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)

MAJOR TRANSACTION
ACQUISITION OF 20% EQUITY INTERESTS IN THE TARGET COMPANY

SHARE TRANSFER AGREEMENT

On August 21, 2026, the Company, the Seller, and the other Parties entered into a Share Transfer Agreement, pursuant to which the Company conditionally agreed to acquire, and the Seller conditionally agreed to sell, 129,211,208 A Shares held by the Seller (representing 20% of the Target Company's total issued share capital).

The consideration for the Underlying Shares was RMB800,000,000, equivalent to approximately RMB6.19 per A Share. As of the date of this announcement, the Seller has received the first installment of the good-faith deposit in the amount of RMB10,000,000 from the Company. The Company shall pay the remaining good-faith deposit of RMB190,000,000 within fifteen (15) business days from the date of execution of the Share Transfer Agreement.

Upon completion of the Acquisition, the Company will hold 20% of the Target Company's total issued share capital and will become the Target Company's controlling shareholder.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in connection with the Acquisition are expected to exceed 25% but do not exceed 100%, the Acquisition constitutes a potential major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the requirements regarding notifications, announcements, circulars, and shareholder approval set forth in Chapter 14 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING AND DISTRIBUTION OF A CIRCULAR

An extraordinary general meeting will be convened and held to allow shareholders to consider and, at their discretion, pass resolutions to approve, among other things, the Acquisition and the Share Transfer Agreement. The Share Transfer Agreement shall take effect only after it has been approved by the general meeting of the Company. To the best of the Directors' knowledge, information, and belief, based on all reasonable inquiries made, as of the date of this announcement, no shareholder has a material interest in the Acquisition that would require him or her to abstain from voting.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial and other information regarding the Target Group; (iii) the Group's unaudited pro forma financial information; (iv) other information required under the Listing Rules; and (v) the notice of the extraordinary general meeting, is expected to be published on the websites of the Stock Exchange and the Company on or before October 21, 2026, as the Company needs additional time to prepare and finalize the relevant information to be included in the circular.

Since the Share Transfer Agreement will not take effect until it is approved by the general meeting of the Company, and the completion of the transfer of the Underlying Shares is contingent upon obtaining compliance confirmation from the Shenzhen Stock Exchange and completing procedures such as the transfer registration with the securities registration and clearing institution, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when buying or selling shares.

INTRODUCTION

On August 21, 2026, the Company, the Seller, and the other Parties entered into a Share Transfer Agreement, pursuant to which the Company conditionally agreed to acquire, and the Seller conditionally agreed to sell, 129,211,208 A Shares held by the Seller (representing 20% of the Target Company's total issued share capital).

SHARE TRANSFER AGREEMENT

The principal terms of the Share Transfer Agreement are summarized below.

Date

August 21, 2026

Parties

(a) the Company (as the Purchaser);

(b) International Building Products Limited (as the Seller);

(c) Argus Holdings (the existing shareholder of the Target Company); and

(d) Tang Taiying (one of the actual controllers of the Target Company).

To the best of the Directors' knowledge, information, and belief, based on all reasonable inquiries made, as of the date of this announcement, International Building Products Limited, Argus Holdings, Tang Taiying, and their respective ultimate beneficial owners are third parties independent of the Company and its related parties.

Subject Matter

Pursuant to the Share Transfer Agreement, the Company has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, 129,211,208 A Shares of the Target Company held by the Seller (representing 20% of the Target Company's total issued share capital), with the price of the A Shares being approximately RMB6.19 per share. During the Transition Period, if the Target Company undergoes any ex-rights events, the number of Underlying Shares and the transfer price per share shall be adjusted accordingly in accordance with the rules of the Shenzhen Stock Exchange to maintain the 20% share transfer ratio specified in the Share Transfer Agreement, provided that the total consideration remains unchanged. If the Target Company undergoes any ex-dividend events during the Transition Period, the number of Underlying Shares will not be adjusted; the transfer price per share will be reduced by the amount of the dividend, and the total consideration will be adjusted accordingly.

Consideration and Payment

The consideration for the Underlying Shares is RMB800,000,000, equivalent to approximately RMB6.19 per A Share. The consideration was determined by the Company and the Seller through fair negotiations on arm's-length terms, taking into account, among other things:

(i) The current and historical trading prices of the Target Company's A Shares quoted on the Shenzhen Stock Exchange;

(ii) The Target Group's business, financial condition, and prospects;

(iii) The valuation set forth in the valuation report issued by the valuer regarding the market value of the Target Company's total shareholders' equity as of the valuation date (refer to the "Valuation" section below for details); and

(iv) Relevant Chinese statutory and regulatory requirements regarding the transfer price of the Underlying Shares.

