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PATEO CONNECT Technology (Shanghai) Corporation

博泰車聯網科技(上海)股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 2889)

COMPLETION OF DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTERESTS IN TARGET COMPANY

Reference is made to the announcement of PATEO CONNECT Technology (Shanghai) Corporation (the “**Company**”) dated August 7, 2026 in relation to the discloseable transaction regarding the acquisition of equity interests in the Target Company (the “**Announcement**”). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that the Transaction was completed on October 2, 2026 in accordance with the terms and conditions of the Share Transfer Agreement.

Upon the Closing, the Company would hold an aggregate of 53,518,613 shares of the Target Company, representing approximately 70% of the total issued shares of the Target Company. Since the Target Company has become a non-wholly owned subsidiary of the Company, the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group.

The Board wishes to provide the Shareholders and potential investors with the following supplemental information in relation to (i) the Valuation; (ii) the Share Transfer Agreement; and (iii) the business relevance and synergies:

I. Valuation

As part of the due diligence and for the purpose of evaluating the Transaction, the Company appointed a third-party valuer (the “**Valuer**”) to prepare the valuation report (the “**Valuation Report**”). The subject of the valuation was the market value of 100% of the shareholders’ equity interest in the Target Company as at December 31, 2025 (the “**Valuation Benchmark Date**”). According to the Valuation Report, the market value of 100% of the shareholders’ equity interest in the Target Company as at the Valuation Benchmark Date was RMB2,700 million.

Scope of work, limitations and basis of information of the Valuer

The principal work of the Valuer includes: (i) understanding the financial and operational status of the Target Company based on the information provided and discussions with the management of the Target Company; (ii) obtaining and analyzing the operational and financial data of the Target Company up to December 2025, as well as information such as its historical operational results, future strategic framework and business plans; (iii) discussing key financial and operational matters with the management of the Target Company and obtaining relevant explanations; (iv) studying market data of listed comparable companies engaged in and transaction cases of the same or similar businesses; and (v) adopting the market approach to estimate the market value of the Target Company, and documenting the work procedures, findings, conclusions, major assumptions and limitations in the valuation report.

The Valuer has not performed any audit or due diligence on the truthfulness, accuracy or reliability of the information provided, nor does it assume any responsibility for or express any opinion on the accuracy or completeness of such information; its calculations are based on the information provided and confirmed by the Target Company. The Valuer conducted its work based on the information provided by the management of the Target Company and publicly available information collected during its research and analysis, including: (i) the articles of association and organizational structure chart of the Target Company; (ii) consolidated financial data of the Target Company for the two years ended December 31, 2024 and December 31, 2025 prepared in accordance with International Financial Reporting Standards; (iii) business and financial information provided by the management through interviews and emails during the valuation process; (iv) publicly available information such as financial data of comparable companies; (v) research reports on the radio frequency front-end industry and optical communication electrical chip industry in China, as well as research reports on the macro-economy of China; and (vi) the Capital IQ database.

Valuation methodology

The Valuer adopted the market approach to perform the Valuation. In arriving at the appraised value, the Valuer has considered three generally accepted valuation approaches, namely the asset-based approach, market approach and income approach. Since the core values of the Target Company are mainly reflected by its R&D capability of chip design, technical achievements, product offerings, customer base and relationships and potential of future commercialization, solely adopting the asset-based approach may not fully reflect such values. The income approach was also not adopted as the Target Company is enjoying rapid growth in business, its future revenue, profit estimation and cash flows may be affected by a number of factors, such as industry cycles and market demands, customer acquisition and supply chain, thus it cannot be quantified reasonably and reliably.

The Valuer therefore adopted the comparable listed companies method under the market approach. The Target Company operates under a Fabless, asset-light business model and its core value is principally reflected in intangible resources, including its professional research and development team, in-house chip design capabilities, technological barriers of its core products, quality customer resources and stable cooperative relationships. Besides, a number of A share-listed and Hong Kong-listed companies were considered sufficiently comparable with the Target Company in terms of principal business, operating model and technological characteristics, and their publicly available financial and operating information was relatively transparent and reliable.

Selection of comparable companies

In selecting the comparable companies, the Valuer applied the following criteria: (i) the comparable company was an A share-listed or Hong Kong-listed PRC Company; (ii) it was principally engaged in the research and development, design and sale of optical communication chips or radio frequency front-end chips in the PRC and also had a presence in high-speed optical communication chips for data-centre applications; (iii) it had a diversified product portfolio across chip categories and served diversified downstream markets; (iv) revenue from electrical chips and/or optical chips represented more than 50% of its total revenue; and (v) the volatility of its share price during the second half of 2025 was not materially higher or lower than the volatility of the STAR 50 Index or the Hang Seng TECH Index, using a range of plus or minus 30%.

