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TRANSTECH OPTELECOM SCIENCE HOLDINGS LIMITED

高科橋光導科技股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9963)

**(1) CONNECTED TRANSACTION – PROPOSED AMENDMENTS TO ORIGINAL DEED OF NON-COMPETITION;
(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY; AND
(3) CONTINUING CONNECTED TRANSACTIONS – THE MASTER SALE AGREEMENT**

Financial adviser to the Company



**Independent Financial Adviser
to the Independent Board Committee
and
the Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

CONNECTED TRANSACTION – PROPOSED AMENDMENTS TO THE ORIGINAL DEED OF NON-COMPETITION

Reference is made to the Original Deed of Non-Competition entered into by Futong China (the Controlling Shareholder) and the Company on 13 October 2016, as amended by a supplemental deed dated 23 June 2017, pursuant to which Futong China has unconditionally and irrevocably given the non-competition undertakings in favour of the Company save as otherwise permitted under the Original Deed of Non-Competition.

Over 9 years have passed since the Original Deed of Non-Competition was executed. On 13 April 2026 (after trading hours), the Company and Futong China entered into the Amendment Deed to amend certain terms of the Original Deed of Non-Competition, having considered the necessity to further clarify and amend the relevant terms of the Original Deed of Non-Competition in order to allow the Group to expand its manufacturing and sales operations of optical fiber preforms and optical fibers into the PRC. Meanwhile, Futong China Group will remain restricted from competing in the Group's established Hong Kong and ASEAN markets, maintaining a clear business delineation outside the PRC market to protect the interest of the Group and its shareholders.

Listing Rules Implications

As at the date of this announcement, Futong China is indirectly interested in approximately 65.22% of the issued share capital of the Company and is the controlling shareholder of the Company and therefore, members of the Futong China Group are connected persons of the Company. Accordingly, the entry into the Amendment Deed constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

On 13 April 2026 (after trading hours), the Buyer (a wholly-owned subsidiary of the Company) and the Seller (an Independent Third Party) entered into the Acquisition Agreement, pursuant to which the Buyer agreed to purchase, and the Seller agreed to sell the Sale Shares, representing the entire equity interest in the Target Company, for the Consideration of approximately RMB78,000,000. As at the date of this announcement, the Target Company indirectly owned 51% equity interest of the Hangzhou Company which is primarily engaged in the production and sale of optical fiber preforms and the optical fibers in the PRC.

Hangzhou Company is primarily engaged in the production and sale of optical fiber preforms – the essential precursor for manufacturing optical fibers – and the optical fibers in the PRC. Its products serve both independent customers and Futong China Group, with optical fibers being a key input for the downstream production of optical fiber cables. In 2025, its actual production capacity of optical fiber preforms were approximately 1.04 million core kilometers (fiber preform equivalent length of optical fibers), and approximately 850,000 core kilometers of optical fibers, respectively. As at the date of this announcement, Hangzhou Company was held indirectly by the Target Company and Futong China as to 51% and 49% respectively. Upon completion of the Acquisition, each of the Target Company and Hangzhou Company will be accounted for as a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

The consideration of approximately RMB78,000,000 was determined after arm's length negotiations between the Company and the Seller with reference to (i) the financial position of Hangzhou Company for the year ended 31 December 2025; (ii) the Profit Guarantee provided by the Seller under the Acquisition Agreement as set out under the section headed "Profit Guarantee and Cash Compensation Obligation" below; (iii) potential business synergies arising from the Acquisition; and (iv) the future prospects of the business of the Hangzhou Company and the industry of optical fiber preforms and the optical fibers in the PRC.

Based on the Profit Guarantee, the guaranteed profits of Hangzhou Company for the financial year ending 31 December 2026 shall be not less than RMB50 million. Based on the consideration of approximately RMB78 million for 51% equity interests in Hangzhou Company, the Consideration of RMB78 million represents a P/E ratio of approximately 3.06 times of the guaranteed profits, which the Board (excluding the independent non-executive Directors whose opinions will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) considers to be reasonable when compared with other companies engaging in similar businesses in the PRC.

The Consideration shall be satisfied in full by way of the issuance and allotment of the Consideration Shares by the Company payable upon Completion. The Consideration Shares will be allotted and issued at the Issue Price of HK\$1.85 per Share.

The Consideration Shares (48,367,000 Shares to be issued under the Specific Mandate) represent approximately 16.18% of the existing number of issued shares of the Company as at the date of this announcement and represent approximately 13.92% of the total number of issued shares of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The Seller irrevocably undertakes to the Company that none of the Consideration Shares may be transferred, sold, the subject of any encumbrance or otherwise disposed of, from the date of allotment and issuance of the Consideration Shares and ending on the date which the Actual Profits were determined and all Compensation, if any, is paid.