The consideration shall be paid in cash, with funds sourced from own funds and/or legitimate self-raised funds, of which the portion from own funds shall account for not less than 50%. Pursuant to the Share Transfer Agreement, within ten (10) business days from the date on which the Acquisition is approved by the general meeting of the Company, the Seller and the Company shall cooperate with each other to open a joint account in the name of the Company and jointly monitored by the Seller and the Company for the purpose of receiving and paying the consideration. Without the mutual consent or authorization of the Seller and the Company, neither party shall withdraw or otherwise dispose of the funds in the joint account, nor shall any third-party rights be created thereover.

Once all the preconditions for payment are met, the consideration will be paid in installments according to the following method and schedule:

(1) The Company shall pay the Seller the first installment of the consideration, in the amount of RMB200,000,000, within two (2) business days from the date when the Transaction is approved on its general meeting;

(2) After the Seller and the Company have received compliance confirmation from the Shenzhen Stock Exchange for the Transaction and have completed the preparation and affixing of seals to the application materials for the transfer registration of the Underlying Shares with the securities registration and clearing institution, the good-faith deposit of RMB200,000,000 already paid by the Company shall automatically be converted into the second installment of the consideration; and the Company shall simultaneously pay the Seller the third installment of the consideration in the amount of RMB320,000,000; Upon the Seller's confirmation of receipt of the third installment of the consideration, the Seller and the Company shall jointly submit the application materials for the transfer registration of the Underlying Shares to the securities registration and clearing institution;

(3) The Company shall pay the fourth installment of the consideration, in the amount of RMB80,000,000, to the joint account within two (2) business days from the date of transfer registration of the Underlying Shares; and

(4) The Company shall cooperate with the Seller to pay the remaining consideration of RMB80,000,000 in the joint account to the designated account of the Seller on the date on which the adjustment of the corporate governance structure of the Target Company is completed.

Share Lock-up Period and Pledge Arrangement

The Company undertakes that, within 60 months after the completion of the Transaction, it will not directly or indirectly transfer the shares of the Target Company acquired in the Acquisition, and within 36 months after the completion of the Transaction, it will not pledge the Underlying Shares acquired in the Acquisition.

Valuation

The Company has engaged a valuer to prepare a valuation report on the market value of the Target Company's total equity attributable to shareholders of the parent company. As of the valuation date, the value amounted to RMB3,846 million. The details are set forth below.

Valuation Method

According to the valuation report, the equity value of the Target Company can be estimated using the income approach, the market approach, and the asset-based approach. Given that there are several publicly traded companies in the Target Company's industry with similar businesses and operating models, and that their publicly disclosed financial and market information is relatively comprehensive, the comparable company method under the market approach was ultimately adopted as the valuation method for this valuation. The asset-based approach reflects a company's value solely from the perspective of asset construction; it fails to account for the Target Company's strengths, such as its technological research and development, product development, talent pool, brand, and global sales network. Therefore, it was not adopted. Given that the Target Company has experienced significant fluctuations in its performance in recent years, recording operating losses for consecutive years, and currently undergoing a business restructuring and transformation, it is difficult to reliably forecast its revenue for future years; therefore, the income approach was not adopted. Due to the limited number of comparable transactions and the fact that certain specific conditions related to those transactions which affect transaction prices cannot be fully ascertained through public sources, the transaction comparison method under the market approach was not adopted.

Key Assumptions

The key assumptions used in the valuation report include (among others):

(i) Transaction assumptions, which involve assuming that the subject of valuation is already in the process of being sold and simulating the market based on the subject's terms of sale to determine its value;

(ii) The open-market assumptions, which involve assuming that the parties to an asset transaction are on an equal footing and each has the opportunity and time to obtain sufficient market information to make a rational judgment regarding the asset's characteristics, uses, and transaction price;

(iii) The going-concern assumptions, which involve assuming that the Target Company will continue to operate under its current purpose, manner of use, scale, frequency, and environment;

(iv) Assuming that there are no material changes in the political, economic, social, legal and regulatory, and business environments of the countries and regions in which the Target Company operates after the valuation date;

(v) Assuming that there are no significant changes in national macroeconomic policies, industrial policies, regional development policies, or legal and regulatory policies after the valuation date;

(vi) Assuming that interest rates, exchange rates, tax bases and tax rates, and policy-based levies related to the Target Company will not undergo material changes after the valuation date;