Based on the above criteria, the Valuer selected Xiamen UX IC Co., Ltd. (廈門優迅芯片股份有限公司) (SHSE: 688807), Maxscend Microelectronics Company Limited (江蘇卓勝微電子股份有限公司) (SZSE: 300782) and Henan Shijia Photons Technology Co., Ltd. (河南仕佳光子科技股份有限公司) (SHSE: 688313) as the comparable companies. No company that fulfilled all the above selection criteria was excluded from the final list of comparable companies. Therefore, for the purpose of this valuation, the 3 companies selected above represent a complete set of comparable sample.

The relevant information of the 3 comparable companies above is set out below (amounts are in millions of RMB, except for the EV/S multiple):

Name of company	Stock code	Principal business	Revenue for 2025	Enterprise value ¹	Unadjusted EV/S multiples	Adjusted EV/S multiples ²
Xiamen UX IC Co., Ltd. (廈門優迅芯片股份有限公司)	688807	Research and development, design and sales of optical communication front-end transceiver chips	486	14,619	30.07	18.14
Maxscend Microelectronics Company Limited (江蘇卓勝微電子股份有限公司)	300782	Research and development, and sales of radio frequency front-end chips (primarily including radio frequency switches and radio frequency low-noise amplifiers)	3,726	45,264	12.15	8.87
Henan Shijia Photons Technology Co., Ltd. (河南仕佳光子科技股份有限公司)	688313	Research and development, production and sales of basic optical communication components (primarily including optical chips and devices, indoor optical cables and cable materials)	2,129	40,126	18.85	11.05
Average					20.36	12.69

Notes:

1. Enterprise value is calculated as the equity market capitalization of the comparable companies as at the Valuation Benchmark Date plus total debts and minority interest, and minus cash and cash equivalents.
2. The Valuer, based on the characteristics of the Target Company and each of the comparable companies, made quantitative adjustments for the differences from five aspects, namely solvency, profitability, operating capability, growth capability and business scale. The adjustment factors for Xiamen UX IC Co., Ltd., Maxscend Microelectronics Company Limited and Henan Shijia Photons Technology Co., Ltd. are 0.6033, 0.7306 and 0.5862, respectively. The adjusted EV/S multiple is calculated by multiplying the unadjusted EV/S multiple by the corresponding adjustment factor (the adjustment factors, EV/S multiples and amounts shown in the table have been rounded).
3. All comparable companies principally conduct their businesses in China.
4. The above information is derived from the publicly disclosed information of the comparable companies and the Capital IQ database.

Selection of valuation multiple

The Valuer selected the enterprise value-to-sales ratio (“**EV/S**”) as the valuation multiple. The Target Company’s revenue had reached a stable scale and maintained relatively rapid growth, and its revenue scale was considered capable of reflecting its market position, customer barriers, sales channels and industry influence. As the Target Company was still in the process of improving its profitability, a profit-based multiple would not appropriately reflect its overall intrinsic value. EV/S also reduces the effect of differences in capital structures between the comparable companies and the Target Company and enhances the stability and reliability of the valuation analysis.

The unadjusted EV/S multiples of the comparable companies were 30.07 times, 12.15 times and 18.85 times, respectively. The Valuer made quantitative adjustments for differences between the Target Company and each comparable company in five areas, namely solvency, profitability, operating capability, growth capability and operating scale. Based on the relative strengths and weaknesses of the Target Company and each comparable company under the relevant indicators, the Valuer assigned quantitative scores and calculated composite adjustment factors, and the resulting adjusted EV/S multiples were 18.14 times, 8.87 times and 11.05 times, respectively. The average adjusted EV/S multiple of the comparable companies was 12.69 times, which was adopted as the EV/S multiple of the Target Company.

Calculation of the valuation result

The Target Company’s revenue for 2025 was RMB305 million. Applying the average adjusted EV/S multiple of 12.69 times resulted in an enterprise value of RMB3,872 million. The Valuer then added surplus cash and surplus assets, comprising other receivables, other current assets and investments in other equity instruments, and deducted surplus liabilities, comprising other payables and deferred tax liabilities, and short-term borrowings. This resulted in an equity value of the Target Company before taking into account the discount for lack of marketability of RMB3,908 million.