Listing Rules Implications

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Futong China Group holds 49% equity interest in Hangzhou Company. Therefore, although the Buyer is acquiring equity interest in the Target Company from the Seller, being an Independent Third Party, the Acquisition is regarded as a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS – THE MASTER SALE AGREEMENT

Upon completion of the Acquisition, Hangzhou Company will be accounted for as a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group. To comply with the relevant requirements under the Listing Rules in relation to the continuing connected transactions, on 13 April 2026, the Board announces that Hangzhou Company and Futong China entered into the Master Sale Agreement, pursuant to which Hangzhou Company has agreed to sell, and Futong China has agreed to buy, optical fibers within the Annual Caps, subject to the terms of the Master Sale Agreement.

The Annual Caps in respect of the transactions contemplated under the Master Sales Agreement for the three years ending 31 December 2028 is RMB140 million, RMB166 million and RMB169 million, respectively.

Listing Rules Implications

Upon the completion of the Acquisition, the transactions contemplated under the Master Sale Agreement will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. Pursuant to Rule 14.07 of the Listing Rules, as one or more of the applicable percentage ratios calculated in respect of the Master Sale Agreement and the transactions contemplated thereunder (including the related proposed annual caps) exceed 5% on an annual basis, the Master Sale Agreement and the transactions contemplated thereunder (including the proposed Annual Caps) will constitute non-exempt continuing connected transactions of the Company, and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be held for the Independent Shareholders to consider and, if thought fit, among other things, to approve the entering into the Amendment Deed, the Acquisition Agreement, the grant of the Specific Mandate and Master Sale Agreement (including the Annual Caps), by way of ordinary resolutions.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps), and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps).

A circular containing, among other things, (i) information relating to the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps); (ii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps); (iii) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps); and (iv) a notice to convene the EGM, is expected to be dispatched to the Shareholders on or before 30 April 2026.

(1) **CONNECTED TRANSACTION – PROPOSED AMENDMENTS TO THE ORIGINAL DEED OF NON-COMPETITION**

(A) **Background**

Reference is made to the Original Deed of Non-Competition entered into by Futong China (the Controlling Shareholder) and the Company on 13 October 2016, as amended by a supplemental deed dated 23 June 2017, pursuant to which Futong China has unconditionally and irrevocably given the non-competition undertakings in favour of the Company save as otherwise permitted under the Original Deed of Non-Competition.

Pursuant to the Original Deed of Non-Competition, the Controlling Shareholders have irrevocably and unconditionally, jointly and severally, undertaken to the Company (for itself and on behalf of other members of the Group) that he/it will not, and will procure that his/its close associates (except members of the Group) will not directly or indirectly, either on his/its own account or in conjunction with or on behalf of any person, firm or company (except through any member of the Group), among other things, carry on, participate, invest or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether or not for profit, reward or otherwise) any of the following business (“**Controlling Shareholders’ Restricted Business**”):

- sales or manufacturing of optical fibers, optical fibers cables, optical cable cores and other similar products (excluding optical fibers preforms) (the “**Relevant Optical Communication Products**”) in Hong Kong and the ASEAN; and
- any other business in Hong Kong and the ASEAN from time to time conducted, engaged in or invested in by any member of the Group or which the Company has otherwise published an announcement on the website of the Stock Exchange stating its intention to conduct, engage in or invest in.

Details of the Original Deed of Non-Competition are set out in the section headed “Relationship with our Controlling Shareholders – Non-competition undertakings” in the Prospectus.

Over 9 years have passed since the Original Deed of Non-Competition was executed. On 13 April 2026 (after trading hours), the Company and Futong China entered into the Amendment Deed to amend certain terms of the Original Deed of Non-Competition, having considered the necessity to further clarify and amend the relevant terms of the Original Deed of Non-Competition in order to allow the Group to expand its manufacturing and sales operations of optical fiber preforms and optical fibers into the PRC. Meanwhile, Futong China Group will remain restricted from competing in the Group’s established Hong Kong and ASEAN markets, maintaining a clear business delineation outside the PRC market to protect the interest of the Group and its shareholders.

The Proposed Amendments shall take effect upon all necessary approvals required for the Company to enter into the Amendment Deed (including but not limited to authorizations, consents or approvals from the board of directors, shareholders (including approval of the Independent Shareholders) or any third parties (if applicable)) have been obtained and remain valid (the “**Conditions Precedent**”).

If any of the Conditions Precedent is not fulfilled on or before 30 June 2026 or such later date as may be agreed by the Company and Futong China, the Amendment Deed shall become null and void in all respects and cease to have any effect whatsoever; and no party to the Amendment Deed shall have any claim against the other party.

(B) The Amendment Deed

Clause 3.3 of the Original Non-Competition Deed shall be amended to read as follows:

“For the avoidance of doubt, the Covenantor acknowledges that the Company has carried out or will carry out activities or businesses in relation to the sale or manufacture of the Relevant Optical Communication Products in the PRC. The ‘Covenantor Restricted Business’ under this Deed shall exclude any of its activities or businesses in the PRC. That is, both the Covenantor and the Company may carry out activities or businesses in relation to the sale or manufacture of the Relevant Optical Communication Products in the PRC.”

Effect of the Proposed Amendment:

- PRC market: Becomes a “Shared Territory” where both Group and Futong China Group can co-exist.
- Hong Kong and ASEAN market (note): Remains the exclusive territory of the Group (Futong China Group remains restricted).

