</td><td colspan="3">The consideration was determined after arm’s length negotiations among the parties on normal commercial terms, after taking into account, among others, the appraised value of the Target Company as set out in the Valuation Report, the historical financial performance and business prospects of the Target Company, as well as the reasons for and benefits of the Acquisition. Further details are set out in the section headed “Basis for Consideration and Directors’ Assessment” below.</td></tr>
<tr><td>Payment terms</td><td colspan="2">For Mr. Ren, Mr. Ding and the Incentive Platform, the consideration shall be paid by instalments. The first instalment shall be payable within 10 Business Days after the execution and effectiveness of the relevant agreement and satisfaction of all conditions precedent. The second instalment shall be payable within 15 Business Days after completion of the relevant AMR registration procedures in respect of the equity transfer and amendments to the articles of association of the Target Company. The remaining instalments shall be payable within 15 Business Days after the issuance of the special audit reports for the relevant years during the Performance Undertaking Period, subject to the relevant performance compensation mechanism.

The deferred instalments payable to Mr. Ren, Mr. Ding and the Incentive Platform after the issuance of the special audit reports during the Performance Undertaking Period are subject to the Target Company meeting the agreed collection threshold. If the relevant threshold is not met, payment of the relevant instalment shall be deferred until the threshold is met or the relevant shortfall shall be otherwise made up by the Performance Guarantors in accordance with the Founder ETA and the Incentive Platform ETA.</td><td>Under the Institutional Vendor ETA and the Individual Vendor ETA, the consideration shall be paid in two instalments. The first instalment shall be payable within 10 Business Days after the execution and effectiveness of the agreement and satisfaction of all conditions precedent. The second instalment shall be payable within 15 Business Days after completion of the relevant AMR registration procedures.

The payments under the Institutional Vendor ETA and the Individual Vendor ETA are not subject to any performance compensation mechanism.</td></tr>
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<tr><th></th><th>Founder ETA</th><th>Incentive Platform ETA</th><th>Institutional Vendor ETA/
Individual Vendor ETA</th></tr>
<tr><td>Conditions precedent</td><td colspan="3">Completion of the Acquisition is conditional upon the fulfilment or written waiver by the Company of the conditions precedent under the Equity Transfer Agreements, including, among others, the due execution and effectiveness of all Equity Transfer Agreements, completion of the relevant internal approval procedures by the Company, Suanwang Investment, the Incentive Platform and the Target Company, the original shareholders' approval of the Acquisition and waiver of pre-emptive rights, confirmation by all Vendors that they legally hold clear title to the relevant equity interests, and the truthfulness, accuracy and completeness of the relevant representations, warranties, undertakings and information provided by the Vendors, the Performance Guarantors and the Target Company to the Company.</td></tr>
<tr><td>Effectiveness and Completion</td><td colspan="3">Each Equity Transfer Agreement shall be established upon execution and become effective after the Company has completed its internal decision-making procedures as required under applicable laws, regulations and listing rules of the jurisdictions where its securities are listed. The parties agreed that the conditions precedent shall be fulfilled within ten (10) days from the effective date of the relevant Equity Transfer Agreement, and Completion shall take place within twenty (20) Business Days after the conditions precedent have been satisfied. The Target Company shall be responsible for handling the completion procedures, including registration of the equity transfer and the corresponding amendments to its articles of association with the relevant AMR.</td></tr>
<tr><td>Transition Period arrangements</td><td colspan="3">During the Transition Period, the Target Company shall maintain normal operations in compliance with applicable laws and good business practice, preserve and protect its assets, maintain its principal business and relationships with suppliers, business partners, customers and employees, and avoid any material adverse change. The accumulated undistributed profits of the Target Company after Completion and the profit or loss of the Target Company during the Transition Period shall be enjoyed or borne by all shareholders after Completion in proportion to their respective shareholdings.</td></tr>
<tr><td>Liabilities for breach and termination</td><td colspan="3">If any party terminates any Equity Transfer Agreement without justifiable reason after the agreements have become effective, the defaulting party shall return any consideration received or return the relevant equity interest, as applicable, and pay liquidated damages equal to 20% of the final consideration payable to the relevant Vendor(s). If any Vendor or the Target Company fails to complete closing within the agreed timeframe after all conditions precedent have been satisfied due to its breach, or if the Company fails to pay the consideration on time due to its breach, the defaulting party shall pay liquidated damages at 0.3‰ of the relevant consideration for each day of delay, subject to customary exceptions. If the delay exceeds 30 days, an additional RMB3.0 million shall be payable. In the event of a material breach that remains uncured within the agreed period after written notice, the non-breaching party may terminate the relevant Equity Transfer Agreement, and provisions relating to liabilities for breach, confidentiality and dispute resolution shall survive termination.</td></tr>
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OTHER MATERIAL TERMS OF THE EQUITY TRANSFER AGREEMENTS

Retention, Business Transfer and Non-Compete Undertakings

Mr. Ding, as the general manager of the Target Company and a Performance Guarantor, has undertaken to remain with the Target Company and not to resign during the agreed service period, and to use reasonable endeavors to maintain the stability of the Target Company's core management and technical team.

