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NEXCHIP SEMICONDUCTOR CORPORATION
合肥晶合集成電路股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2249)

ANNOUNCEMENT
DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED ENTERING INTO THE CAPITAL INCREASE AGREEMENT

CAPITAL INCREASE AGREEMENT

On November 5, 2026, the Board considered and approved the Capital Increase. The Company proposes to enter into the Capital Increase Agreement with the Target Company, Hefei Construction Investment and Hefei Qinhe, pursuant to which, the Company, Hefei Construction Investment and Hefei Qinhe will subscribe for the increased registered capital of the Target Company of RMB9,100 million by contributing an aggregate amount of RMB9,100 million in cash. Upon completion of the Capital Increase, the shareholding percentage of the Company in the Target Company will decrease from 100% to approximately 63.96%, but the Target Company will remain a subsidiary of the Company and continue to be included in the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hefei Construction Investment is the Controlling Shareholder of the Company, and Hefei Qinhe is a wholly-owned subsidiary of Huaqin Technology, a Substantial Shareholder of the Company, and accordingly, an associate of Huaqin Technology. Therefore, pursuant to Chapter 14A of the Listing Rules, each of Hefei Construction Investment and Hefei Qinhe is a connected person of the Company. As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 5% but are less than 25%, the Capital Increase constitutes a discloseable transaction and a connected transaction of the Company, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Board has resolved and approved the Capital Increase Agreement and the transactions contemplated thereunder. Given that Mr. Lu Qinhang concurrently serves as a director of Hefei Construction Investment, Mr. Guo Zhaozhi concurrently serves as a member of senior management of Hefei Construction Investment, Ms. Yang Guoqing concurrently serves as the board secretary, the head of audit department and the head of legal and compliance department of Hefei Construction Investment, and Mr. Qiu Wensheng concurrently serves as the legal representative, a director and the general manager of Huaqin Technology, all of them have abstained from voting on the relevant Board resolutions. Save as stated above, none of the other Directors has any material interest in the transactions under the Capital Increase Agreement and is required to abstain from voting on the relevant Board resolutions.

EGM

The Company will convene the EGM to seek consideration and approval from the Independent Shareholders, by way of an ordinary resolution, for the Capital Increase Agreement and the Capital Increase contemplated thereunder. Given that Hefei Construction Investment and Hefei Qinhe have material interests in the Capital Increase, they and their respective associates (if holding the Shares of the Company) will abstain from voting on the relevant resolution to approve the Capital Increase at the EGM.

An Independent Board Committee comprising all independent non-executive Directors has been formed to give recommendations to the Independent Shareholders regarding the Capital Increase Agreement and the Capital Increase contemplated thereunder. An Independent Financial Adviser will be appointed to provide independent advice to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Capital Increase are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among others, (i) further details regarding the Capital Increase Agreement and the Capital Increase contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be published and dispatched to Shareholders on or before December 31, 2026, as additional time is required to prepare the information to be included in the circular.

I. THE CAPITAL INCREASE AGREEMENT

On November 5, 2026, the Board considered and approved the Capital Increase. The Company proposes to enter into the Capital Increase Agreement with the Target Company, Hefei Construction Investment and Hefei Qinhe, pursuant to which, the Company, Hefei Construction Investment and Hefei Qinhe will subscribe for the increased registered capital of the Target Company of RMB9,100 million by contributing an aggregate amount of RMB9,100 million in cash. Upon completion of the Capital Increase, the shareholding percentage of the Company in the Target Company will decrease from 100% to approximately 63.96%, but the Target Company will remain a subsidiary of the Company and continue to be included in the consolidated financial statements of the Group.

The principal terms of the Capital Increase Agreement are summarized as follows:

Parties

(1) the Company;

(2) the Target Company;

(3) Hefei Construction Investment; and

(4) Hefei Qinhe.

Hefei Construction Investment and Hefei Qinhe are connected persons of the Company. Details of their connected relationships are set out in the section headed "Listing Rules Implications" below.

Effectiveness of the Agreement

The Capital Increase Agreement shall be established upon the signature or sealing by the legal representatives or authorized representatives of each party and the affixing of their respective company chops, and shall become effective upon the consideration and approval of the Capital Increase by the general meeting of the Company.

The Capital Increase

Pursuant to the Capital Increase Agreement, the registered capital of the Target Company will increase from RMB2,000 million to RMB11,100 million, among which: (i) the Company will subscribe for the increased registered capital of the Target Company of RMB5,100 million by contributing RMB5,100 million in cash; (ii) Hefei Construction Investment will subscribe for the increased registered capital of the Target Company of RMB3,000 million by contributing RMB3,000 million in cash; and (iii) Hefei Qinhe will subscribe for the increased registered capital of the Target Company of RMB1,000 million by contributing RMB1,000 million in cash.

