
CONNECTED TRANSACTIONS

OUR CONNECTED PERSON

Upon completion of [REDACTED] and [REDACTED], the following connected persons of our Company will conduct non-exempted or partially exempted transactions with our Group:

Name	Connected relationship
Retained Sunny Optical Technology Group	Sunny Optical Technology will be interested in approximately [REDACTED] issued shares in the enlarged share capital of our Company upon the [REDACTED] (assuming the [REDACTED] is not exercised), and therefore will be one of our Controlling Shareholders and a connected person pursuant to Chapter 14A of the Listing Rules.
Ningbo Sunny Precision Industry Co., Ltd. (寧波舜宇精工股份有限公司) (“Sunny Precision” and, together with its subsidiaries, “Sunny Precision Group”)	A company listed on the Beijing Stock Exchange (stock code: 920906) and owned by Mr. Ni Wenjun, our non-executive Director, as to 30% or more as of the Latest Practicable Date.

OUR FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Trademark Licensing Agreement

We entered into a trademark licensing agreement (the “**Trademark Licensing Agreement**”) with Sunny Optical Technology, pursuant to which Sunny Optical Technology agreed to grant our Group a license to use certain trademarks which have been registered by Sunny Optical Technology in the PRC, Hong Kong, Vietnam and the European Union for our use in connection with our operations on a royalty-free basis for a term of ten years commencing on November 12, 2025.

As Sunny Optical Technology is a connected person of our Company, the licensing arrangement as contemplated under the Trademark Licensing Agreement will constitute a continuing connected transaction upon [REDACTED]. As the license of the trademarks granted by Sunny Optical Technology to us is on a royalty-free basis, the transactions under the Trademark Licensing Agreement fall within the *de minimis* threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. We believe that entering into the Trademark Licensing Agreement with a term of ten years, which is more than three years, can ensure the stability of the operations of our Group, and is in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group. The Joint Sponsors are of the view that nothing causes them to believe that it is not a normal business practice for similar trademark licensing agreements to be of a term of longer than three years.

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2. Supply of Products to Sunny Precision Group

We supply, among others, parts to Sunny Precision Group in the ordinary course of business. The pricing is determined between Sunny Precision Group and our Group based on arm’s length negotiations by reference to, among others, the market price of the products supplied and the costs of the products to our Group and shall be in line with the terms offered by our Group to other customers who are Independent Third Parties for similar products. It is expected that we will continue to supply the relevant products to Sunny Precision Group after [REDACTED], which will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of these transactions are expected to be less than 0.1% on an annual basis, the supply of the relevant products by us to Sunny Precision Group will constitute a de minimis continuing connected transaction and will be exempted from the reporting, annual review, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

ONE-OFF CONNECTED TRANSACTION

Our Group has entered into certain property leasing agreements with members of Retained Sunny Optical Technology Group, pursuant to which the Group has rented certain properties located in the production park of Retained Sunny Optical Technology Group in Yuyao, Zhejiang, China, for its production in the PRC (the “**PRC Property Leasing Agreements**”), while all the production lines, facilities and machinery for manufacturing are independently owned by our Group. The PRC Property Leasing Agreements have been entered into on normal commercial terms or better and in the ordinary course of business of our Group. We believe that the leasing arrangements prescribed under the PRC Property Leasing Agreements will enable us to leverage the property resources within the production park of Retained Sunny Optical Technology Group to satisfy our own operational need and to ensure the continuing smooth operation of our Group, which is in the interests of our Group and our Shareholders as a whole.

In accordance with IFRS 16 “Leases”, the leases under the Property Leasing Agreements are recognized as right-of-use assets on our balance sheet. Therefore, entering into the Property Leasing Agreements will be regarded as the acquisition of capital assets and one-off connected transactions, rather than continuing connected transactions. Accordingly, the reporting, announcement, annual review and independent shareholders’ approval requirements in Chapter 14A of the Listing Rules will not be applicable.

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OUR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We entered into the following transactions with the above-mentioned connected persons that will constitute continuing connected transactions under Rule 14A.31 of the Listing Rules upon [REDACTED]:

Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought	Proposed annual caps for the year ending December 31,		
				2026	2027	2028
<i>RMB in millions</i>						
<i>Partially Exempt Continuing Connected Transactions</i>						
Sunny Optical Technology Product Supply Framework Agreement	Retained Sunny Optical Technology Group	14A.35, 14A.53 and 14A.105	Announcement requirements	190.0	224.0	290.0
Vietnam Property Leasing Framework Agreement	Retained Sunny Optical Technology Group	14A.35, 14A.53 and 14A.105	Announcement requirements	12.0	16.0	20.0
Sunny Precision Product Procurement Framework Agreement	Retained Sunny Precision Group	14A.35, 14A.53 and 14A.105	Announcement requirements	13.0	15.0	18.0
<i>Non-Exempt Continuing Connected Transaction</i>						
Sunny Optical Technology Product and Services Procurement Framework Agreement	Retained Sunny Optical Technology Group	14A.35, 14A.36, 14A.52, 14A.53 and 14A.105	Announcement, independent shareholders’ approval, circular	1,124.0	1,380.0	1,875.0