The Valuer applied a discount for lack of marketability of 30.8% to reflect that the Target Company is privately held and that there is no established market with readily available buyers and sellers for its shares. The discount was derived from the 2025 discount for lack of marketability for the computer, communication and electronic equipment manufacturing industry using information published by Wind Information, the CVSource database and property rights exchanges. After applying the discount for lack of marketability, the market value of 100% of the shareholders’ equity interest in the Target Company was RMB2,700 million, rounded.

Principal assumptions

The principal assumptions adopted by the Valuer included, among other things: (i) there would be no material changes in the laws and regulations, industry policies, fiscal and monetary policies or economic environment relevant to the Target Company; (ii) the tax policies applicable to the Target Company would not materially change, the Target Company would not be subject to any material tax dispute, and prevailing interest and exchange rates would not materially change; (iii) the Target Company would continue as a going concern and have sufficient working capital and human resources; (iv) there would be no unforeseeable material changes in the Target Company's future business plans, costs and market sales, and its contracts, orders and framework agreements would be performed as contemplated; (v) all related-party transactions would be conducted on an arm's length basis and on fair terms; (vi) all licenses, legal and administrative permits required for the Target Company's operations would remain valid and be renewable when required; (vii) there would be no undisclosed actual or contingent assets or liabilities, unusual obligations, material commitments, pending litigation or threatened litigation that would materially affect the value of the shareholders' equity interest in the Target Company; and (viii) there was no other material information affecting the analysis of the Target Company apart from the information provided, and the purchasing power of Renminbi had not materially changed since the Valuation Benchmark Date.

The market value of 70% of the shareholders' equity interest in the Target Company on a pro rata basis, based on the valuation of 100% of the entire equity of shareholders of the Target Company RMB2,700 million, was RMB1,890 million.

BASIS FOR DETERMINING THE SHARE TRANSFER CONSIDERATION

The maximum Share Transfer Consideration of RMB1,400 million was determined after arm's length negotiations between the parties on normal commercial terms, taking into account, among other things: (i) the industry outlook, including the rapid growth of the optical communication chip industry driven by increasing demand from downstream AI and data centre applications; (ii) the Target Company's technological research and development capabilities, product portfolio, customer resources and market position; (iii) the Target Company's historical financial performance and operating condition; (iv) the due diligence conducted by the Purchaser on the Target Company, including the valuation of the Target Company set out in the Valuation Report; and (v) the commercial terms and protections under the Share Transfer Agreement, including the Conditions Precedent, the performance undertakings, the consideration adjustment mechanism and the subsequent acquisition arrangement.

Having considered the valuation results from the Valuer, the Company considers that the Transaction, including the basis for determining the Share Transfer Consideration, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

II. SHARE TRANSFER AGREEMENT

SETTLEMENT OF THE SHARE TRANSFER CONSIDERATION

- (a) The Loans shall not exceed 70% of the Share Transfer Consideration, the balance of the Share Transfer Consideration shall be settled by the Purchaser's own funds.
- (b) The Company confirms that no proceeds from its initial public offering will be utilised to settle the Share Transfer Consideration.

PERFORMANCE UNDERTAKINGS AND COMPENSATION ARRANGEMENTS

The Transferors, as the Performance Guarantors, shall make a performance undertaking to the Purchaser regarding the operating results of the Target Company for the three consecutive fiscal years following the completion of the Transaction (i.e., FY2026, FY2027 and FY2028).

During the Performance Undertaking Period, the Performance Guarantors shall procure the Target Company to achieve performance targets including but not limited to the following: (i) the audited consolidated total revenue of the Target Company for the FY2026, FY2027 and FY2028 shall not be less than RMB480 million, RMB620 million and RMB800 million, respectively; and (ii) the annual profit before tax of the Target Company for the FY2026, FY2027 and FY2028 shall not be less than RMB45 million, RMB90 million and RMB120 million, respectively.

For the avoidance of doubt, the guaranteed consolidated total revenue represents the annual revenue of the Target Company on a consolidated basis as audited by the auditor and prepared in accordance with International Financial Reporting Standards; the guaranteed annual profit before tax represents the adjusted consolidated profit before tax based on the then annual profit before tax of the Target Company on a consolidated basis, as audited by the auditor and prepared in accordance with International Financial Reporting Standards.

Within one month after the end of each financial year during the Performance Undertaking Period, the parties shall arrange for an audit of the Target Company's consolidated total revenue and adjusted consolidated profit before tax for that financial year. The annual figures set out above are performance targets. Unless the overall achievement ratio reaches at least 70% before the end of the Performance Undertaking Period, the assessment for such purposes will be made after the end of FY2028 by reference to the aggregate results for FY2026, FY2027 and FY2028.