(vii) Assuming that the relevant background information, financial data, and publicly available information are true, accurate, and complete;

(viii) Assuming that the Target Company's management acts with due diligence, that its business operations are lawful and compliant, that no material changes will occur within the foreseeable future, that internal control system of the Target Company is effective and well-established, and that its risk management measures are sufficient and appropriate;

(ix) Assuming that there are no other force majeure events or unforeseeable circumstances that will have a material adverse effect on the Target Company after the valuation date;

(x) Assuming that the effects of inflation will not be taken into account when assigning values to the various parameters used in the valuation calculations;

(xi) Assuming that the information disclosed by comparable companies is true, accurate, and complete, and contains no false statements, misstatements, or material omissions that would affect value judgments; and

(xii) Assuming that the comparison criteria and metrics for comparable companies are selected solely based on publicly disclosed information, without considering the impact of other factors on the Target Company's value.

Comparable Company Method

The basic screening criteria for comparable companies are similar business structures, business models and financial conditions, specifically including:

(i) Industry Positioning: The initial screening will focus on companies listed in the Sanitary Ware and Household Products sector published by Shenwan;

(ii) Business Structure: Exclude companies whose sanitary ware business accounts for a small proportion of total revenue or whose core business is not focused on this sector;

(iii) Business Model: Retain companies that primarily engage in ODM/OEM manufacturing and have a model similar to the export-oriented manufacturing model of the Target Company, and exclude companies that primarily focus on domestic sales of their own brands; and

(iv) Financial Condition: Compare the scale of operating revenue, gross profit margin, debt-to-equity ratio, and profit and loss performance, and exclude companies whose financial structures differ significantly from those of the Target Company.

Based on the above criteria, the following three A Share listed companies were ultimately selected as comparable companies:

(i) Xiamen Solex High-Tech Industries Co., Ltd. ("**Solex High-Tech Industries**") (603992.SH), which is primarily engaged in the research and development, production, and sale of kitchen and bathroom health products and beauty and health products;

(ii) Jiangxi Avonflow HVAC Tech CO., LTD. ("**Avonflow**") (301575.SZ), which is primarily engaged in the research and development, production, and sale of bathroom drying racks, as well as the trading of HVAC components; and

(iii) D&O Home Collection Co., LTD. (**D&O Home Collection**) (002798.SZ), which is primarily engaged in the production, research and development, and sale of two categories of home decoration and renovation products: sanitary ware and architectural ceramics.

After comparing the price-to-book (P/B) ratio, price-to-earnings (P/E) ratio, and price-to-sales (P/S) ratio, net assets, net income, and operating revenue were used as independent variables to perform a regression analysis on the value of shareholders' equity. The R^2 values for the P/B, P/E, and P/S models were 0.7782, 0.5477, and 0.6089, respectively. Among them, the P/B model had the highest fit, so the P/B ratio was selected as the valuation ratio.

To reflect the Company's acquisition of control over the Target Company upon completion of the Acquisition, the cases of changes in control of A Share listed companies within the three years prior to the valuation reference date as reported by Wind were consulted, and 18 cases that were approved by the general meeting and involved a transfer by agreement were selected. The mean, median, first quartile, and third quartile of the control premium rates for these cases were 16.39%, 18.16%, -1.07%, and 26.58%, respectively. The control premium rate was set at 16.39%, the average of those cases, and the market capitalization of the comparable companies was adjusted accordingly.

After the adjustment for control premium rates, the market capitalizations of Solex High-Tech Industries, Avonflow, and D&O Home Collection were adjusted from the initial approximately RMB12,334.1458 million, RMB3,452.8407 million, and RMB3,437.8790 million to approximately RMB14,355.5720 million, RMB4,018.7220 million, and RMB4,001.3082 million, respectively, while their net assets attributable to owners of the parent company as of March 31, 2026, were RMB3,665.5500 million, RMB1,420.7916 million, and RMB1,850.9511 million, respectively, corresponding to P/B ratios of 3.92x, 2.83x, and 2.16x, with an average P/B ratio of 2.97x.

As of March 31, 2026, the Target Company's equity attributable to owners of the parent company amounted to RMB1,295.3132 million. Based on an average P/B ratio of 2.97x, the final equity valuation result = relevant operating indicators of the valuation subject × the adjusted P/B ratio of comparable companies. Therefore, the market value of the Target Company's total shareholders' equity is RMB3,846.0000 million, which is calculated by multiplying RMB1,295.3132 million by 2.97 (rounded to the nearest whole number), corresponding to approximately RMB5.95 per A Share.