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Sunny Optical Technology Product Supply Framework Agreement

Principal terms

On [●], we entered into a product supply framework agreement (the “**Sunny Optical Technology Product Supply Framework Agreement**”) with Sunny Optical Technology (for itself and on behalf of Retained Sunny Optical Technology Group), pursuant to which we will supply certain vehicle-related optical products to Retained Sunny Optical Technology Group

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for further on-sales in certain overseas markets where the Retained Sunny Optical Technology Group has a local presence, in particular the Japanese market. In return, the Retained Sunny Optical Technology Group shall pay the purchase price to our Company in accordance with the Sunny Optical Technology Product Supply Framework Agreement. The initial term of the Sunny Optical Technology Product Supply Framework Agreement will commence on the [REDACTED] and end on December 31, 2028, subject to renewal upon mutual consent by the parties.

Reasons for the transaction

Certain customers may, from time to time, raise specific requests to purchase our products through local outlets primarily due to their own internal policies. In this connection, the transactions under the Sunny Optical Technology Product Supply Framework Agreement are carried out with a view to responding to such specific requests from the customers by leveraging the existing expansive global presence of the Retained Sunny Optical Technology Group, as well as further promoting and extending our product outreach to overseas markets where we may not have developed local outlets. We believe that such arrangements will further expand our business and enhance our global profile.

Pricing policies

The prices for the products we supply to the Retained Sunny Optical Technology Group shall be determined between the Retained Sunny Optical Technology Group and us based on arm’s length negotiations, and shall be based on the costs of the products with a reasonable margin which is no more favorable than the prices offered by our Group to other customers who are Independent Third Parties for similar products.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
	<i>(RMB million)</i>		
Supply of products to the Retained Sunny Optical Technology Group . . .	89.6	151.3	134.7

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Annual caps and basis of caps

The maximum aggregate annual transaction amounts under the Sunny Optical Technology Product Supply Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
	<i>(RMB million)</i>		
Supply of products to Retained Sunny Optical Technology Group	190.0	224.0	290.0

The above proposed annual caps of sales of products by our Group to Retained Sunny Optical Technology Group are determined with reference to:

- (a) the historical transaction amounts and the growing trend during the Track Record Period; and
- (b) the estimated demands for the products for our sales globally for the three years ending December 31, 2028, which are expected to increase at a steady pace to meet increasing consumer needs and the needs of our further business development.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Sunny Optical Technology Product Supply Framework Agreements for each of the three years ending December 31, 2028 calculated for the purposes of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

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2. Vietnam Property Leasing Framework Agreement

Principal terms

On [●] 2026, we entered into a framework agreement (the “**Vietnam Property Leasing Framework Agreement**”) with Sunny Optical Technology (for itself and on behalf of Retained Sunny Optical Technology Group), pursuant to which our Group agreed to lease certain premises in Vietnam to Retained Sunny Optical Technology Group and Retained Sunny Optical Technology Group agreed to pay rent to our Group in accordance with lease agreements and pursuant to the Vietnam Property Leasing Framework Agreement. The principal terms of the lease agreement under the Vietnam Property Leasing Framework Agreement are set out as follows:

Date of Agreement	Lessor	Lessee	Term	Location	Area	Rent
June 26, 2025	SAOV	Sunny Optical Intelligence (Vietnam) Co., Ltd.	One year	B-2-1 and B-2-2, WHA Industrial Zone 1 — Nghe An (Phase 2), Nghi Dong Commune, Nghi Loc District, Nghe An Province, Vietnam	19,600 m ²	Approximately VND5,396.7 million (approximately HK\$1.60 million) per quarter

Reasons for the transaction

Retained Sunny Optical Technology Group has been using premises of SAOV as an overseas production hub with a view to expanding its footprint in overseas markets, while all the production lines, facilities and machinery for production are owned by Retained Sunny Optical Technology Group. As such, our Group will retain property interests in the premises and may adapt the premises for other purposes if our local business in Vietnam expands.

Pricing policies

The rent payable by Retained Sunny Optical Technology Group to us will be determined after arm’s length negotiation with reference to, among others, term of the lease, and size and location of the leased premises as well as the market rates charged by lessors who are Independent Third Parties for lease of comparable properties in similar locations.

