

## CONTINUING CONNECTED TRANSACTION

### PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

#### Provision of packing materials by Changzhou Wujin District Hengshan Dongzhou Plastic Fittings Factory (常州市武進區橫山東洲塑膠配件廠) (the “Connected Supplier”)

##### *Background*

As of the Latest Practicable Date, the Connected Supplier was an individual industrial and commercial household entity owned and operated by Mr. Huang Zhigang (黃志剛), the brother of Ms. Huang Liying (黃麗英), our executive Director and one of our Controlling Shareholders. As such, the Connected Supplier is an associate of Ms. Huang Liying and therefore a connected person of our Company under the Listing Rules.

We have been purchasing cardboard boxes as packaging materials from the Connected Supplier during the Track Record Period as part of our ordinary and usual course of business.

##### *Historical Transaction Amounts*

The table below sets out the historical transaction amounts during the Track Record Period:

	For the years ended		For the nine
	December 31,	2024	months ended
	2023		September 30,
	(RMB million)		
<b>Historical transaction amounts</b>	28.04	11.80	9.32

##### *Framework Purchase Agreement*

We will enter into a framework purchase agreement with the Connected Supplier to govern the terms and conditions of the transactions between our Group on one hand and the Connected Supplier on the other hand in connection with the provision of packing materials (the “**Framework Packaging Materials Purchase Agreement**”), pursuant to which the Connected Supplier shall provide cardboard boxes and other packaging materials to our Group according to the Framework Packaging Materials Purchase Agreement or orders to be entered into by our Group with the Connected Supplier from time to time. The Framework Packaging Materials Purchase Agreement will take effect upon [REDACTED] and will be valid until December 31, 2028, renewable by mutual agreement of the parties, subject to compliance with the requirement under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

##### *Pricing Policies*

The pricing of the cardboard boxes and other packaging materials purchased from the Connected Supplier will be based on the arm’s length negotiation between our Group and the Connected Supplier, with reference to the average market price of similar products provided by comparable independent third-party suppliers to ensure the pricing for transactions between our Group and the Connected Supplier to be fair and reasonable.

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### *Annual Caps*

For the years ending December 31, 2026, 2027 and 2028, the maximum aggregate annual transaction amounts under the Framework Packaging Materials Purchase Agreement shall not exceed the following annual caps:

	For the year ending December 31,		
	2026	2027	2028
	<i>(RMB million)</i>		
<b>Annual caps</b>	14.26	16.83	20.19

The above annual caps have been determined on normal commercial terms or better with reference to:

- (a) our estimation on the demand for the relevant packaging materials with reference to our estimated sales development and sales volume; and
- (b) the historical purchase amounts paid to the Connected Supplier by our Group for purchasing packaging materials during the Track Record Period.

### **Reasons for and Benefits of the Transactions with the Connected Supplier**

We have been historically procuring the packaging materials from the Connected Supplier from time to time. Through the long-standing and stable business relationship, the Connected Supplier has gained a comprehensive understanding of our business needs, quality standards and operational requirements, and we consider that the Connected Supplier is capable of effectively and stably satisfying our demand for the relevant products.

### **Implications under the Listing Rules**

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the purchase of raw materials pursuant to the Framework Packaging Materials Purchase Agreement exceed 0.1% but are all less than 5% on an annual basis, the transactions under the Framework Packaging Materials Purchase Agreement will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

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### INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

We have established the following internal review procedures to ensure that the terms for the continuing connected transactions we have or may have in the future are on normal commercial terms and no more favorable to the counterparties than terms available to Independent Third Parties:

- We will formulate internal guidelines according to the Listing Rules, which provide approval procedures for connected transactions based on their nature and amounts;
- If a comparable market price is available, we shall compare the proposed product price or service fee with the market price and take into account the market price of similar products or services to ensure that the proposed product price or service fee will not be higher than the selling price of product or service of a similar type or nature provided by Independent Third Party suppliers or providers;
- Before selecting a product supplier or services provider, our procurement department shall obtain price quotations from certain Independent Third Party suppliers or providers. The factors to be considered by us in conducting internal assessments include price, quality, exclusivity of product or service, and value added to us;
- If no comparable market price is available, our procurement department shall conduct arm’s length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on trade cost of the product involved or value of the relevant service and the actual costs and expenses incurred;
- After arm’s length negotiation with the connected person, our procurement department will report to our senior management who will approve individual transactions as appropriate;
- Our internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment on whether the annual caps are exceeded; and
- Our independent non-executive Directors will also conduct annual review on the non-exempt continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable and conducted according to the terms of the relevant framework agreement. The auditor of our Company will also conduct annual review on the pricing and annual cap of the non-exempt continuing connected transactions.

### CONFIRMATION OF DIRECTORS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transaction described under the sub-section headed “— Partially-Exempt Continuing Connected Transaction” in this section has been and will be carried out (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better and (iii) in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

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Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transaction described under the sub-section headed “— Partially-Exempt Continuing Connected Transaction” are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

### CONFIRMATION OF THE SOLE SPONSOR

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Group; (ii) obtained necessary representations and confirmation from our Company and the Directors; and (iii) participated in the due diligence and discussion with the management of our Company. Based on the above due diligence work, the Sole Sponsor is of the view (i) that the continuing connected transaction described under the sub-section headed “— Partially-Exempt Continuing Connected Transaction” in this section has been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and in accordance with the terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) that the proposed annual caps of such continuing connected transaction are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

### WAIVER APPLICATION FOR CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section headed “— Partially-Exempt Continuing Connected Transaction” in this section constitute our continuing connected transaction under the Listing Rules, which are exempt from the independent Shareholders’ approval requirements but subject to the reporting, annual review, announcement requirements of the Listing Rules.

In respect of the continuing connected transaction, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted], waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “— Partially-Exempt Continuing Connected Transaction” in this section, subject to the conditions that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).