Before and after the completion of the Capital Increase, the shareholding structure of the Target Company is as follows:

Name of Shareholders	Before the completion of the Capital Increase		After the completion of the Capital Increase	
	Registered capital subscribed for *(RMB100 million)*	Percentage of shareholding *(%)*	Registered capital subscribed for *(RMB100 million)*	Approximate percentage of shareholding *(%)*
The Company	20.00	100	71.00	63.96
Hefei Construction Investment	0	0	30.00	27.03
Hefei Qinhe	0	0	10.00	9.01
Total	20.00	100	111.00	100

Upon completion of the Capital Increase, the shareholding percentage of the Company in the Target Company will decrease from 100% to approximately 63.96%, and the Target Company will remain a subsidiary of the Company and continue to be included in the consolidated financial statements of the Group.

Consideration for the Capital Increase and Basis of Pricing

Pursuant to the Capital Increase Agreement, the subscription price for the Capital Increase is RMB1 for each RMB1 of the increased registered capital, which applies to each of the Investors. The subscription price of the Capital Increase has been determined by reference to the appraised value of total equity attributable to the shareholders of the Target Company as determined using the asset-based approach as set out in the valuation report (the "**Asset Valuation Report**") prepared by Anhui Zhonglian Guoxin Assets Appraisal Co., Ltd* (安徽中聯國信資產評估有限責任公司) ("**Zhonglian Guoxin**"), an independent asset valuer, with April 30, 2026 as the valuation benchmark date (the "**Valuation Benchmark Date**"). According to the Asset Valuation Report, the appraised value of the total equity attributable to the shareholders of the Target Company as at the Valuation Benchmark Date was RMB2,000 million. Based on the registered capital of the Target Company of RMB2,000 million before the Capital Increase, the above appraised value is equivalent to RMB1 for each RMB1 of registered capital, and accordingly, the subscription price for the Capital Increase has been fixed at RMB1 for each RMB1 of the increased registered capital. Further details of the Asset Valuation Report are set out in the Appendix to this announcement. The subscription price of the Capital Increase has been determined after arm's length negotiations among the parties, after fully taking into account the current development stage, capital requirements and future development plans of the Target Company, and factors such as the participation of the Investors in the Capital Increase at the same subscription price.

Capital Contribution Arrangements

Pursuant to the Capital Increase Agreement, the Investors shall complete their respective capital contributions in a lump sum in accordance with the Capital Increase Agreement by the latest deadline specified in the payment notice issued by the Target Company and in any event no later than December 31, 2030. The capital contribution obligations of each of the Investors are independent of one another. Each Investor shall become a shareholder of the Target Company from the date on which it pays its subscription amount for the Capital Increase (the "**Completion Date**").

The Company will make its capital contribution using its own and/or self-raised funds, and will not utilize the proceeds from the H Share Global Offering.

Arrangements for Profit or Loss during the Transition Period

Any profits or losses of the Target Company arising from its operations or from any other cause during the transition period shall be jointly enjoyed or borne by all Shareholders following the completion of the Capital Increase in proportion to their respective subscribed capital contributions. The subscription price for the Capital Increase shall not be adjusted as a result of such profits or losses.

Corporate Governance

Pursuant to the Capital Increase Agreement, the Target Company will not have a board of directors but will have one director, who will be nominated by the Company and elected by the general meeting of the Target Company. The shareholders of the Target Company shall exercise their voting rights in proportion to their respective paid-up capital contributions.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Capital Increase will help to improve the capital strength of the Target Company, laying a solid financial foundation for advancing the development of its 12-inch wafer production lines. Given the substantial investment scale and long construction period of the Phase IV project, the Company proposes to introduce joint capital contributions from Hefei Construction Investment and Hefei Qinhe so as to broaden the funding sources of the Target Company and alleviate the financial pressure of the Company for independently undertaking subsequent capital investments of the project. At the same time, the Capital Increase will also help the Company optimize its resource allocation, reserve more cash for its core business development and cope with potential market fluctuations. At the same time, joint capital contributions from the Investors help to share the capital investment and related investment risks in the Target Company's development process, providing support for the Target Company's long-term stable development, ultimately strengthening the core competitiveness of the Company and driving high-quality development in the long run.