Note: It represents the Association of Southeast Asian Nations, whose membership consists of Thailand, Malaysia, Indonesia, the Philippines, Singapore, Brunei, Vietnam, Lao P.D.R., Myanmar and Cambodia.

Save as disclosed above, there is no other change to the other provisions of the Original Deed of Non-Competition.

(C) Reasons for the entering into the Amendment Deed

The primary rationale for amending the Deed of Non-Competition is the critical need for the Group to survive and grow by entering the PRC market, as its original business model confined to Hong Kong and ASEAN is no longer viable. The Group’s core markets are saturated: 5G rollout in ASEAN is near-complete, demand is minimal, and Hong Kong’s optical cable market is structurally stable but saturated. This has led to a severe downturn, with sales revenue plummeting and forcing a temporary suspension of production in Hong Kong, while facilities in Thailand suffer from severe underutilization. According to the Company’s annual result announcement for the year ended 31 December 2025, the Company’s revenue decreased to approximately

HK\$96.2 million during the year ended 31 December 2025 from approximately HK\$148.0 million during the same period in 2024. The gross loss and net loss during the year ended 31 December 2025 amounted to approximately HK\$5.2 million and HK\$98.5 million, respectively. The reasons for the decrease in the Company's revenue are mainly due to the net effect of (i) the sales of optical fiber cables to one customer in Thailand decreased approximately HK\$33.3 million from approximately HK\$35.2 million to approximately HK\$1.9 million and (ii) the aggregate sales of optical fiber cable to international customers decreased HK\$20.3 million from approximately HK\$58.0 million to HK\$37.7 million.

Maintaining the strict geographical delineation under the Original Deed of Non-Competition, which prohibited the Group from operating in the PRC, now poses a direct threat to the Group's business viability and long-term sustainability. Therefore, the amendment is a strategic necessity to re-define the competitive boundaries, allowing the Group to access the vast PRC market while protecting its established territories. The proposed change effectively makes the PRC a "shared territory" where both the Group and Futong China Group can co-exist and compete. This enables the Group to leverage lower production costs, secure a stable supply chain, and capture the surging domestic demand driven by 5G, FTTH, and AI data center infrastructure in the PRC. Crucially, the amendment is unilateral: the Group gains access to the PRC, but Futong China Group remains restricted from competing in the Group's exclusive markets of Hong Kong and ASEAN markets. This strategic pivot is designed to restore shareholder value and ensure the Group's going concern by tapping into a new growth engine, all while maintaining procedural safeguards and managing potential conflicts through the Listing Rules' framework for continuing connected transactions.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the Independent Financial Adviser) believe that while the Amendment Deed is not entered into during the ordinary and usual course of business of the Group, it is fair and reasonable and in the interests of the Company and its Shareholders as a whole, and is on normal commercial terms.

(2) MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

(A) Background

On 13 April 2026 (after trading hours), the Buyer (a wholly-owned subsidiary of the Company) and the Seller (an Independent Third Party) entered into the Acquisition Agreement, pursuant to which the Buyer agreed to purchase, and the Seller agreed to sell the Sale Shares, representing the entire equity interest in the Target Company, for the Consideration of approximately RMB78,000,000. As at the date of this announcement, the Target Company indirectly owned 51% equity interest of the Hangzhou Company which is primarily engaged in the production and sale of optical fiber preforms and the optical fibers in the PRC.

(B) The Acquisition Agreement

Date

13 April 2026 (after trading hours)

Parties

Transtech (Hong Kong) Investment Limited (a wholly-owned subsidiary of the Company), as the Buyer; and

Optel Technology Limited (an Independent Third Party), as the Seller.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Seller and its ultimate beneficial owner is an Independent Third Party as of the date of this announcement.

Subject matter

Pursuant to the Acquisition Agreement, the Buyer agreed to purchase, and the Seller agreed to sell the Sale Shares, representing the entire equity interest in the Target Company, which indirectly owned 51% equity interest of Hangzhou Company as at the date of this announcement.

The following table illustrates the shareholding structure of Hangzhou Company as at the date of this announcement and immediately after completion of the Acquisition, respectively:

Shareholders	As at the date of this announcement % of equity interest	Immediately after completion of the Acquisition % of equity interest
The Seller	51%	–
The Group	–	51%
Futong China	49%	49%

Upon completion of the Acquisition, each of the Target Company and Hangzhou Company will be accounted for as a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

(C) Consideration and basis

The parties to the Acquisition Agreement agree that the Consideration for the Sale Shares shall be approximately RMB78,000,000. The Consideration shall be satisfied in full by way of the issuance and allotment of the Consideration Shares by the Company payable upon Completion.

The consideration of approximately RMB78,000,000 was determined after arm's length negotiations between the Company and the Seller with reference to (i) the financial position of Hangzhou Company for the year ended 31 December 2025; (ii) the Profit Guarantee provided by the Seller under the Acquisition Agreement as set out under the section headed "Profit Guarantee and Cash Compensation Obligation" below; (iii) potential business synergies arising from the Acquisition; and (iv) the future prospects of the business of the Hangzhou Company and the industry of optical fiber preforms and the optical fibers in the PRC.