Conditions Precedent to Payment of Consideration

Payment of the consideration under the Share Transfer Agreement is subject to the fulfilment of the following conditions:

(i) The Share Transfer Agreement has been signed and taken effect;

(ii) The Company has obtained all internal authorizations, the approval of the Company's general meeting (if required) to sign and perform the transaction documents and the Acquisition as well as all necessary exemptions, consents, and approvals from the Stock Exchange (if required), and the signing and performance of the transaction documents will not result in the Company breaching any applicable laws, the Listing Rules, or any other agreements or undertakings;

(iii) The Seller and the other parties to the Transaction have obtained all internal authorizations to sign and perform the transaction documents and the Acquisition, and the signing and performance of the transaction documents will not cause them to breach any applicable law or other agreement or commitment;

(iv) The Company has completed its due diligence on the Target Company, and no events have occurred that would cause the Company to unilaterally rescind or terminate the Share Transfer Agreement as set forth therein;

(v) The Acquisition has received approval for concentrations of undertakings (if required);

(vi) None of the Underlying Shares are subject to any pending disputes, litigation, arbitration, judicial attachment, or freeze; nor are they subject to any pledge or other form or nature of security interest or encumbrance; there are no restrictions on their transfer; and they are free from any third-party claims;

(vii) The Target Group has not experienced any prohibited matters under "Transition Arrangements" set out below;

(viii) There are no judgments, awards, rulings, or injunctions by any law, court, arbitral tribunal, or relevant government authority that restrict, prohibit, or nullify the Acquisition, nor are there any pending or potential lawsuits, arbitrations, judgments, awards, rulings, or injunctions that have had or are reasonably expected to have a material adverse impact on the Acquisition; and

(ix) The representations, warranties, and covenants made by the Seller and the other parties under the Share Transfer Agreement remain in full force and effect, and there has been no breach of the obligations and liabilities under the transaction documents.

Closing Arrangement

Following the execution of the Share Transfer Agreement, the Parties to the Share Transfer Agreement shall make their best efforts to facilitate the completion of the registration of the transfer of the Underlying Shares. Within ten (10) business days following the date on which the Company's general meeting approves the Acquisition and after the Seller receives the good faith deposit of RMB200 million and the first installment of the consideration for share transfer paid by the Company, or by a later date mutually agreed upon by the Parties to the Share Transfer Agreement, the Parties to the Share Transfer Agreement shall jointly cooperate to submit all application documents for the compliance confirmation of the Acquisition to the Shenzhen Stock Exchange. Within five (5) business days after receiving the compliance confirmation letter from the Shenzhen Stock Exchange, or by a later date mutually agreed upon by the Parties to the Share Transfer Agreement, the Parties to the Share Transfer Agreement shall jointly cooperate to submit to the securities registration and clearing institution the complete application materials required to process the transfer of the Underlying Shares.

The Closing Date is the date on which the registration of transfer of the Underlying Shares is completed with the securities registration and clearing institution. Starting from the Closing Date, the Company shall assume ownership of the Underlying Shares and all rights and obligations attached thereto. Upon completion of the Acquisition, the Company will hold 20% of the Target Company's total issued share capital and will become the Target Company's controlling shareholder.

Due Diligence

From the date of signing of the Share Transfer Agreement, the Company has the right to engage intermediary institutions to conduct business, financial, and legal due diligence on the Target Company, and the Seller and the other Parties shall actively cooperate therewith. The due diligence by the Company shall be completed within 30 working days from the date of signing the Share Transfer Agreement or within a later period agreed upon by the parties of the Agreement (the "**Due diligence Period**").

If the due diligence reveals any of the matters specified in items (i), (v) and (vii), the Company shall have the right to unilaterally rescind and terminate the Share Transfer Agreement; if the Company does not raise any objections upon the expiration of the Due Diligence Period, it shall be deemed that the following circumstances do not exist:

(i) The Target Company and/or its controlling shareholders, de facto controllers, Directors, or senior management have committed material violations of laws and regulations and/or are subject to material administrative penalties, particularly circumstances that affect the Target Company's subsequent capital operations such as refinancing or asset restructuring, or relocation;

(ii) The funds or assets of the Target Company are occupied by the Seller or a third party for non-operating purposes, or there are related risks;

(iii) The Target Company transfers funds or benefits to related parties through connected transactions or, in substance, through non-connected parties;

(iv) The Target Company has material risks regarding financial authenticity, internal control, or the effectiveness of corporate governance;

(v) The Underlying Shares held by the Seller are subject to undisclosed material pledges, freezes, seizures, or ownership disputes, which affect the transfer of the Underlying Shares and the realization of the purpose of the Share Transfer Agreement;

(vi) There are material discrepancies between the actual situation of the Target Company and its publicly disclosed information, particularly the existence of undisclosed (which should have been disclosed) external guarantees, litigation, mortgages, or pledges, and where undisclosed information may result in the Target Company's total net assets decreasing by more than 10%, or total liabilities (including contingent liabilities) increasing by more than 10%, compared to the most recent audited consolidated financial statements;

(vii) The Target Company has experienced or is foreseeable to experience a material adverse change, including but not limited to business qualification issues, and delisting risks that may lead to a material deterioration in its financial condition.