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Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
	<i>(RMB million)</i>		
Lease of properties in Vietnam to Retained Sunny Optical Technology Group	–	–	1.5

Annual caps and basis of caps

The maximum aggregate annual transaction amounts under the Vietnam Property Leasing Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
	<i>(RMB million)</i>		
Lease of properties in Vietnam to Retained Sunny Optical Technology Group	12.0	16.0	20.0

The above proposed annual caps of the property leasing provided by our Group to Retained Sunny Optical Technology Group are determined with reference to:

- (a) the agreed rent payable by Retained Sunny Optical Technology Group to us under the existing lease agreement, which is expected to be renewed by mutual agreement;
- (b) expected rent increases in line with the prevailing market rents of comparable properties in Vietnam; and
- (c) that our Group may lease additional properties in Vietnam to Retained Sunny Optical Technology Group in accordance with the operational needs of Retained Sunny Optical Technology Group.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Vietnam Property Leasing Framework Agreement for each of the three years ending December 31, 2028 calculated for the purposes of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute

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continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

3. Sunny Precision Product Procurement Framework Agreement

Principal terms

On [●], we entered into a product procurement framework agreement (the “**Sunny Precision Product Procurement Framework Agreement**”) with Sunny Precision (for itself and on behalf of Sunny Precision Group), pursuant to which we will procure structural components from Sunny Precision Group. The initial term of the Sunny Precision Product Procurement Framework Agreement will commence on the [REDACTED] and end on December 31, 2028, subject to renewal upon mutual consent by the parties.

Reasons for the transaction

The transactions are carried out under the Sunny Precision Product Procurement Framework Agreement with a view to leveraging the established manufacturing capacity of Sunny Precision Group, thereby enhancing economies of scale and increasing cost efficiency. Sunny Precision Group also has established quality control system and is able to supply high-quality material to us to meet our production needs. In addition, we have historically cooperated with Sunny Precision Group, which is familiar with the specifications required by us.

Pricing policies

The prices for the products are determined based on arm’s length negotiations between the parties with reference to the specific products procured, labor costs, raw material costs, production costs and the prevailing market price for similar products, and shall be no less favorable than those for transactions between our Group and Independent Third Parties under the same conditions.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
	<i>(RMB million)</i>		
Procurement of products from Sunny Precision Group	2.1	24.6	18.5

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Annual caps and basis of caps

The maximum aggregate annual transaction amounts under the Sunny Precision Product Procurement Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
	<i>(RMB million)</i>		
Procurement of products from Sunny Precision Group	13.0	15.0	18.0

The above proposed annual caps of procurements of products provided by Sunny Precision Group are determined with reference to:

- (a) that certain of our end customers who had previously required us to incorporate structural components from Sunny Precision Group in our products no longer had such requirement since 2025; and
- (b) the estimated procurement amount required to meet our production needs for the three years ending December 31, 2028, which are expected to increase at a steady pace in line with the business expansion of our Group during this period.

Listing Rules implications

As the highest applicable percentage ratio of the transactions under the Sunny Precision Product Procurement Framework Agreements for each of the three years ending December 31, 2028 calculated for the purposes of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Sunny Optical Technology Product and Services Procurement Framework Agreement

Principal terms

On [●], we entered into a product and services procurement framework Agreement (the “**Sunny Optical Technology Product and Services Procurement Framework Agreement**”) with Sunny Optical Technology (for itself and on behalf of the Retained Sunny Optical Technology Group), pursuant to which we will procure (i) certain raw materials and instruments from Retained Sunny Optical Technology Group and (ii) certain ancillary services

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such as ad-hoc technology research services, client maintenance and marketing services from Retained Sunny Optical Technology Group. In return, Retained Sunny Optical Technology Group shall pay the purchase price in accordance with the Sunny Optical Technology Product and Services Procurement Framework Agreement. The initial term of the Sunny Optical Technology Product and Services Procurement Framework Agreement will commence on the [REDACTED] and end on December 31, 2028, subject to renewal upon mutual consent by the parties.

Reasons for the transaction

The procurement of products pursuant to the Sunny Optical Technology Product and Services Procurement Framework Agreement is conducted with a view to leveraging the quality control system of Retained Sunny Optical Technology Group, which conducts quality inspections on the products prior to sale to us. Products procured from Retained Sunny Optical Technology Group have better quality and reliability compared to those we could directly procure from ultimate suppliers, which reduces our inspection costs and product defect rates and is cost-efficient and beneficial for our Group. The procurement of services pursuant to the Sunny Optical Technology Product and Services Procurement Framework Agreement also benefits our Group as Retained Sunny Optical Technology Group is familiar with the standards of our Group and is therefore better able to tailor their services to satisfy our Group's business needs compared to other suppliers of similar services.