Based on the Profit Guarantee mentioned below for the financial year ending 31 December 2026, the guaranteed profits of Hangzhou Company shall be not less than RMB50 million. Based on the consideration of approximately RMB78 million for 51% equity interests in Hangzhou Company, the Consideration of RMB78 million represents a P/E ratio of approximately 3.06 times of the guaranteed profits, which the Board (excluding the independent non-executive Directors whose opinions will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) considers to be reasonable when compared with other companies engaging in similar businesses in the PRC.

(D) Consideration Shares and the Issue Price

The Consideration Shares will be allotted and issued at the Issue Price of HK\$1.85 per Share, which represents:

- i. a discount of approximately 20.6% to the closing price of HK\$2.33 per Share as quoted on the Stock Exchange on the date of the Acquisition Agreement;
- ii. a discount of approximately 12.2% to the average closing price of approximately HK\$2.11 per Share as quoted on the Stock Exchange for the last five consecutive trading days of the Shares prior to the date of the Acquisition Agreement;
- iii. a premium of approximately 103.3% to the net asset value per Share of approximately HK\$0.91 as at 31 December 2025.

The Issue Price was determined after arm's length negotiation between the Company and Seller with reference to the prevailing market price of the Shares. The Board (excluding the independent non-executive Directors whose opinions will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the Issue Price is fair and reasonable. The Consideration Shares represent approximately 16.18% of the existing number of issued shares of the Company as at the date of this announcement and represent approximately 13.92% of the total number of issued shares of the Company as enlarged by the allotment and issuance of the Consideration Shares.

(E) The Specific Mandate

The Consideration Shares will be allotted and issued pursuant to the Specific Mandate to be sought at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued, will rank pari passu in all respects with the existing Shares in issue.

(F) Effect on the Shareholding Structure

The following table summarises the shareholding structure of the Company as at the date of this announcement and upon issue of the Consideration Shares (assuming that there is no other change in the share capital of the Company):

	As at the date of this announcement		Immediately upon Completion	
	No. of Shares	Approx.%	No. of Shares	Approx.%
Hong Kong Futong Optical Fiber Company Limited (Note)	195,000,000	65.22	195,000,000	56.14%
Seller	–	–	48,367,000	13.92%
Public Shareholders	103,976,000	34.78	103,976,000	29.94%
	<u>298,976,000</u>	<u>100%</u>	<u>347,343,000</u>	<u>100%</u>

Note: Hong Kong Futong Optical Fiber Company Limited is owned as to 100% by Futong China.

(G) Profit Guarantee and Cash Compensation Obligation

- (a) The Seller guarantees to the Buyer that the actual net profits before tax (“**Actual Profits**”) for the year ending 31 December 2026 shall be no less than the guaranteed profits of RMB50,000,000 (“**Guaranteed Profits**”).
- (b) If the Actual Profits is less than the Guaranteed Profits, the Seller shall pay to the Buyer a cash compensation (the “**Compensation**”) calculated as follows:

$$\text{Compensation} = \text{RMB78,000,000} \times (\text{Guaranteed Profits} - \text{Actual Profits}) / \text{Guaranteed Profits}$$

The maximum Compensation payable shall be RMB25,000,000.

- (c) The Compensation, if any, shall be due and payable in immediately available funds within 15 business days after the final determination of the Actual Profits.

To secure the Seller’s potential obligation to pay the Compensation, the Seller grants to the Company a first-priority pledge over all the Consideration Shares (the “**Pledged Shares**”) and the parties shall execute a separate share pledge agreement at Completion. The pledge shall be released upon the earlier of: (i) fulfilment of the Profit Guarantee; or (ii) the full payment of any Compensation due.

(H) Conditions precedent

Completion of the Acquisition Agreement shall be conditional upon and subject to:

- (a) the transactions under the Acquisition Agreement, including but not limited to the allotment and issue of the Consideration Shares, being approved by the independent shareholders of the Company at the EGM to be held in accordance with the requirements of the Listing Rules;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares (and such listing and permission not subsequently revoked or withdrawn prior to the Completion);
- (c) each of the representations, warranties and/or undertakings contained in or referred to or as set out in the Acquisition Agreement is true, accurate and not misleading in all respects;
- (d) due diligence of the Target Company shall have been completed to the satisfaction of the Buyer;
- (e) the independent shareholders of the Company at the EGM having approved: (i) the proposed amendments to the Original Deed of Non-Competition; (ii) the Acquisition Agreement; and (iii) the potential continuing connected transactions of the Company (including the Master Sale Agreement and the Annual Caps), and the respective transactions contemplated thereunder; and
- (f) all necessary consents from any relevant governmental or regulatory authorities or other relevant third parties in connection with the entering into and performance of the terms of the Acquisition Agreement and the transactions contemplated thereunder having been obtained.