If the circumstances mentioned in items (ii), (iii), (iv) and (vi) above are found in the due diligence, the Company has the right to require the Seller and other parties to correct them within the period required by the Company to eliminate adverse effects; or has the right to demand compensation from the Seller and other parties to the Company. The amount of compensation amount shall be determined through negotiation between the Company and the Seller and other parties based on the due diligence results from the intermediary institution, and shall be deducted from the transfer price paid subsequently. The Seller and other parties shall sign a supplementary agreement with the Company to agree on the compensation within ten (10) working days after the Company makes the compensation request.

Transitional Arrangements

During the Transition Period, the Seller and the other Parties shall comply with the provisions of PRC laws regarding the transfer of shares in the Target Company, and shall undertake to cause the Target Group to conduct its business operations in the ordinary course and to comply with applicable laws and regulations, regulatory documents, the articles of association of the Target Company, and other internal rules and regulations.

Except for matters that have been fully disclosed to the Company in advance within a reasonable time and have obtained the Company's written consent, the Seller and the other Parties shall ensure that they themselves and shall cause the Target Group not to (among other things) dispose of, increase, or reduce the shares of the Target Company or create any encumbrance thereon; engage in, discuss, negotiate, or make commitments with any third party regarding matters related to the Acquisition; cease operations or substantially change the principal business; appoint or remove the general manager, the deputy general manager, the chief financial officer and the secretary of the Board of the Target Group, or change their salary and welfare standards, except for those who resign voluntarily; change the salary and welfare standards of the Target Group's employees, and formulate or implement employee incentive schemes (including but not limited to employee equity, option and/or bonus incentive schemes, etc.); propose or vote to appoint or remove the current directors of the Target Group, and nominate, recommend or appoint new directors to the Target Group; amend the articles of association or principal governance systems of the Target Group; provide guarantees, make external investments, dispose of material assets, waive creditor's rights, make profit distributions, enter into or terminate material contracts, increase or decrease registered capital, merge, divide, liquidate, dissolve, or change the principal business.

During the Transition Period, the Target Group shall also not incur capital expenditures exceeding the amount of depreciation accrued during the Transition Period, merge with, acquire, or invest in any third party entity, change any accounting method, accounting convention, or system (except for changes required by applicable accounting standards), or engage in any other matters that have a material adverse impact on the Target Group.

The Seller and the other Parties have also made representations and warranties regarding the Target Group's continuing operations, compliance, qualifications and licenses, asset ownership, material debts and contingent liabilities, material contracts, financial records, connected transactions, information disclosure, litigation and arbitration, and bankruptcy and liquidation, as of the date of signing of the Share Transfer Agreement and during the Transition Period.

Board of Directors and Corporate Governance Arrangements

Within one (1) month from the date of registration of the transfer of the Underlying Shares, the Seller and the other Parties shall cooperate with the Company to cause the Target Company to convene a board meeting and a general meeting, and to replace the Directors and senior management of the Target Company. The Board of the Target Company shall consist of nine (9) Directors, of which the Company has the right to nominate four (4) non-independent Director candidates and three (3) independent Director candidates, and the Seller and the other Parties have the right to nominate one (1) non-independent Director candidate. The Seller and the other Parties shall cause the Board of the Target Company to conduct an early reelection or reshuffle, and shall cooperate to ensure that the above-mentioned four (4) non-independent Director candidates and three (3) independent Director candidates nominated by the Company are elected at the general meeting of the Target Company. The Chairman of the Board and the legal representative of the Target Company shall be appointed from the Directors nominated by the Company, and the Seller and the other Parties shall cooperate to ensure the election of such Chairman candidates.

The reconstituted Board of the Target Company will appoint the new management. The Company shall have the right to recommend candidates for the general manager, the chief financial officer, and the secretary of the Board. The Parties shall cause and facilitate the Target Company to make such appointments in accordance with statutory procedures.