The Target Company and Mr. Ding shall procure that the core employees enter into long-term labour contracts and execute confidentiality, non-compete and intellectual property ownership agreements with the Target Company. The non-compete obligations shall continue to be effective for a period after termination of their employment.

Mr. Ding shall not directly or indirectly engage in any business competing with the principal business of the Target Company or other restricted activities as set out in the Equity Transfer Agreements during such period when Mr. Ding, Mr. Ren and Ms. Li hold equity interests in the Target Company or dispose of such equity interests and for a period of five years thereafter.

Performance Undertaking

Pursuant to the Equity Transfer Agreements, Mr. Ding, Mr. Ren, Ms. Li and the Incentive Platform, as the Performance Guarantors, undertake that in the event that the actual performance of the Target Company falls below the guaranteed performance, the Performance Guarantors shall compensate the Company in cash in accordance with the agreed compensation mechanism under the relevant Equity Transfer Agreements. The compensation may be deducted by the Company from the consideration instalments payable to the relevant Performance Guarantors. If the unpaid consideration is insufficient to cover the compensation amount, Mr. Ding shall make up the shortfall in cash in respect of the performance compensation obligations of himself, Mr. Ren and Ms. Li under the Founder ETA, and the Incentive Platform shall make up the shortfall in cash in respect of its own performance compensation obligations under the Incentive Platform ETA. Mr. Ding, Mr. Ren and Ms. Li shall bear joint and several liabilities in respect of their performance compensation obligations and other related obligations under the Founder ETA, and the Incentive Platform shall be solely responsible for its own performance compensation obligations under the Incentive Platform ETA, in each case subject to the agreed compensation cap under the relevant Equity Transfer Agreements.

If any Performance Guarantor fails to perform its compensation obligations in full and on time as stipulated in the relevant agreement, the defaulting Performance Guarantor shall pay to the Company liquidated damages calculated at 0.3‰ of the amount due but unpaid for each day of delay.

Excess Performance Reward

If the Target Company exceeds the agreed performance targets during the Performance Undertaking Period, Mr. Ding may be entitled to an excess performance reward, subject to applicable caps and payment arrangements agreed between the Company and Mr. Ding.

The relevant Equity Transfer Agreements also include customary arrangements to ensure that Mr. Ding remains responsible for the daily operation and management of the Target Company during the Performance Undertaking Period. If Mr. Ding is removed from his management position or loses operating management rights of the Target Company due to reasons attributable to the Company, he shall cease to be subject to the performance compensation obligations, and payment arrangements shall be adjusted accordingly.

Corporate Governance

Upon Completion, the Target Company will establish a new board of directors comprising three directors, of whom the Company shall be entitled to appoint two directors and Mr. Ding shall be entitled to appoint one. The chairman of the board of the Target Company shall be elected from among the directors appointed by the Company. The Target Company shall continue to be primarily led by Mr. Ding as the general manager of the Target Company. The Company shall appoint the finance manager and human resources manager of the Target Company.

INFORMATION ON THE PARTIES

The Company

The Company is a technology enterprise engaged in the research, design, manufacturing, and comprehensive services of smart products, operating in the smart device ODM industry. Its business spans multiple countries and regions, providing professional comprehensive services for smart devices to leading global consumer electronics brands and top technology companies. Major customers include Xiaomi, Samsung Electronics, Lenovo, Honor, OPPO and vivo. With over 20 years of industry experience, the Company has developed strong capabilities in product-level solution design, innovative hardware development, system-level software platform development, lean manufacturing, supply chain integration and quality control. Its product portfolio comprises smartphones, AI PCs, automotive electronics, tablets, smart eyewear, smart watches and bands, TWS earphones and other smart terminal products.

The A shares of the Company are listed on the Shanghai Stock Exchange (stock code: 603341) and the H shares of the Company are listed on the Hong Kong Stock Exchange (stock code: 9611).