Pricing policies

The prices for the products are determined on an arm's length negotiation and are no less favorable than the prices offered by Retained Sunny Optical Technology Group to other customers who are Independent Third Parties for similar products and services. We will enter into separate product purchase and service agreements with Retained Sunny Optical Technology Group with standard terms and conditions which are generally applicable to other customers of Retained Sunny Optical Technology Group.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
	<i>(RMB million)</i>		
Procurement of products and services from Retained Sunny Optical Technology Group	511.2	530.7	429.5

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Annual caps and basis of caps

The maximum aggregate annual transaction amounts under the Sunny Optical Technology Product and Services Procurement Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
	<i>(RMB million)</i>		
Procurement of products and services from Retained Sunny Optical Technology Group	1,124.0	1,380.0	1,875.0

The above proposed annual caps of procurements of products and services provided by Retained Sunny Optical Technology Group are determined with reference to:

- (a) the historical transaction amounts and the growing trend during the Track Record Period;
- (b) upon completion of the [REDACTED], our Group will procure non-spherical glass, which is a raw material used in our Group’s production processes, from Retained Sunny Optical Technology Group, rather than producing non-spherical glass in-house; and
- (c) the estimated amount of raw materials and equipment and technology research services, client maintenance and marketing services for our production and operational needs for the three years ending December 31, 2028, which are expected to increase substantially to meet increasing consumer needs and the needs of our further business development.

Listing Rules Implications

In respect of the transactions as described above under the Sunny Optical Technology Product and Services Procurement Framework Agreement, the highest applicable percentage ratio (other than profits ratio) is expected to exceed 5%, on an annual basis. Such transactions will, upon [REDACTED], constitute continuing connected transactions of the Company subject to the annual reporting, announcement, annual review and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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WAIVER APPLICATION

Sunny Optical Technology Product Supply Framework Agreement, Vietnam Property Leasing Framework Agreement and Sunny Precision Product Procurement Framework Agreement

In respect of the Sunny Optical Technology Product Supply Framework Agreement, Vietnam Property Leasing Framework Agreement and Sunny Precision Product Procurement Framework Agreement, since the highest applicable percentage ratio calculated for the purposes of Chapter 14A of the Listing Rules for each of the three years ending December 31, 2028 is expected to exceed 0.1%, but less than 5% on an annual basis, the transactions contemplated thereunder are exempt from the circular and the independent shareholders' approval requirements, but are subject to the announcement requirements under Rule 14A.35 of the Listing Rules and the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of these transactions, provided that the total values of these transactions for each of the three years ending December 31, 2028 will not exceed the relevant proposed annual caps above.

Sunny Optical Technology Product and Services Procurement Framework Agreement

In respect of the Sunny Optical Technology Product and Services Procurement Framework Agreement, since the highest applicable percentage ratios calculated for the purposes of Chapter 14A of the Listing Rules for each of the three years ending December 31, 2028 are expected to exceed 5% on an annual basis, the transactions contemplated thereunder are subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules in respect of these transactions, provided that the total amount of transactions for each of the three years ending December 31, 2028 will not exceed the relevant proposed annual caps as set out above. The independent non-executive Directors and auditors of our Company will review whether the transactions under the above continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant agreements as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

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CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above have been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and are fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above continuing connected transactions; (ii) obtained necessary representations and confirmations from our Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Joint Sponsors are of the view that the aforesaid non-exempt continuing connected transactions, for which waivers have been sought, have been and will be carried out in the ordinary and usual course of our business on normal commercial terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of these non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- (a) we have approved and adopted internal procedures and internal guidelines, which provide that, among others, relevant departments of our Group must regularly collect information on connected persons, review and evaluate all potential connected transactions for their financial impact, including by engaging independent advisors for material connected transactions where appropriate, and monitor and evaluate how connected transactions are carried out;
- (b) our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing it on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an

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annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreement governing the transactions in all material respects or have exceeded the cap;

- (c) when considering the fees and amounts payable by our Group in respect of transactions with our connected persons, we will regularly review and consider the prevailing market conditions and practices, and refer to the pricing and terms between us and independent third parties for comparable services or similar transactions (if available), to make sure that the terms and conditions offered by/to our connected persons based on commercial negotiations are fair and reasonable and are based on normal commercial terms or no less favorable terms to our Group; and
- (d) when considering any renewal or revision to the agreements after [REDACTED], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the agreements to the extent that they constitute the partially exempt and non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.