The Company selected other investors to jointly participate in the Capital Increase, taking into account their recognition of the long-term growth value of the Target Company and their investment orientation focusing on industrial synergy and strategic layout. The Company believes that joint investment with investors with long-term investment intentions will help support the Target Company in advancing project construction and operation according to its business development needs, and promote alignment of interests among all parties in the long-term development of the Target Company. In addition, the Target Company may further introduce other investors according to the needs of project construction and business development in order to continuously broaden its funding sources and provide support for its long-term development.

According to the Capital Increase Agreement, unless prior written consent is obtained from the Investors, the Target Company shall use all proceeds from the Capital Increase for its daily operations, including but not limited to supplementing working capital, purchasing equipment, and repaying debts related to the production and operation of its main business. The Target Company will arrange the use of funds based on project progress, actual operating needs, and the receipt of funds from each Investor, and will comply with the usage restrictions stipulated in the Capital Increase Agreement.

Although the shareholding percentage of the Company in the Target Company will decrease, the Target Company will remain a subsidiary of the Company and continue to be included in the consolidated financial statements of the Group. While introducing external funds, sharing capital investment and related investment risks, the Company can still share the potential benefits brought about by the future development of the Target Company in proportion to its shareholding. The Capital Increase will have no material adverse effect on the financial position and business of the Company.

In view of the above reasons, the Directors (excluding the Directors who have abstained from voting on the relevant Board resolutions and the independent non-executive Directors, whose views will be set out in the letter from the Independent Board Committee after taking into account the advice of the Independent Financial Adviser) are of the view that the terms of the Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole, notwithstanding that such transactions are not entered into in the ordinary and usual course of business of the Group.

III. LISTING RULES IMPLICATIONS

As at the date of this announcement, Hefei Construction Investment is the Controlling Shareholder of the Company, and Hefei Qinhe is a wholly-owned subsidiary of Huaqin Technology, a Substantial Shareholder of the Company, and accordingly, an associate of Huaqin Technology. Therefore, pursuant to Chapter 14A of the Listing Rules, each of Hefei Construction Investment and Hefei Qinhe is a connected person of the Company. As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 5% but are less than 25%, the Capital Increase constitutes a discloseable transaction and a connected transaction of the Company, and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The Board has resolved and approved the Capital Increase Agreement and the transactions contemplated thereunder. Given that Mr. Lu Qinhang concurrently serves as a director of Hefei Construction Investment, Mr. Guo Zhaozhi concurrently serves as a member of senior management of Hefei Construction Investment, Ms. Yang Guoqing concurrently serves as the board secretary, the head of audit department and the head of legal and compliance department of Hefei Construction Investment, and Mr. Qiu Wensheng concurrently serves as the legal representative, a director and the general manager of Huaqin Technology, all of them have abstained from voting on the relevant Board resolutions. Save as stated above, none of the other Directors has any material interest in the transactions under the Capital Increase Agreement and is required to abstain from voting on the relevant Board resolutions.

IV. EGM

The Company will convene the EGM to seek consideration and approval from the Independent Shareholders, by way of an ordinary resolution, for the Capital Increase Agreement and the Capital Increase contemplated thereunder. Given that Hefei Construction Investment and Hefei Qinhe have material interests in the Capital Increase, they and their respective associates (if holding the shares of the Company) will abstain from voting on the relevant resolution to approve the Capital Increase at the EGM.

An Independent Board Committee comprising all independent non-executive Directors has been formed to give recommendations to the Independent Shareholders regarding the Capital Increase Agreement and the Capital Increase contemplated thereunder. An Independent Financial Adviser will be appointed to provide independent advice to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Capital Increase are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A circular containing, among others, (i) further details regarding the Capital Increase Agreement and the Capital Increase contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM, is expected to be published and dispatched to Shareholders on or before December 31, 2026, as additional time is required to prepare the information to be included in the circular.

V. GENERAL INFORMATION

The Company and the Group

The Company is a joint stock company established under the laws of the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE (stock code: 688249) and the Main Board of the Stock Exchange (stock code: 2249), respectively. The Group is a dedicated wafer fabrication service provider, primarily translating IC design blueprints provided by fabless, fablite and integrated device manufacturers into high-quality processed wafers at scale.

Target Company

The Target Company is a limited liability company established under the laws of the PRC, and is principally engaged in the manufacturing and sale of integrated circuit chips and products, design and services of integrated circuit chips, research and development of special electronic materials and new material technologies. The Target Company is the entity responsible for the construction of the Company's Phase IV Project, which has a planned total investment amount of RMB35.50 billion and mainly involves the construction of a 12-inch wafer production line with a planned monthly production capacity of approximately 55,000 wafers, focusing on technology platforms encompassing 40nm and 28nm CIS, OLED and Logic. As at the date of this announcement, the project is still under construction, and the Target Company has not yet generated operating revenue. As at the date of this announcement, the Target Company is wholly-owned by the Company.