The Vendors and the Performance Guarantors

Each of Mr. Ding, Mr. Ren, CHEN Bo, WANG Zhonghui and Ms. Li is a PRC national. As of the date of this announcement, Mr. Ding is general manager of the Target Company, and Ms. Li is an employee of the Target Company. Mr. Ren is the father of Mr. Ding, and Mr. Ding and Ms. Li are spouses. CHEN Bo and WANG Zhonghui are spouses.

The Incentive Platform is a limited partnership established in the PRC on April 27, 2020 and an employee incentive platform of the Target Company. Its general partner is Mr. Ding, who holds 49.33% partnership interest therein. None of the limited partners holds 30% or more partnership interest therein.

Suanwang Investment is a limited liability company established in the PRC on April 1, 2024. It is principally engaged in investment and related consulting services. As of the date of this announcement, Suanwang Investment is held as to 35.5556% by Suanli Hulian (Beijing) Technology Co., Ltd. (算力互聯(北京)科技有限公司) and 35.5556% by Beijing Kedao Cloud Technology Co., Ltd. (北京科道雲科技有限公司), and no other shareholder holds 30% or more equity interest in Suanwang Investment. Suanli Hulian (Beijing) Technology Co., Ltd. (算力互聯(北京)科技有限公司) and Beijing Kedao Cloud Technology Co., Ltd. (北京科道雲科技有限公司) is ultimately controlled by Tang Debing (唐德兵) and Ma Guiyun (馬桂雲) respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Ding, Mr. Ren, CHEN Bo, WANG Zhonghui, Ms. Li, the Incentive Platform, Suanwang Investment and their respective ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on December 13, 2011 and a data center infrastructure products and solutions provider, focusing on the research and development, manufacturing and system integration of data center infrastructure and key equipment, with key products including server cabinets, power distribution unit ("**PDU**"), busbars and low-voltage power distribution equipment, and is a national high and new technology enterprise. In recent years, the Target Company has long been focused on the data center infrastructure sector and, leveraging its accumulated solution design experience, customer service capabilities and sales channel resources in the data center infrastructure sector, has participated in a number of data center projects and established stable cooperative relationships with certain customers, demonstrating its capability to serve major customers.

Shareholding structure of the Target Company before and after the Acquisition

The following table sets out the shareholding structure of the Target Company immediately before and after completion of the Acquisition:

Shareholder	Immediately before completion of the Acquisition	Immediately after completion of the Acquisition
The Company	–	80.0000%
Mr. Ren	41.0995%	–
CHEN Bo	15.9298%	–
WANG Zhonghui	12.5443%	–
Mr. Ding	10.2749%	9.2581%
Suzhou Ruiyongying	8.3332%	2.4509%
Ms. Li	8.2910%	8.2910%
Suanwang Investment	3.5274%	–
Total	**100.0000%**	**100.0000%**

Financial information of the Target Company

The following table sets forth a summary of the financial information of the Target Company, as prepared in accordance with PRC GAAP.

	As of/for the year ended December 31, 2024 *(unaudited)* *(RMB million)*	**As of/for the year ended December 31, 2025** *(audited)* *(RMB million)*
Total assets	285.36	361.91
Net assets	232.01	286.47
Revenue	288.16	621.87
Profit before taxation	86.35	134.34
Profit after taxation	79.67	94.60

BASIS FOR CONSIDERATION AND DIRECTORS' ASSESSMENT

Third-Party Valuation

The total consideration for the Acquisition is RMB1,120.00 million. The consideration was arrived at after arm's length negotiations among the parties with reference to, among other things, a third-party valuation conducted by the Valuer.

The Valuation Report in respect of the equity interest of the Target Company was prepared by the Valuer in accordance with the PRC Valuation Standards. According to the Valuation Report, the appraised market value of 100% equity interest in the Target Company as of the Valuation Date was RMB1,509.00 million.

Valuation Methodology

The Valuer adopted both the market approach and the asset-based approach for the valuation, and selected the market approach as the basis for its final valuation conclusion. The income approach was not selected because the Valuer considered that, given the Target Company's project-based operating model and uncertainties relating to future market shipments, industry competition, and downstream data center infrastructure investment and construction progress, it would be difficult to reliably forecast the Target Company's future business scale, revenue and cash flows.