Arrangements For Consolidating Control

From the date of completion of the registration of the transfer of the Underlying Shares and during the period that the Company acts as a controlling shareholder of the Target Company, the Seller and the other Parties undertake to fully recognize the Company's status as the controlling shareholder, and shall not directly or indirectly increase their holdings of the Target Company's shares, or expand their proportion of voting rights in the Target Company through other means such as entrustment, agreements, or acting in concert, nor shall they enter into concerted action agreements, voting right entrustment agreements, or make similar arrangements with other shareholders of the Target Company and their respective related parties or concerted actors to seek, or assist others in seeking, the status of the controlling shareholder and/or de facto controller of the Target Company.

The Seller and the other Parties undertake that, during the period they directly or indirectly hold shares in the Target Company, the control structure of International Building Products Limited and Argus Holdings shall not change.

The Seller and the other Parties also undertake that, during the period they directly or indirectly hold shares in the Target Company, without the prior written consent of the Company, they shall not transfer the remaining shares of the Target Company held by International Building Products Limited and Argus Holdings after the completion of the Acquisition to any party other than the Company or a third party approved by the Company.

Performance Commitment

(i) The Seller and the other Parties undertake that, during the period in which International Building Products Limited and Argus Holdings hold shares of the Target Company (the "**Commitment Period**"), for each full accounting year within the Commitment Period beginning on January 1, 2027, the audited net profit attributable to the parent company from the existing business (or after deducting non-recurring gains and losses, whichever is lower) shall not be less than RMB1 million, and cash flow from operating activities within the Commitment Period beginning on January 1, 2027 shall be positive.

If, during the Commitment Period beginning on January 1, 2027, the existing business fails to meet the promised performance targets in any full accounting year, the Seller and the other Parties shall provide compensation to the Company, and the compensation amount is calculated as follows: the compensation amount for that period shall be the promised performance target for that year minus the audited net income attributable to the parent company's shareholders from the existing business for that year (or after deducting non-recurring gains and losses, whichever is lower).

The performance compensation amount shall be separately calculated after the annual auditor engaged by the Target Company issues its audit report for each year within the Commitment Period, and shall be paid to the Company on or before June 30 of the same year.

(ii) The Seller and other parties undertake that if the cash flow generated from operating activities within the Commitment Period beginning on January 1, 2027 (the "**Cash Flow Within the Commitment Period**") is negative, the Seller and other parties shall, on the basis of the compensation stipulated in the preceding paragraph, provide additional compensation to the Company within 30 days after the end of the Commitment Period. The compensation amount shall be the absolute value of the Cash Flow Within the Commitment Period.

(iii) Where the existing business fails to achieve the Commitment Performance due to force majeure or adjustments in national accounting policies, the Seller and the other Parties shall have no compensation obligation.

Termination and Refund of Consideration

The Share Transfer Agreement may be rescinded and terminated under any of the following circumstances:

(i) If, for reasons not attributable to the Company or the Seller, thirty (30) business days have elapsed after the Company has paid the first installment of consideration without obtaining the compliance confirmation letter from SZSE, and the Parties to the Share Transfer Agreement fail to reach a consensus to continue performance or extend the term, the Company may rescind the Share Transfer Agreement by written notice to the Seller;

(ii) If, within eighty (80) business days after the signing of the Share Transfer Agreement, notification of concentrations of undertakings (if required) in connection with the Acquisition has not obtained an unconditional approval or a decision of no further review, or has only obtained approval subject to conditions unacceptable to any party, and the Parties to the Share Transfer Agreement fail to reach a consensus to continue performance or extend the term, the Seller may rescind the Share Transfer Agreement by written notice to the Company;

(iii) The Parties to the Share Transfer Agreement reach a written consensus to rescind the agreement;

(iv) Any party materially breaches the Share Transfer Agreement or applicable laws, resulting in the inability to perform the acquisition matters, and the non-breaching party may rescind the agreement by written notice;

(v) Prior to the date of the transfer registration of the Underlying Shares, the Share Transfer Agreement has remained unimplemented for a continuous period exceeding one hundred and twenty (120) days due to force majeure; or

(vi) Other circumstances as stipulated in the Share Transfer Agreement.

If the Share Transfer Agreement is rescinded and terminated not due to any party's breach or fault, all the good faith deposit and transfer consideration that the Company has paid to the joint account and/or to the Seller and other parties before the termination of the Share Transfer Agreement shall be fully returned to the Company within two (2) working days after the rescission of the Share Transfer Agreement. All the interest accrued during the period of joint management of funds shall be owned by the Company.