The Target Company was established on July 17, 2025. As at the date of this announcement, the registered capital of the Target Company is RMB2,000 million, which has been fully paid up. According to its audited financial information, as at April 30, 2026, the total assets and owners' equity of the Target Company were both RMB2,000 million, and it had no liabilities. For the four months ended April 30, 2026, the Target Company recorded nil operating revenue, profit before tax or profit after tax.

Hefei Construction Investment

Hefei Construction Investment is a limited liability company established under the laws of the PRC, and mainly undertakes the investment, financing, construction, operation and management of urban infrastructure, basic industries, energy, transportation and municipal public utility projects; is engaged in the management and capital operation of state-owned assets within the scope of authorization, and implements project investment management, asset return management, property rights supervision and management, asset restructuring and operation; participates in land banking, consolidation and maturation; integrates urban resources to maximize government revenue; exercises investor rights over wholly-owned, controlled and equity-participating enterprises; undertakes other tasks authorized by the municipal government; housing rental. As at the date of this announcement, its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Hefei Municipal People's Government (合肥市人民政府國有資產監督管理委員會).

Hefei Qinhe

Hefei Qinhe is a limited liability company established under the laws of the PRC, principally engaged in integrated circuit chip and product manufacturing, integrated circuit chip and product sales, integrated circuit chip design and services, technical services, technology development, technical consultation, technical exchange, technology transfer, and technology promotion. As at the date of this announcement, Hefei Qinhe is a wholly-owned subsidiary of Huaqin Technology, a Substantial Shareholder of the Company, and its ultimate beneficial owner is Mr. Qiu Wensheng.

VI. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

"A Share(s)"	listed domestic share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the STAR Market of the SSE and subscribed for and traded in RMB
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of directors of the Company
"Capital Increase"	pursuant to the Capital Increase Agreement, the Investors propose to subscribe for the increased registered capital of the Target Company of RMB9,100 million by contributing an aggregate amount of RMB9,100 million in cash, upon which the registered capital of the Target Company will increase from RMB2,000 million to RMB11,100 million
"Capital Increase Agreement"	the capital increase agreement proposed to be entered into by the Company, the Target Company, Hefei Construction Investment and Hefei Qinhe in relation to the Capital Increase of the Target Company
"Company"	Nexchip Semiconductor Corporation (合肥晶合集成電路股份有限公司), a joint stock company established under the laws of the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE (stock code: 688249) and the Stock Exchange (stock code: 2249), respectively
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, approve the Capital Increase Agreement and the Capital Increase contemplated thereunder
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are listed on the Main Board of the Stock Exchange and subscribed for and traded in Hong Kong dollars
"H Share Global Offering"	Hong Kong Public Offering and International Offering (both as defined in the H Share Prospectus)
"H Share Prospectus"	the prospectus published by the Company on June 30, 2026 in connection with the H Share Global Offering
"Hefei Construction Investment"	Hefei Construction Investment Holding (Group) Co., Ltd. (合肥市建設投資控股(集團)有限公司), a limited liability company established under the laws of the PRC and the Controlling Shareholder of the Company
"Hefei Qinhe"	Hefei Qinhe Electronic Technology Co., Ltd. (合肥勤合電子科技有限公司), a limited liability company established under the laws of the PRC, and a wholly-owned subsidiary of Huaqin Technology, a Substantial Shareholder of the Company
"Huaqin Technology"	Huaqin Technology Co., Ltd. (華勤技術股份有限公司), a joint stock company established under the laws of the PRC with limited liability and a Substantial Shareholder of the Company
"Independent Board Committee"	the independent board committee of the Company comprising all independent non-executive Directors to give recommendations to the Independent Shareholder(s) in respect of the Capital Increase
"Independent Financial Adviser"	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholder(s) in respect of the Capital Increase
"Independent Shareholder(s)"	Shareholder(s) who is/are not required to abstain from voting on the resolution to approve the Capital Increase under the Listing Rules

"Investors"	the Company, Hefei Construction Investment and Hefei Qinhe
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of Shares of the Company
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Hefei Jingyi Semiconductor Co., Ltd. (合肥晶奕集成電路有限公司), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement
"%"	per cent.

By order of the Board
Nexchip Semiconductor Corporation
合肥晶合集成電路股份有限公司
Mr. Tsai Kuo-Chih
Executive Director and Chairperson of the Board

Hong Kong, November 5, 2026

As at the date of this announcement, the Board comprises: (i) Mr. Tsai Kuo-Chih and Mr. Zhu Caiwei as executive Directors; (ii) Mr. Lu Qinhang, Mr. Qiu Wensheng, Mr. Guo Zhaozhi and Ms. Yang Guoqing as non-executive Directors; and (iii) Prof. Sheng Mingquan, Prof. Lin Zhiting and Mr. Chen Ting as independent non-executive Directors.