If any of the conditions precedent is not fulfilled or waived (as the case may be) on or before 5:00 p.m. on 30 June 2026, or such later date as the Seller and the Company may agree in writing, the Acquisition Agreement shall lapse and become null and void, and the parties shall be released from all obligations thereunder, save for any antecedent breaches of the terms hereof.

Completion shall take place on the fifth Business Day following the date the Company notifies the Seller of the satisfaction of or waiver of all the conditions precedent (other than conditions (a), (b) and (e) above which may not be waived, and save for conditions (c), (d) and (f) above which shall be satisfied up to Completion.

(I) Lock-up arrangement

The Seller irrevocably undertakes to the Company that none of the Consideration Shares may be transferred, sold, the subject of any encumbrance or otherwise disposed of, from the date of allotment and issuance of the Consideration Shares and ending on the date which the Actual Profits were determined and all Compensation, if any, is paid.

(J) Information on the Target Company and the Hangzhou Company

The Target Company is a limited company incorporated under the laws of Hong Kong and is wholly owned by the Seller. The principal business of the Target Company is investment holding. As at the date of this announcement, the Target Company, through its wholly-owned subsidiaries, indirectly owned 51% equity interest of Hangzhou Company.

Hangzhou Company is primarily engaged in the production and sale of optical fiber preforms – the essential precursor for manufacturing optical fibers – and the optical fibers in the PRC. Its products serve both independent customers and Futong China Group, with optical fibers being a key input for the downstream production of optical fiber cables. In 2025, its actual production capacity of optical fiber preforms were approximately 1.04 million core kilometers (fiber preform equivalent length of optical fibers), and approximately 850,000 core kilometers of optical fibers, respectively. As at the date of this announcement, Hangzhou Company was held indirectly by the Target Company and Futong China as to 51% and 49% respectively.

Set out below is the key financial information of Hangzhou Company for the past three financial years:

	For the year ended 31 December		
	2023	2024	2025
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	22,094	24,411	19,760
Net loss	216,511	47,164	43,783
Total assets	171,388	122,691	91,344
Net assets	111,990	64,826	21,043

(K) Reasons for the Acquisition

The primary reasons for the proposed acquisition of the Target Company, indirectly holding 51% equity interest in Hangzhou Company, are strategic and multifaceted, aimed at ensuring the long-term survival and growth of the Group. The key rationales are as follows:

- 1. Addressing Critical Challenges in Existing Markets:** According to the Company's annual result announcement for the year ended 31 December 2025, the Company's revenue decreased to approximately HK\$96.2 million during the year ended 31 December 2025 from approximately HK\$148.0 million during the same period in 2024. The gross loss and net loss during the year ended 31 December 2025 amounted to approximately HK\$5.2 million and HK\$98.5 million, respectively. The reasons for the decrease in the Company's revenue are mainly due to the net effect of (i) the sales of optical fiber cables to one customer in Thailand decreased approximately HK\$33.3 million from approximately HK\$35.2 million to approximately HK\$1.9 million and (ii) the aggregate sales of optical fiber cable to oversea customers decreased HK\$20.3 million from approximately HK\$58.0 million to HK\$37.7 million. The Group's core markets in Hong Kong and ASEAN are facing severe headwinds. The 5G network rollout in ASEAN is near saturation, leading to minimal demand for backbone network expansion. The Hong Kong optical cable market has also reached saturation. This has resulted in production underutilization (e.g., Thailand facilities operating at around 50% capacity), severe pricing pressure due to excess capacity dumping from China, and a consistent decline in the Group's sales revenue. The Group was even forced to temporarily suspend production at its Hong Kong facility. The acquisition is presented as a necessary pivot to secure new revenue streams and ensure the Group's "going concern status."
- 2. Strategic Expansion into the PRC Market:** The acquisition is the key mechanism for the Group to enter the vast PRC market, which was previously a restricted territory for the Group under the existing Deed of Non-Competition. The PRC market is characterized by massive ongoing investments in 5G, FTTH (Fiber to the Home), and, importantly, explosive growth driven by AI data centers and global computing infrastructure. The Directors believe the PRC market possesses "sufficient scale and depth" to accommodate both the Group and Futong China Group, allowing for co-existence without undue competition.
- 3. Achieving Significant Cost Advantages:** A core rationale is to leverage lower production costs within the PRC. Hangzhou Company's production facility is stated to achieve a significant cost reduction for optical fiber production compared to the Group's Hong Kong facilities. This cost efficiency is crucial for improving the Group's overall profit margins and competitiveness, both for supplying its international clients and for competing in the domestic market.