- (a) Under the Share Transfer Agreement, the overall achievement ratio as at a relevant calculation date is the lower of: (i) the aggregate consolidated total revenue actually achieved for the completed financial years for FY2026, FY2027 and FY2028 divided by the aggregate consolidated total revenue target for FY2026, FY2027 and FY2028; and (ii) the aggregate adjusted consolidated profit before tax actually achieved for the completed financial years for FY2026, FY2027 and FY2028 divided by the aggregate profit before tax target for FY2026, FY2027 and FY2028. Accordingly, an overall achievement ratio of not less than 70% requires satisfaction of targets for both aggregate consolidated total revenue and aggregate adjusted consolidated profit before tax. No adjustment will be made to the Share Transfer Consideration if the overall achievement ratio is not less than 70%.

The 70% threshold was set to provide a reasonable buffer against potential industry headwinds over the three financial years from FY2026 to FY2028. In determining this threshold, the parties also took into account the industry outlook and the objective of encouraging the Target Company to meet or outperform the revenue and profit before tax targets under the performance undertakings.

- (b) If the overall achievement ratio is below 70%, the adjusted consideration will be calculated as follows:

Adjusted consideration = Share Transfer Consideration × (overall achievement ratio ÷ 70%).

Following completion of the performance undertaking audit by the Purchaser, if the overall achievement ratio is below 70%, Tianlang Electronic shall, within 30 days, pay cash compensation to the Purchaser so that the Purchaser's investment price per share is reduced to the adjusted investment price per share. The De Facto Controller of the Target Company shall be jointly and severally liable for such compensation. The aggregate cash compensation payable by Tianlang Electronic and the De Facto Controller of the Target Company is capped at RMB100 million (the Share Transfer Consideration of Tianlang Electronic has been paid into bank accounts subject to joint supervision by the Purchaser and Tianlang Electronic). The maximum total cash compensation was commercially agreed after arm's length negotiations, taking into account the industry outlook, the Target Company's business development and future growth potential.

SUBSEQUENT ACQUISITION ARRANGEMENT

- (a) The subsequent acquisition is subject to the completion of the Transaction in full and the core personnel team of the Target Company remaining stable as agreed under the relevant agreements.

The core personnel team consists of a total of 40 members (the majority of whom are R&D personnel), and at least 90% of the core personnel team remain unchanged throughout the three financial years of FY2026, FY2027 and FY2028.

- (b) The consideration for the acquisition of the remaining 30% equity interest will be separately negotiated at the relevant time after taking into account: (i) the market value of RMB2,700 million for 100% of the shareholders' equity interest in the Target Company as at the Valuation Benchmark Date, as set out in the Valuation Report prepared by the third-party Valuer in connection with the Transaction; (ii) the results of the Purchaser's due diligence on the Target Company; (iii) the financial and operating condition of the Target Company at the time of implementing the subsequent acquisition arrangement; and (iv) the commercial rationale for permitting a limited valuation uplift if the Target Company outperforms the agreed performance undertakings or otherwise demonstrates financial and operating performance better than expectation. The cap is below the third-party valuation of RMB2,700 million and limits the Purchaser's exposure while preserving an incentive for outperformance.

The pricing mechanism for the further acquisition of the remaining equity interest also provides additional commercial protection to the Purchaser.

The valuation and consideration for the Company's future acquisition of the remaining 30% equity interest in the Target Company will be separately negotiated at the relevant time. In particular, the valuation of RMB2,500 million for 100% equity interest in the Target Company represents only the maximum valuation for 100% equity interest in the Target Company rather than a fixed valuation.

The RMB2,500 million ceiling was commercially agreed after arm's length negotiations, taking into account the independent valuation of RMB2,700 million, the industry outlook, the Target Company's business development and future growth potential.

- (c) If, prior to the expiry of the Performance Undertaking Period, the Target Company (i) meets the agreed performance commitment indicators ahead of schedule (i.e. the overall achievement ratio, calculated on the basis of the audited aggregate results for the completed financial years against the full three-year performance targets as described above, reaching at least 70% before the end of FY2028) or (ii) the Delivery Indicator of key customers is satisfied (i.e. the Target Company obtains pre-tax sales orders exceeding RMB250 million in aggregate from the selected key customers during the period from January 1, 2026 to June 30, 2027), the Purchaser shall be obliged to complete the subsequent acquisition of the remaining 30% equity interest ahead of schedule within 30 days after the occurrence of such circumstances. If the subsequent acquisition is triggered by the Delivery Indicator of key customers, the Performance Guarantors' undertakings for the remaining Performance Undertaking Period will remain in effect.

The aforementioned key customers are existing customers of the Target Company and are principally engaged in the optical communication and related industries. The Target Company supplies them with optical communication components and related products and services, which are mainly used in optical modules and other downstream optical communication applications.