The asset-based approach reflects the value of the Target Company from the perspective of the acquisition and construction cost of its underlying assets and liabilities. However, it cannot reflect the core competitiveness of intangible resources such as enterprise management, talent team, and customer resources of the evaluated unit. The market approach was considered appropriate because, as of the Valuation Date, there were listed companies in the market with business scope, scale and stage of development comparable to those of the Target Company. The market approach can reflect the investment preferences of capital market investors for the industry in which the enterprise operates over a certain period. Relatively speaking, the sources of valuation parameters in the market approach are more objective and are easily accepted by market investors.

After analysis, the market approach is adopted as the final evaluation conclusion.

Under the market approach, the Valuer adopted the guideline public company method and selected the EV/S multiple (enterprise value divided by revenue for the twelve months ended as of the Valuation Date) as the applicable valuation multiple to determine the market value of the Target Company.

Valuation Assumptions

In determining the market value of the equity interest in the Target Company, the Valuer made the following key assumptions, among others:

- The socio-economic environment in which the enterprise operates remains unchanged, and there are no significant changes in the implemented policies such as taxes and tax rates;

- The enterprise's management team possesses the necessary knowledge and capabilities for management and operation, operates in accordance with laws and regulations, and is diligent and responsible;

- The acquisition and utilization of the enterprise's production and business premises remain consistent with the evaluation base date and do not change;

- A suitable number of comparable enterprises are comparable to the evaluated unit, belonging to the same industry or affected by the same economic factors;

- The comparable enterprises and the appraised entity share the same or similar factors affecting value;
- Both the comparable enterprises and the appraised entity are capable of sustainable operation based on the publicly disclosed business model, business structure, and capital structure at the time of transaction;
- the publicly disclosed information of the comparable companies is true, accurate and complete and contains no false statements, erroneous records or material omissions that would affect value judgments; and
- the Valuer selected the comparison dimensions and indicators based on publicly disclosed information of the comparable companies and did not take into account the impact of any non-public matters on the value of the Target Company.

Selection Criteria for Comparables

In determining the EV/S multiple, the Valuer selected comparable listed companies based on the following criteria: (i) the comparable companies are publicly listed; (ii) the comparable companies belong to the Shenwan industry classification of "Power Equipment – Other Power Equipment II – Other Power Equipment III"; and (iii) the EV/S ratio of the comparable companies as of the Valuation Date is available. Based on these criteria, three comparable listed companies were selected for the purposes of the market approach valuation, namely Kehua Data Co., Ltd. (科華數據股份有限公司), Hangzhou Zhongheng Electric Co., Ltd. (杭州中恆電氣股份有限公司) and Shenzhen Kstar Science & Technology Co., Ltd. (深圳科士達科技股份有限公司). The details of these comparable companies are shown below:

Stock code	Company name	Market Capitalization *(RMB million)*	Enterprise value (EV) *(RMB million)*	Revenue *(RMB million)*	EV/S ratio
002335.SZ	Kehua Data Co., Ltd.	31,770.12	30,439.01	8,374.00	3.63
002364.SZ	Hangzhou Zhongheng Electric Co., Ltd.	17,720.36	16,702.53	2,167.46	7.71
002518.SZ	Shenzhen Kstar Science & Technology Co., Ltd.	29,481.38	26,542.80	5,567.12	4.77

Notes: Enterprise value = market capitalization – monetary funds – surplus assets + Interest-bearing debt + minority shareholders' equity

Adjustments Made to the Valuation

In applying the market approach, the Valuer made adjustments to enhance comparability between the Target Company and the comparable companies. These adjustments included a discount for lack of marketability, which was determined by reference to the estimated liquidity discount reflected in the pricing of new shares of listed companies in the relevant industry, as well as differential adjustments taking into account factors such as business structure, operating model, enterprise scale, customer concentration and growth potential.

(1). Regarding liquidity discount, the evaluators conducted calculations by referencing the estimation method of new stock issuance pricing. The so-called estimation method of new stock issuance pricing involves studying the lack of liquidity discount by examining the difference between the issuance pricing of new stocks in IPOs of domestic listed companies and the trading price of the stocks after they are officially listed.

Based on the comparable company classification by Shenwan Industry Classification, and by analyzing the relationship between the offering prices of new shares of 406 listed companies in the power equipment industry over the past three years and their stock prices at 90 and 180 days after listing, as well as excluding anomalies with a discount rate less than -70%, the evaluators concluded that the liquidity discount was 32.08%.