4. **Securing Supply Chain and Diversifying Product Portfolio:** Hangzhou Company possesses an annual production capacity for optical fiber preforms (the essential precursor for optical fibers). The Acquisition will secure a stable, internal supply of this critical raw material for the Group's downstream manufacturing, alleviating supply chain constraints and reducing reliance on external supplier.
5. **Establishing a Sales and Distribution Footprint in the PRC:** The Acquisition provides the Group with an immediate operational base and sales channels within the PRC. Hangzhou Company has an existing business serving both independent customers and Futong China Group. Post-acquisition, the Group plans a three-tiered sales model for the business operation of Hangzhou Company:
 - **Export:** Supplying the Group's international markets.
 - **Domestic Direct Sales:** Targeting new end-users in the PRC, such as data center operators and AI computing clusters.
 - **Collaborative Bidding:** Initially, continuing Hangzhou Company's historical practice of partnering with the Futong China to bid for projects from major telecom operators. This involves Hangzhou Company manufacturing optical fibers, which are then processed into cables by Futong China Group for final sale.
6. **Business Synergy and Future Growth:** The Acquisition allows the Group to achieve vertical integration, broaden its product portfolio and establish domestic sales channel. It is expected to facilitate the Group's expansion plans in Thailand and help recover capacity in Hong Kong by providing a cost-competitive source of key materials.

Although Hangzhou Company recorded net loss during the three years ended 31 December 2025, it is expected that it will turn-around and achieve significant improvement on profitability in 2026 due to the surge in the market price of optical fibers and optical fiber preforms.

China's optical fiber and preform market has undergone a robust upward cycle from historic lows to multi-year highs since mid-2025, primarily driven by the explosive demand from AI computing and other emerging applications, coupled with rigid supply constraints upstream. The price of mainstream G.652.D (single-mode fiber) plunged to a decade-low of approximately RMB20 per core-kilometer in Q2 2025, before recovering by 15–20% in the second half of 2025 to around RMB24. After remaining below RMB20 as of November 2025, prices surged dramatically in January 2026, doubling from the year-end level to over RMB35, with some quotes exceeding RMB40. The rally accelerated in February 2026, pushing the average market price to RMB40–50 and spot quotes above RMB50, marking a cumulative increase of up to 144%. By March 2026, prices stabilized above RMB40, with manufacturer quotes reaching RMB50 per core-kilometer, setting a new seven-year high. Meanwhile, the market for optical fiber preforms, the core raw material accounting for approximately 70% of fiber production costs, has been the critical bottleneck driving the recent

price surge due to severe supply constraints. For mainstream G.652.D (single-mode preforms), manufacturer quotes in March 2026 ranged from RMB50–58 per core-kilometer, with spot market prices between RMB50–59, representing significant surge from the mid-2025 low of about RMB17–20.

Having considered the above reasons and benefits, the Directors (excluding the independent non-executive Directors whose views will be set forth in the circular after taking into account the recommendation of the Independent Financial Adviser) consider that the terms of the Acquisition Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(3) CONTINUING CONNECTED TRANSACTIONS –THE MASTER SALE AGREEMENT

(A) Background

Historically, and to date, Hangzhou Company has partnered with Futong China to participate in tenders for state-owned telecommunications operators. Under this arrangement, it supplies optical fibers, which are then processed into optical fiber cables by Futong China for final sale to the telecommunications operators.

Upon completion of the Acquisition, Hangzhou Company will be accounted for as a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group. To comply with the relevant requirements under the Listing Rules in relation to the continuing connected transactions, on 13 April 2026, the Board announces that Hangzhou Company and Futong China entered into the Master Sale Agreement, pursuant to which Hangzhou Company has agreed to sell, and Futong China has agreed to buy, optical fibers within the Annual Caps, subject to the terms of the Master Sale Agreement.

(B) Major terms of the Master Sale Agreement

Principal terms of the Master Sale Agreement are set out below:

Date	:	13 April 2026
Parties	:	(i) Futong China (as purchaser); and (ii) Hangzhou Company (as vendor).
Period	:	Commencing on 1 May 2026 and ending on 31 December 2028
Subject matter	:	Supply of optical fibers comply with the relevant optical fiber technical specification

- Pricing basis : The sales price of optical fibers will be set out in separate sales order in respect of each transaction under the Master Sale Agreement. The sales price of optical fibers for each sales order shall be determined with reference to, including but not limited to:
- (a) the prevailing market price of optical fibers of comparable quality, specifications and quantities and applicable foreign exchange rates (the “**Prevailing Market Terms**”) based on market information collected by the Group’s sales and technical departments from time to time; and
 - (b) where applicable, the terms agreed with the Group’s Independent Third-Party customers for products of comparable quality, specifications and quantities and applicable foreign exchange rates in recent transactions (the “**Independent Product Pricing Terms**”).

Whenever the Group intends to supply optical fibers pursuant to the Master Sale Agreement, the Group will determine if the purchase prices offered by Futong China in respect of the optical fibers are in accordance with the above pricing policy and are comparable to or not less favourable than price offered by Independent Third-Party customers. Hangzhou Company will determine the respective purchase orders under the Master Sale Agreement by comparing against the Prevailing Market Terms or Independent Product Pricing Terms by considering two comparable transactions with independent customers, depending on the availability of such information at the relevant time, and report to the senior management accordingly. Further, if there are no comparable quotations and transactions for the proposed purchases, the Group will seek to obtain the market information through various channels (such as industry-related websites, other public domains or independent third-party industry consultant), where applicable.