- (d) The Company, having considered the four factors set out in paragraph (b) above, confirms that the basis for determining the consideration for the acquisition of the remaining 30% interest in the Target Company is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TRANSFERORS

Tianlang SPV is a limited liability company incorporated in the PRC and is principally an investment platform. The ultimate beneficial owner of Tianlang SPV is the De Facto Controller of the Target Company.

Hainan Ruixin is a limited partnership incorporated in the PRC and is principally an employee shareholding platform. The general partner of Hainan Ruixin is the De Facto Controller of the Target Company (partnership interest: 27.2481%). The limited partners holding 10% or more of the partnership interest in Hainan Ruixin: Liu Gang (partnership interest: 24.9768%), Chengdu Tianlang Electronic Technology Co., Ltd. (partnership interest: 19.7608%) and Tao Rui (partnership interest: 13.1906%). The remaining 13 limited partners collectively hold approximately 14.8237% of the partnership interest, and the partnership interest held by each limited partner is less than 10%.

Hainan Xunxin is a limited partnership incorporated in the PRC and is principally an employee shareholding platform. The general partner of Hainan Xunxin is Yang Jie (partnership interest: 45.5844%). The limited partners holding 10% or more of the partnership interest in Hainan Xunxin: Wang Deyi (partnership interest: 43.29%). The remaining 5 limited partners collectively hold approximately 11.1256% of the partnership interest, and the partnership interest held by each limited partner is less than 10%.

Hainan Nuoling is a limited partnership incorporated in the PRC and is principally an employee shareholding platform. The general partner of Hainan Nuoling is Liu Gang (partnership interest: 50.9202%). The limited partners holding 10% or more of the partnership interest in Hainan Nuoling: Yao Jingshi (partnership interest: 11.5482%). The remaining 21 limited partners collectively hold approximately 37.5316% of the partnership interest, and the partnership interest held by each limited partner is less than 10%.

Hainan Nuochuang is a limited partnership incorporated in the PRC and is principally an employee shareholding platform. The general partner of Hainan Nuochuang is Liu Gang (partnership interest: 54.2754%). The remaining 21 limited partners of Hainan Nuochuang collectively hold 45.7246% of the partnership interest, and the partnership interest held by each limited partner is less than 10%.

III. BUSINESS RELEVANCE AND SYNERGIES

Against the backdrop of AI upgrades in automobiles, demand for underlying high-speed data transmission is growing rapidly, which is expected to drive sustained demand for optoelectronic chips in in-vehicle optical communications. Given the automotive industry continues to advance towards electrification and intelligence, automotive electrical and electronic architectures are gradually evolving towards domain-centralised and central-computing architectures. The increasing use of cameras, LiDAR and high-definition cockpit displays continues to increase the volume of in-vehicle data, while edge AI applications are placing greater demands on in-vehicle data processing and transmission capabilities, thereby raising the requirements for communications bandwidth, latency, electromagnetic-interference immunity and reliability. With its potential advantages in high bandwidth, electromagnetic-interference immunity and lightweight wiring harnesses, optical communication represents one of the potential technological directions for high-speed in-vehicle communications. The Target Company has accumulated core chip design capabilities and technological advantages in high-speed optical communications and other related fields. Such complementary capabilities may support the Group's further exploration of technologies relating to high-speed in-vehicle communications. Leveraging the Company's extensive customer resources accumulated in the intelligent automotive industry, the Company will be able to facilitate the application of the Target Company's technologies to in-vehicle optical communication scenarios. The parties will work together to capture the substantial incremental market opportunities in in-vehicle communications and develop synergies across the vehicle-cloud data closed-loop.

Save as disclosed in this announcement, all other information contained in the Announcement remains unchanged. This announcement should be read in conjunction with the Announcement.

By Order of the Board
PATEO CONNECT Technology (Shanghai) Corporation
Ying Zhenkai
Chairman of the Board

Shanghai, the PRC, October 2, 2026

As at the date of this announcement, the Board comprises Mr. Ying Zhenkai, Mr. Zhang Fukai, Ms. Xu Zhenhui and Mr. Lai Weilin as executive Directors; Mr. Zhang Yi as an employee Director; Mr. Wang Bihui and Mr. Ma Xiaoyong as non-executive Directors; and Dr. Li Yuanpeng, Mr. Pang Chunlin, Mr. Zhang Xiaoliang, Dr. Liu Gongshen, Ms. Xu Lili, Dr. Gu Jinyu and Dr. Huang Xiaolin as independent non-executive Directors.