I. KEY VALUATION ASSUMPTIONS

(I) General Assumptions

1. Transaction assumption: It is presumed that all assets to be appraised are in the process of a transaction and the valuer conducts the valuation by simulating the market based on the transaction conditions of assets to be appraised. The transaction assumption is the most fundamental prerequisite for conducting an asset valuation.

2. Open market assumption: It is presumed that, for assets that are being traded or proposed to be traded on the market, the parties to the asset transaction enjoy equal status and each has the opportunity and time to obtain sufficient market information, so as to make sound judgments based on the function, use and transaction price of the assets. The open market assumption is based on the premise that the assets can be openly traded on the market.

3. Asset going concern assumption: In the course of valuation, the valuation methods, parameters and bases are to be determined on the basis that the assets under valuation will continue to be used for their current purposes and in their current manner, scale, frequency and environment, or will be used on a modified basis.

(II) Special Assumptions

1. It is assumed that the external economic environment remains unchanged as at the Valuation Benchmark Date, and there will be no material changes in the prevailing macroeconomy of the country.

2. It is assumed that there are no significant changes in macroeconomic and industrial policies, trade policies and tax policies.

3. It is assumed that the assets under valuation are in a normal, reasonable and lawful state of operation, use and maintenance, to the foreseeable extent permitted by legal, economic and technical conditions.

4. It is assumed that the accounting policies adopted by the Target Company in the future are substantially consistent in all material respects with the accounting policies used in the preparation of the Asset Valuation Report.

5. It is assumed that the underlying information and financial information provided by the principal and the Target Company are true, accurate and complete.

6. It is assumed that each asset is premised on its actual existing inventory as at the Valuation Benchmark Date, and the prevailing market value of the relevant asset is determined based on the effective domestic prices as at the Valuation Benchmark Date.

7. The scope of valuation is solely subject to the valuation declaration form provided by the principal and the Target Company, without consideration of any potential contingent assets and contingent liabilities not included in the list provided.

8. It is assumed that there are no other force majeure factors or unforeseeable factors that may have a material adverse impact on the Target Company or the assets under valuation.

II. ASSET-BASED APPROACH

(I) Subject and Scope of Valuation

The subject of this valuation is the value of Shareholders' total equity of the Target Company, and the scope of the valuation covers all of its audited assets and liabilities. As at the Valuation Benchmark Date, the Company held 100% of the equity interests in the Target Company. The Target Company had not yet commenced operations and had no revenue, costs and expenses from January to April 2026.

As at the Valuation Benchmark Date, the carrying amount of the assets of the Target Company was RMB2.00 billion. The Target Company had no liabilities, and the carrying amount of its net assets was RMB2.00 billion. The Target Company did not report any off-balance-sheet assets. The subject and scope of the commissioned valuation are consistent with those involved in the economic transaction related to the Capital Increase.

(II) Current Assets: Monetary Funds

The monetary funds included in this valuation consist of bank deposits. The valuer conducted a review of the books, reconciled the bank statements, and sent a letter of confirmation regarding the bank deposit balances to verify the authenticity and accuracy of the book balances. After the RMB account was verified and confirmed to be accurate, the appraised value was determined based on the verified carrying amount.

The valuer also reviewed bank statements and other materials to verify the authenticity of the bank deposit information. Based on calculations, as at the Valuation Benchmark Date, the appraised value and carrying amount of the current assets were both RMB2.00 billion, with no appreciation or depreciation.

(III) Valuation Result

The valuation result of the assets of the Target Company is summarized as below, with amounts expressed in RMB ten thousand:

Item	Carrying amount	Appraised value	Appreciation or depreciation
Current assets	200,000.00	200,000.00	0.00
Total assets	200,000.00	200,000.00	0.00
Total liabilities	0.00	0.00	0.00
Total equity attributable to the shareholders (net assets)	200,000.00	200,000.00	0.00

Appraised value of total equity attributable to the shareholders

= total appraised value of all assets – total appraised value of all liabilities

= RMB2.00 billion – RMB0.00 = RMB2.00 billion.

Therefore, as at April 30, 2026, the market value of the total equity attributable to the shareholders of the Target Company was RMB2.00 billion, which was identical to the carrying amount of its net assets, with no valuation surplus or deficit. The income approach has not been applied in this valuation, nor has any income forecast been prepared or discount rate determined based on it.