The price and the terms of the purchase order shall be agreed after arm’s length negotiation between Hangzhou Company and Futong China based on normal commercial terms, and in any event shall be no less favorable to Hangzhou Company than that offered by Independent Third Parties.

Payment term : On the basis of the credit terms Futong China normally accords to other suppliers, Futong China is required to be paid 100% within 90 days of the total invoice amount after delivery of goods.

Notes:

1. As part of the internal requirement, the relevant sales personnel and/or the director-in-charge of Hangzhou Company will review the purchase order from Futong China, and compare it against two comparable transactions with independent customers of Hangzhou Company. The historical price of comparable transactions will be taken into account. As such, the terms offered to Hangzhou Company under the Master Sale Agreement will be comparable or no less favorable to Hangzhou Company than those offered by independent customers.
2. For this purpose, the Company will also consider information available from the industry-related websites, where applicable, such as the prevailing optical fibers price indices as quoted from time to time on relevant industry websites, such as the CRU Group (www.crugroup.com) for USD prices of optical fibers, where applicable.

(C) The Annual Caps and Historical Transaction Amounts

The Annual Caps in respect of the transactions contemplated under the Master Sales Agreement for the three years ending 31 December 2028 is RMB140 million, RMB166 million and RMB169 million, respectively.

The Annual Caps are determined taking into account the following major factors and assumptions:

1. the optical fibers production capacity of Hangzhou Company and not more than 30% of the production capacity will be reserved for the supply to Futong China;
2. the forecasted demand of Futong China for optical fibers;
3. the business growth of Futong China, taking into account estimated future demand of its customers based on the outlook of the optical communication industry;
4. the pricing basis as set out above; and
5. the expected supply and market price trend of optical fibers in the market during the three years ending 31 December 2028.

For the three years ended 31 December 2025, Hangzhou Company's total sales of its optical fibers to Futong China amounted to approximately RMB28.7 million, RMB30.0 million and RMB60.2 million, respectively.

(D) Reasons of and benefits for the Continuing Connected Transactions

Historically, and to date, Hangzhou Company has partnered with Futong China to participate in tenders for major telecommunications operators in the PRC. Under this arrangement, it supplies optical fibers, which are then processed into optical fiber cables by Futong China for final sale to the telecommunications operators.

To the best knowledge of the Directors, the tender processes of major telecommunications operators impose stringent qualification requirements on suppliers, placing a preference on suppliers with large-scale production capacity and a proven track record of contract fulfillment. As a standalone entity, Hangzhou Company's scale and performance history are insufficient to meet the threshold for independent bidding. In addition, Hangzhou Company's core business is manufacturing optical fiber preforms and optical fibers. It does not have the in-house capability to produce optical fiber cables, which are the final product purchased by telecommunications operators in their large-scale procurement projects. Therefore, it cannot directly supply optical fiber cables required by these clients.

Therefore, historically and under the planned cooperative model, Hangzhou Company must engage in collaborative bidding with Futong China which is the only viable channel for Hangzhou Company to indirectly access the telecommunications operators.

Based on the foregoing, the Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of the Independent Financial Adviser) believe that the continuing sales to Futong China will provide the Group with a stable source of income, grant it indirect access to telecommunications operators, and enable it to achieve economies of production scale through the Master Sale Agreement.

LISTING RULES IMPLICATIONS

Proposed Amendments to Original Deed of Non-Competition

As at the date of this announcement, Futong China is indirectly interested in approximately 65.22% of the issued share capital of the Company and is the controlling shareholder of the Company and therefore, members of the Futong China Group are connected persons of the Company. Accordingly, the entry into the Amendment Deed constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Acquisition of Equity Interest in the Target Company

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Futong China Group holds 49% equity interest in Hangzhou Company. Therefore, although the Buyer is acquiring equity interest in the Target Company from the Seller, being an Independent Third Party, the Acquisition is regarded as a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

The Master Sale Agreement

Historically, and to date, Hangzhou Company has partnered with Futong China to participate in tenders for major telecommunications operators. Under this arrangement, it supplies optical fibers, which are then processed into optical fiber cables by Futong China Group for final sale to the operators. Upon completion of the Acquisition, Hangzhou Company will be accounted for as a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

Therefore, the transactions contemplated under the Master Sale Agreement will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. Pursuant to Rule 14.07 of the Listing Rules, as one or more of the applicable percentage ratios calculated in respect of the Master Sale Agreement and the transactions contemplated thereunder (including the related proposed annual caps) exceed 5% on an annual basis, the Master Sale Agreement and the transactions contemplated thereunder (including the related proposed annual caps) will constitute non-exempt Continuing Connected Transactions of the Company, and are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps), and the transactions contemplated thereunder. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps).

GENERAL

The EGM will be held for the Independent Shareholders to consider and, if thought fit, among other things, to approve the entering into the Amendment Deed, the Acquisition Agreement, the grant of the Specific Mandate and Master Sale Agreement (including the Annual Caps), by way of ordinary resolutions.

