بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيم

*In the name of Allah, The Most Gracious, The Most Merciful*

3rd January 2024 | 21 Jml. II 1445 AH

**SHARIAH STATUS FOR INITIAL PUBLIC OFFERING (IPO) OF WELLCELL HOLDINGS CO., LIMITED (02477)**

We, Sharlife Sdn Bhd, a Registered Shariah Advisers (Corporation) under the Securities Commission Malaysia, focusing on Islamic Capital Market products, alternative assets as well as Islamic Social Finance, we hereby acknowledge as follows:

- Name: **WellCell Holdings Co., Limited**
- Stock Code: **02477**
- IPO: Global Offering
- Exchange: Hong Kong Exchange
- Financial Statement Year Ended: 2022

We have conducted a comprehensive Shariah Screening of **WellCell Holdings Co., Limited** to determine the Shariah Status of its IPO. Due to the absence of a localized Shariah Screening Methodology in the region, we have adopted the Shariah Screening Methodology of the Shariah Advisory Council of the Securities Commission Malaysia which adopts a two-tier quantitative approach, which applies the business activity benchmarks and financial ratio benchmarks.

Based on our assessment conducted on the publicly available prospectus and to the best of our knowledge, we are of the opinion that the IPO of **WellCell Holdings Co., Limited (02477)** is **Compliance with Shariah.**

Details of our assessment can be reviewed in **Appendix I.**

والله أعلمُ

Issued by,
**Sharlife Sdn. Bhd.**

**Ustaz Arham Merican**
**Shariah Officer**

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**Business Activity Benchmark Assessment**

The contribution of Shariah non-compliant (SNC) activities to the Group revenue before taxation of the company will be computed and compared against the relevant business activity benchmarks.

WellCell Holdings Co., Limited is a telecommunication network support and ICT integration services provider in the Republic of China. They offer wireless telecommunication network enhancement services, telecommunication network infrastructure maintenance, and engineering services. Additionally, they provide custom computer system design, software development, and equipment procurement and installation.

Operating Revenue

| Segment | Segment Revenue (RMB '000) | SNC Revenue | % SNC | Classification | Results |
|---|---|---|---|---|---|
| Telecommunication operators | 72,754 | 0 | 0.00% | Provide landline, mobile and Internet access services. | Passed |
| Telecommunication network equipment manufacturers | 9,139 | 0 | 0.00% | Mainly engage in the sale of hardware used for the purpose of telecommunication. | Passed |
| Telecommunication network and technical service providers and general contractors | 140,442 | 0 | 0.00% | Provide telecommunication network support and other technical services. | Passed |
| Others | 4,178 | 0 | 0.00% | Other customers include PRC government departments, universities, research organisations, etc. | Passed |
| **TOTAL** | **226,513** | **0** | **0.00%** | **Telecommunication network support** | **Passed** |

Non-Operating Revenue

| Segment | Segment Revenue (RMB '000) | SNC Revenue | % SNC | Classification | Results |
|---|---|---|---|---|---|
| Government subsidies | 1,800 | 0 | 0.00% | N/A | Passed |
| Tax credit of input tax additional deduction and VAT refund | 1,326 | 0 | 0.00% | N/A | Passed |

| | | | | | |
|---|---|---|---|---|---|
| Equipment rental income | 286 | 0 | 0.00% | Equipment is leased to customers under operating leases with fixed lease payments | Passed |
| Sundry income | 22 | 0 | 0.00% | N/A | Passed |
| Interest income | 94 | 94 | 100.0% | Subject to 5% benchmark | Failed |
| **TOTAL** | **3,528** | **94** | **2.7%** | **-** | **Passed** |

| Revenue Classification | SNC Revenue |
|---|---|
| SNC Operating Revenue | 0 |
| SNC Non-operating Revenue | 94 |
| Total SNC Revenue | 94 |
| Total Revenue (Gross) | 230,041 |
| % SNC Revenue | 0.04% |
| **STATUS** | **PASSED** |

## <u>Financial Ratio Benchmark Assessment</u>

Cash over total assets: Cash in Conventional Account or any prohibited Financial Instrument

| Segment | Segment Amount (RMB '000) | Total Assets | % Ratio | Result |
|---|---|---|---|---|
| Cash and cash equivalents | 42,199 | 163,181 | 25.9% | Within 33% limit |
| **TOTAL** | **42,199** | | | **PASSED** |

Debt over total assets: Interest-Bearing Debt

| Segment | Segment Amount (RMB '000) | Total Assets | % Ratio | Result |
|---|---|---|---|---|
| Bank borrowings | 30,000 | 163,181 | 19.5% | Within 33% limit |
| Lease liabilities | 1,860 | | | |
| **TOTAL** | **31,860** | | | **PASSED** |

IPO Shariah Status

| Segment | | Status |
|---|---|---|
| Business Activity Benchmark | | **PASSED** |
| Financial Ratio Benchmark | Cash | **PASSED** |
| | Debt | **PASSED** |
| **Result** | | **PASSED** |

## Disclosure

This research is free to our clients and is grounded in presently available public information that we deem reliable. It is crucial to note that this research does not constitute an offer to sell or a solicitation of an offer to buy any security, particularly in jurisdictions where such actions would be considered illegal. Furthermore, it does not serve as a personalized recommendation and does not consider the individual investment objectives, financial situations, or needs of specific clients.