(2). Conduct a comparative analysis of the potential differences between the Target Company and comparable companies in terms of business structure, operating model, enterprise scale, customer concentration, and growth potential and make adjustments based on these differences to enhance the comparability between the comparable cases and the evaluated unit. The correction factors are as follows:

Company name	**Correction factor**				
	Business structure	**Operating model**	**Enterprise scale**	**Customer concentration (proportion of top five customers)**	**Growth potential**
Target Company	Single	Independent production and outsourced manufacturing	Small businesses	99.15%	Better
Kehua Data Co., Ltd.	Diversified	Independent production	large businesses	18.71%	General
Hangzhou Zhongheng Electric Co., Ltd.	Diversified	Independent production	large businesses	14.34%	General
Shenzhen Kstar Science & Technology Co., Ltd.	Diversified	Independent production	large businesses	23.38%	General

Through comparative analysis, scoring is conducted for each adjustment indicator. Based on the scoring results, the adjustment coefficients for each indicator are calculated, which are then multiplied to obtain the overall adjustment coefficient, as follows:

Company name	**Adjustment coefficient[1]**				
	Business structure operating model	Enterprise scale	Customer concentration (proportion of top five customers)	Growth potential	Overall adjustment coefficient
Kehua Data Co., Ltd.	0.9524	0.9524	0.9547	1.0526	0.9115
Hangzhou Zhongheng Electric Co., Ltd.	0.9524	0.9524	0.9524	1.0526	0.9093
Shenzhen Kstar Science & Technology Co., Ltd.	0.9524	0.9524	0.9572	1.0526	0.9139

Notes: (1) adjustment coefficient= score of the target company/score of the comparable company

To determine the adjusted EV/S, the appraiser calculates the EV/S of comparable companies using the following formula:

Enterprise value = market capitalization×(1 – liquidity discount) - monetary funds – surplus assets + interest-bearing debt + minority shareholders' equity

Adjusted EV/S ratio = EV/S ratio of the comparable companies×overall adjustment coefficient

Company Name	Enterprise value	Revenue	EV/S Ratio	Overall Adjustment Coefficient	Adjusted EV/S Ratio
		(RMB million)			
Kehua Data Co., Ltd.	20,247.46	8,374.00	2.42X	0.9115	2.21X
Hangzhou Zhongheng Electric Co., Ltd.	11,018.01	2,167.46	5.08X	0.9093	4.62X
Shenzhen Kstar Science & Technology Co., Ltd.	17,085.46	5,567.12	3.07X	0.9139	2.81X

Calculation of Valuation Result

The following table summarizes the calculation of the appraised market value of 100% equity interest in the Target Company under the market approach:

Item	Amount/multiple
Average EV/S ratio of comparable companies	3.21x
Operating revenue of the Target Company in 2025	RMB445.9 million
Enterprise value of the Target Company	RMB1,431.3 million
Add: monetary funds and surplus assets	RMB77.5 million
Less: interest-bearing debt and minority shareholders' equity	Nil
Appraised market value of 100% equity interest in the Target Company	**RMB1,509.00 million**

For reference, the book value of the shareholders' equity of the Target Company as of the Valuation Date was RMB287.44 million, and the appraised value represented an appreciation of RMB1,221.56 million, or an appreciation rate of 424.98%.

Directors' Assessment of the Consideration

The Directors consider that the Consideration for the Acquisition is fair and reasonable, having taken into account the following factors:

- the Consideration was determined after arm's length negotiations among the parties with reference to the Valuation Report and the financial and operating conditions of the Target Company. In assessing the fairness of the Consideration, the Company considers it appropriate to refer to the valuation analysis set out above;

- the Consideration for the 80% equity interest in the Target Company does not exceed the appraised market value attributable to such 80% equity interest based on the Valuation Report;

- the Performance Guarantors have provided performance undertakings and compensation arrangements, and certain payment arrangements are linked to the performance compensation mechanism and collection thresholds; and

- as disclosed in the subsection headed "Reasons for and Benefits of the Acquisition" below, the Acquisition is expected to enhance the Group's capabilities and business presence in data center infrastructure and related products and solutions, and is in line with the Group's overall development strategy.