A circular containing, among other things, (i) information relating to the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps); (ii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps); (iii) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Amendment Deed, the Acquisition Agreement and Master Sale Agreement (including the Annual Caps); and (iv) a notice to convene the EGM, is expected to be dispatched to the Shareholders on or before 30 April 2026.

DEFINITIONS

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

“Acquisition”	the acquisition of 100% equity interest in the Target Company by the Buyer from the Seller pursuant to the Acquisition Agreement
“Acquisition Agreement”	a sale and purchase agreement dated 13 April 2026 entered between the Buyer and the Seller in relation to the Acquisition
“Amendment Deed”	the deed of amendment to the Original Deed of Non-Competition entered between Futong China and the Company on 13 April 2026
“Annual Caps”	the proposed annual cap amounts in respect of the transactions contemplated under the Master Sale Agreement for the three years ending 31 December 2028
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Buyer”	Transtech (Hong Kong) Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	Transtech Optelecom Science Holdings Limited (高橋光導科技股份有限公司), an exempted company with limited liability incorporated in the Cayman Islands and its shares were listed on the Main Board of the Stock Exchange (stock code: 9963)
“Conditions Precedent”	the conditions precedent set out in the paragraph headed “Conditions Precedent” of this announcement
“connected person”	has its meaning as given to it under the Listing Rules

“Consideration”	RMB78,000,000 in respect of the Acquisition payable by the Buyer to the Seller pursuant to the Acquisition Agreement
“Consideration Shares”	48,367,000 new Shares to be issued by the Company pursuant to the Acquisition Agreement
“Controlling Shareholder(s)”	has its meaning as given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the entry into the Amendment Deed, the Acquisition Agreement, the grant of the Specific Mandate and the Master Sale Agreement, together with the Annual Caps, by way of ordinary resolutions
“Futong China” or “Covenantor”	Futong Group Co., Ltd. (富通集團有限公司), a company incorporated in the PRC, and the Controlling Shareholder
“Futong China Group”	Futong China and its subsidiaries
“Group”	the Company and its subsidiaries
“Hangzhou Company”	富通光電技術(杭州)有限公司 (Futong Optoelectronics Technology (Hangzhou) Co., Ltd.*), a company incorporated in the PRC with limited liability owned as to 51% by the Seller, and 49% by Futong China as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the committee of the Board comprising Mr. Li Wei, Mr. Leong Chew Kuan, and Mr. Lau Siu Hang, being the independent non-executive Directors, each of whom has no interests in the transactions, established to advise the Independent Shareholders as to voting at the EGM on, among other things, the resolutions approving the Amendment Deed, the Acquisition Agreement and the Master Sale Agreement, together with the Annual Caps
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which is the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the entry into the Amendment Deed, the Acquisition Agreement and the Master Sale Agreement, together with the Annual Caps

“Independent Shareholders”	Shareholders other than Hong Kong Futong Optical Fiber Company Limited and its associates, and any other Shareholder(s) who are considered as materially interested in the entry into the Amendment Deed, the Acquisition Agreement and the Master Sale Agreement, together with the Annual Caps
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made reasonable enquiries, is/are independent of and not connected with (within the meaning of the Listing Rules) the Company, any Director, chief executive or substantial shareholder of the Company, its subsidiaries or any of their respective associates
“Issue Price”	HK\$1.85 per Consideration Share to be issued by the Company to the Seller under the Acquisition Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sale Agreement”	the Master Sale Agreement dated 13 April 2026 entered into between Hangzhou Company and Futong China, the principal terms of which are summarised in this announcement
“Original Deed of Non-Competition”	the deed of non-competition dated 13 October 2016 as amended by a supplemental deed dated 23 June 2017 entered into by Futong China in favour of the Company
“Other Markets”	markets outside the PRC
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references to the “PRC” in this announcement do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Profit Guarantee”	the audited consolidated net profits before tax of Hangzhou Company for the year ending 31 December 2026 of no less than RMB50 million, which is guaranteed by the Seller
“Proposed Amendments”	means the proposed amendments to the Original Deed of Non-Competition, details of which are set out under the section headed “AMENDMENT DEED” in this announcement
“Prospectus”	the prospectus of the Company dated 30 June 2017

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	10,000 shares of the Target Company held by the Seller and to be sold to the Buyer pursuant to the Acquisition Agreement
“Seller”	Optel Technology Limited, which is an Independent Third Party
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hao Min Investment Holding Limited, a company incorporated in Hong Kong with limited liability wholly owned by the Seller, which indirectly owned 51% equity interest in the Hangzhou Company as at the date of this announcement
“%”	per cent.

* Denotes as English translation of a Chinese name and is provided for identification purposes only.

By order of the Board
Transtech Optelecom Science Holdings Limited
He Xingfu
Chairman and Executive Director

Hong Kong, 13 April 2026

As at the date of this announcement, the executive Directors of the Company are Mr. He Xingfu, Mr. Zou Li Ming, Mr. Ren Guodong, Mr. Xu Jinjie and Ms. Sheng Lingfei and the independent non-executive Directors of the Company are Mr. Li Wei, Mr. Leong Chew Kuan, and Mr. Lau Siu Hang.