Information on the Parties

The Company is a joint stock company incorporated in the PRC with limited liability, with its H Shares listed on the main board of the Stock Exchange (stock code: 2889). The Group, centered on its overall development strategy of "software-hardware-chip-cloud" integration, principally provides related technologies, products and solutions in businesses such as smart cockpits, intelligent connectivity, intelligent driving, in-vehicle AI Agents, physical AI world models, in-vehicle Token value ecosystem and in-vehicle optical interconnects.

International Building Products Limited is a limited company duly established and validly existing under the laws of Hong Kong, principally engaged in investment management. As at the date of this announcement, the ultimate beneficial owners of International Building Products Limited are Tang Taiying and Rong Qiping.

Argus Holdings is a limited company duly established and validly existing under the laws of Hong Kong, principally engaged in investment management. As at the date of this announcement, the ultimate beneficial owners of Argus Holdings are Tang Taiying and Rong Qiping.

Tang Taiying is a non-Chinese natural person and, as at the date of this announcement, is one of the de facto controllers of the Target Company.

International Building Products Limited, Argus Holdings and Tang Taiying are parties acting in concert.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, International Building Products Limited, Argus Holdings, Tang Taiying and each of their respective ultimate beneficial owners are independent third parties not connected with the Company or its connected persons.

Information on the Target Company and the Target Group

The Target Company is a joint stock company incorporated in the PRC, with its A Shares listed and traded on the Shenzhen Stock Exchange (stock code: 002084). The Target Group is principally engaged in the R&D, manufacturing and services of full-category components and parts within the prefabricated integrated kitchen and bathroom space, including high-end sanitary ware, ceramics, bathtubs, shower rooms, bathroom cabinets, integrated kitchen cabinets, ceramic tiles, etc.

FINANCIAL DATA OF THE TARGET GROUP

The table below sets forth the audited consolidated financial information of the Target Group prepared in accordance with the PRC Accounting Standards for Business Enterprises for the fiscal years ended December 31, 2024 and December 31, 2025, as well as the unaudited consolidated financial information for the three months ended March 31, 2026:

	For the year ended December 31, 2024	For the year ended December 31, 2025	For the three months ended March 31, 2026
	RMB	*RMB*	*RMB*
Operating revenue	2,853,957,482.72	2,620,589,060.84	558,061,872.37
Net profit/(loss) before tax	-129,211,149.99	-119,408,929.02	-25,676,882.16
Net profit/(loss) after tax	-136,708,783.08	-125,225,286.21	-25,830,472.08

The audited consolidated net assets of the Target Company as at December 31, 2025 prepared in accordance with China Accounting Standards for Business Enterprises amounted to RMB1,327,035,725.19.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Transaction will provide the following opportunities and benefits to the Group: (i) "software-hardware-chip-cloud" constitutes a key strategic focus for the Group. The Transaction will further extend the Group's capabilities in intelligent vehicles to smart home and other related terminal scenarios, establishing a strategic layout of "vehicle-home integration" and promoting the long-term development of the Group; (ii) the Group will leverage its relevant operation and management experience and industrial resources to assist the Target Company in upgrading its business, enhance the Target Company's core competitiveness, and promote its long-term and healthy development; and (iii) the Transaction will enable the Group to achieve cross-capital-market presence and diversify its overall investor base.

Based on the foregoing, the Directors are of the view that the Share Transfer Agreement and the transactions contemplated thereunder were entered into by the parties on normal commercial terms after arm's length negotiations with reference to the prevailing market conditions, the business and financial position of the Target Group, the valuation of the Target Company and relevant regulatory requirements, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Since one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in connection with the Acquisition are expected to exceed 25% but do not exceed 100%, the Acquisition constitutes a potential major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the requirements regarding notifications, announcements, circulars, and shareholder approval set forth in Chapter 14 of the Listing Rules.

EXTRAORDINARY GENERAL MEETING AND DISTRIBUTION OF A CIRCULAR

An extraordinary general meeting will be convened and held to allow shareholders to consider and, at their discretion, pass resolutions to approve, among other things, the Acquisition and the Share Transfer Agreement. The Share Transfer Agreement shall take effect only after it has been approved by the general meeting of the Company. To the best of the Directors' knowledge, information, and belief, based on all reasonable inquiries made, as of the date of this announcement, no shareholder has a material interest in the Acquisition that would require him or her to abstain from voting.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial and other information regarding the Target Group; (iii) the Group's unaudited pro forma financial information; (iv) other information required under the Listing Rules; and (v) the notice of the extraordinary general meeting, is expected to be published on the websites of the Stock Exchange and the Company on or before October 21, 2026, as the Company needs additional time to prepare and finalize the relevant information to be included in the circular.