Based on the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreements were determined after arm's length negotiation on normal commercial terms and are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole. To the best of the Directors' knowledge, none of the Directors has a material interest in the Acquisition, and therefore none of them is required to abstain from voting on the relevant Board resolution approving the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company focuses on ODM manufacturing of smart products and provides one-stop services ranging from R&D and design to production and manufacturing for brand clients in the consumer electronics and other industries. The Company's product lines include smartphones, tablets, AIoT products, automotive electronics and AI PCs. The Target Company is a data center infrastructure products and solutions provider, focusing on the research and development, manufacturing and system integration of data center infrastructure and key equipment, with key products including server cabinets, PDU, busbars and low-voltage power distribution equipment, and is a national high and new technology enterprise. In recent years, the Target Company has long been focused on the data center infrastructure sector and, leveraging its accumulated solution design experience, customer service capabilities and sales channel resources in the data center infrastructure sector, has participated in a number of data center projects and established stable cooperative relationships with certain customers, demonstrating its capability to serve major customers.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the Group's financial statements. The design and service capabilities of the Target Company in the data center infrastructure sector will help the Company enter the data center infrastructure field, expand the Group's business layout, and strengthen the Group's customer resources and service capabilities, which is in line with the Company's strategic development needs. The Consideration will be funded by the Company's internal resources, without using any proceeds from the Company's H Share listing, and the Company does not expect the Acquisition to have a material adverse impact on its cash flow position.

The Board considers that the Acquisition is in line with the overall development strategy of the Group and in the interests of the Company and its Shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Acquisition is more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the reporting and announcement requirements but not subject to the circular and shareholders' approval requirements pursuant to Chapter 14 of the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, the Performance Guarantors and their respective associates and ultimate beneficial owners (where applicable) is an Independent Third Party. Therefore, the Acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

DEFINITIONS

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

"%"	percent
"Acquisition"	the acquisition of an aggregate of 80% equity interest in the Target Company by the Company pursuant to the Equity Transfer Agreements
"AMR"	the relevant administration for market regulation in the PRC
"Board"	the board of Directors
"Business Day"	a day other than a Saturday, Sunday or statutory public holiday in the PRC
"Completion Date"	the date on which the relevant equity interest in the Target Company is registered in the name of the Company with the relevant AMR and the registration procedures in relation to the Acquisition are completed
"Company"	Shanghai Longcheer Technology Co., Ltd. (上海龍旗科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 603341) and the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 9611)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreements
"Director(s)"	the director(s) of the Company
"Equity Transfer Agreement(s)" or "ETA"	the Founder ETA, the Incentive Platform ETA, the Institutional Vendor ETA and the Individual Vendor ETA
"Founder ETA"	the equity transfer agreement entered into by and among the Company, the Target Company, REN Liguo (任立國), DING Zhiyong (丁志永) and LI Hua (李華) in relation to the Acquisition
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Incentive Platform" or "Suzhou Ruiyongying"	Suzhou Ruiyongying Venture Investment Management Partnership (Limited Partnership) (蘇州瑞永盈創業投資管理合夥企業(有限合夥)), a limited partnership established in the PRC and an employee incentive platform of the Target Company
"Incentive Platform ETA"	the equity transfer agreement entered into by and among the Company, the Target Company and the Incentive Platform in relation to the Acquisition
"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company or an associate of such person within the meaning ascribed thereto under the Hong Kong Listing Rules
"Individual Vendor ETA"	the equity transfer agreement entered into by and among the Company, the Target Company, CHEN Bo and WANG Zhonghui in relation to the Acquisition
"Institutional Vendor ETA"	the equity transfer agreement entered into by and among the Company, the Target Company and Suanwang Investment in relation to the Acquisition
"Performance Guarantor(s)"	DING Zhiyong (丁志永), REN Liguo (任立國), LI Hua (李華) and Suzhou Ruiyongying
"Performance Undertaking Period"	the three financial years ending December 31, 2028
"PRC"	the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Valuation Standards"	the applicable asset valuation standards and relevant rules and guidelines in the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholders"	the shareholders of the Company
"Suanwang Investment"	Suanwang Investment (Hainan) Co., Ltd. (算網投資(海南)有限公司), a limited liability company established in the PRC

"Target Company"	Suzhou Anruike Information Technology Co., Ltd. (蘇州安瑞可信息科技有限公司), a limited liability company established in the PRC
"Transition Period"	the period from the date of the Equity Transfer Agreements to the Completion Date
"Valuation Date"	March 31, 2026
"Valuation Report"	the valuation report in respect of the entire shareholders' equity of the Target Company as at the Valuation Date prepared by the Valuer in accordance with the PRC Valuation Standards
"Valuer"	Zhonglian Asset Appraisal and Consulting (Shanghai) Co., Ltd. (中聯資產評估諮詢(上海)有限公司)
"Vendor(s)"	REN Liguo (任立國), DING Zhiyong (丁志永), CHEN Bo (陳波), WANG Zhonghui (王忠慧), Suzhou Ruiyongying and Suanwang Investment

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

Hong Kong, August 13, 2026

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