Since the Share Transfer Agreement will not take effect until it is approved by the general meeting of the Company, and the completion of the transfer of the Underlying Shares is contingent upon obtaining compliance confirmation from the Shenzhen Stock Exchange and completing procedures such as the transfer registration with the securities registration and clearing institution, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when buying or selling shares.

DEFINITIONS

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

"A Share"	the ordinary shares of the Target Company listed on the Shenzhen Stock Exchange and traded in Renminbi
"Acquisition" or "the Transaction"	the acquisition of the Underlying Shares by the Company pursuant to the Share Transfer Agreement
"Other Parties"	Argus Holdings and Tang Taiying
"Board"	the board of directors of the Company
"Approval for concentrations of undertakings"	the approval in respect of the Acquisition through the procedures for notification of concentrations of undertakings (if required) with the State Administration for Market Regulation, being either an unconditional approval or a decision of non-acceptance for filing made by the said authority
"Good-faith deposit"	the good-faith deposit for the transfer of the Underlying Shares paid by the Company to the Seller in accordance with the Framework Agreement, in the aggregate amount of RMB200,000,000
"Valuation"	The assessment made by the Valuer regarding the market value of the Target Company's total shareholders' equity as of the valuation date
"Valuation date"	August 14, 2026
"Valuation report"	the valuation report (Zhe Lian Ping Bao Zi [2026] No. 587) issued by the Valuer in respect of the Valuation dated August 19, 2026
"Valuer"	Zhejiang Zhonglian Assets Appraisal Co., Ltd., a valuation institution holding asset appraisal qualifications in the PRC, engaged by the Company as the valuer for the Acquisition

"Company" or "the Company"	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2889)
"Joint account"	a bank account opened in the name of the Company and jointly monitored by the Seller and the Company for the purpose of receiving and paying the consideration in accordance with the Share Transfer Agreement
"Director(s)"	the director(s) of the Company
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be convened and held for the shareholders to consider and, at their discretion, pass ordinary resolutions to approve, among other things, the Acquisition and the Share Transfer Agreement
"Framework Agreement"	the Framework Agreement regarding the Purchase of Shares of a Listed Company entered into between the Seller and the Company in respect of the Acquisition on August 16, 2026 and relevant supplementary agreements entered into by the parties subsequently
"Existing business"	the R&D, manufacturing and services of full-category components and parts within the prefabricated integrated kitchen and bathroom space, including high-end sanitary ware, ceramics, bathtubs, shower rooms, bathroom cabinets, integrated kitchen cabinets, ceramic tiles, etc., as engaged by the Target Group
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"H Share"	the overseas listed foreign shares in the share capital of the Company listed on the Stock Exchange
"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" or "China"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Underlying Shares"	the 129,211,208 A Shares (representing 20% of the total issued share capital of the Target Company) held by the Seller to be transferred to the Company pursuant to the Share Transfer Agreement
"Commitment Performance"	for each full fiscal year within the Commitment Period beginning on January 1, 2027, the audited net profit attributable to the parent company from the existing business (or after deducting non-recurring gains and losses, whichever is lower) shall not be less than RMB1 million, and cash flow from operating activities shall be positive
"Commitment Period"	the period during which International Building Products Limited and Argus Holdings hold shares in the Target Company
"Shareholder(s)"	the holder(s) of shares of the Company
"Share Transfer Agreement"	the share transfer agreement entered into among the Company, the Seller and other Parties in respect of the Acquisition dated August 21, 2026
"Shenzhen Stock Exchange" or "SZSE"	Shenzhen Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Guangzhou Seagull Residential Industry Co., Ltd. (stock code: 002084), a joint stock company incorporated in the PRC, with its A Shares listed on the Shenzhen Stock Exchange
"Target Group"	the Target Company and all entities within the scope of the Target Company's consolidated financial statements, including entities that may from time to time be added to the scope of the consolidated financial statements after the signing of the Share Transfer Agreement

"Transition Period"	the period from the date of signing of the Share Transfer Agreement to the date of registration of the transfer of the Underlying Shares
"Seller"	International Building Products Limited
"International Building Products Limited"	International Building Products Limited, a limited company duly established and validly existing under the laws of Hong Kong
"Argus Holdings"	Argus Holdings Limited, a limited company duly established and validly existing under the laws of Hong Kong
"%"	per cent

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

Shanghai, the PRC, August 21, 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, Mr. Ma Xiaoyong and Mr. Gu Yuekun 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.