OVERVIEW

We have entered into certain transactions with Wuxi Este Magnetic and Anhui Guosheng which will, upon the **[REDACTED]**, become our connected persons. Upon the **[REDACTED]**, the transactions disclosed under this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

CONNECTED PERSONS

The following persons, with whom we intend to enter into certain continuing transactions in our ordinary course of business upon the **[REDACTED]**, will become our connected persons upon **[REDACTED]**:

Connected Persons	Connected Relationship
Wuxi Este Magnetic, a company principally engaged in the production of robotic grade products in the PRC	As of the Latest Practicable Date, Wuxi Este Magnetic, a subsidiary of our Company, was owned as to 38.93% by Anhui Guosheng, which was in turn owned as to 79.37% and 20.63% by FIIF and our Group, respectively. Accordingly, FIIF, our substantial Shareholder, can control the exercise of 38.93% of the voting power at Wuxi Este Magnetic's general meeting, and Wuxi Este Magnetic would become a connected subsidiary within the meaning under Rule 14A.16 of the Listing Rules upon **[REDACTED]**.
Anhui Guosheng, a company principally engaged in the principally engaged in the research and development, design and production of silicon wafers	As of the Latest Practicable Date, Anhui Guosheng, was owned as to 79.37% and 20.63% by FIIF and our Company, respectively. Anhui Guosheng is an associate of FIIF and would therefore become our connected person within the meaning under Rule 14A.13 of the Listing Rules upon **[REDACTED]**.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Set out below is a brief summary of our continuing connected transactions and relevant waiver [sought]:

Transactions	Applicable Listing Rules	Waiver sought	Proposed annual cap for the year ending December 31,	
			2026	2027
			(RMB million)	*(RMB million)*
Fully exempt continuing connected transactions				
Wuxi Este Magnetic Sub-lease Agreement	14A.76(1)(c)	Not applicable	[0.8]	[0.8]
Partially exempt continuing connected transaction				
Anhui Guosheng Cooperation Framework Agreement	14A.76(2)(a)	Not applicable		
— Supply of TMR thin-film			[0.2]	[0.2]
— Purchase of TMR wafer			[1.4]	[2.6]
— Sub-lease			[0.3]	[0.4]
Non-exempt continuing connected transaction				
Wuxi Este Magnetic Cooperation Framework Agreement	[14A.35, 14A.36, 14A.53, 14A.105]	[Announcement, independent shareholder approval, circular]		
— Supply of products			[65.2]	[97.8]
— Purchase of raw materials			[1.0]	[0.8]

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Wuxi Este Magnetic Sub-lease Agreement

Parties	:	(1) Wuxi Lertech (as tenant); and (2) Wuxi Este Magnetic (as sub-tenant).
Term	:	The initial term of the Wuxi Este Magnetic Sub-lease Agreement will commence on August 1, 2025 to July 31, 2027.
Subject Matter	:	Wuxi Lertech and Wuxi Este Magnetic entered into a sub-lease agreement (the "**Wuxi Este Magnetic Sub-lease Agreement**"), pursuant to which Wuxi Lertech agreed to sub-lease our leased property situated in Wuxi City, the PRC to Wuxi Este Magnetic for office use at an annual rent of approximately RMB0.5 million per year. Wuxi Este Magnetic shall be responsible for all actual expenses related to the use of the subleased property, including but not limited to water, electricity, gas, telecommunications, maintenance, and property management fees. The gross floor area of the sub-leased area of the property amounted to approximately 1,030 square metre.
Pricing Policy	:	The rental payment, water, electricity, gas, telecommunications, maintenance, and property management fees receivable under the Wuxi Este Magnetic Sub-lease Agreement were determined based on arm's length negotiation between our Group and Wuxi Este Magnetic with reference to the estimated utility expenses calculated with reference to the number of machineries and equipment in the sub-leased area and the relevant rental payment and expenses under the main tenancy agreement signed between our Group and the owner of the property.
Reasons for transaction	:	Wuxi Este Magnetic, a connected subsidiary of our Company, was established in 2023. As the property owner prefers to enter into lease agreement with an entity registered in the Wuxi Economic and Technological Development Zone (the "**ETD Zone**"), the property owner and Wuxi Lertech, which was registered in the ETD Zone, entered into the main lease and, upon consent from the property owner, subleased the property to Wuxi Este Magnetic, allowing it to utilize the leased properties. This arrangement ensured that Wuxi Este Magnetic had access to the necessary facilities and resources during its early stages of growth while leveraging the Group's existing leasing arrangements.
Historical transaction amounts	:	The historical transaction amounts in respect of the sub-lease arrangement between our Group and Wuxi Este Magnetic were nil, RMB0.2 million, RMB0.7 million and RMB0.5 million for years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

Annual caps : The annual caps in respect of the rental payment, utility expenses and property management fees receivable from Wuxi Este Magnetic for the years ending December 31, 2026 and 2027 are RMB0.8 million and RMB0.8 million, respectively, taking into account the addition of new machineries and equipment in the sub-leased area in 2025 and the historical transaction amount during the nine months ended September 30, 2025.

Listing Rules Implications : As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the above transaction, which is conducted on normal commercial terms or better, are expected to be less than 5% and the total consideration of the transaction thereunder is expected to be less than HK$3,000,000 on an annual basis, it will fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Anhui Guosheng Cooperation Framework Agreement

On [•], our Company and Anhui Guosheng entered into a cooperation framework agreement (the "**Anhui Guosheng Cooperation Framework Agreement**"), the principal terms and other details of which are set out below:

Parties :

(1) Our Company; and

(2) Anhui Guosheng

Term : The initial term of the Anhui Guosheng Cooperation Framework Agreement will commence on the date of **[REDACTED]** to December 31, 2027 subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Subject Matter : Pursuant to the Anhui Guosheng Cooperation Framework Agreement, our Company agrees to:

(1) produce and supply TMR thin-film to Anhui Guosheng; and

(2) purchase TMR wafer from Anhui Guosheng; and

(3) sub-lease our leased property situated in Bengbu, the PRC to Anhui Guosheng for office use at an annual rent of approximately RMB94,133 per year. Anhui Guosheng shall be responsible for all actual expenses related to the use of the subleased property, including but not limited to water, electricity, gas, telecommunications, maintenance, and property management fees. The gross floor area of the sub-leased area of the property amounted to approximately 784.44 square metre.

Pricing Policy : *Supply of TMR thin-film*

The price of the TMR thin-film supplied by our Company would be determined on arm's length basis taking into account the market price of similar products offered by Independent Third Parties.

Purchase of TMR wafer

The price of the TMR wafer to be purchased by our Company under the Anhui Guosheng Cooperation Framework Agreement would be determined on arm's length basis taking into account the prevailing market price of similar products offered by Independent Third Parties.

Sub-lease

The rental payment, water, electricity, gas, telecommunications, maintenance, and property management fees receivable under the Anhui Guosheng Cooperation Framework Agreement were determined based on arm's length negotiation between our Company and Anhui Guosheng with reference to the estimated utility expenses calculated with reference to the number of machineries and equipment in the sub-leased area and the relevant rental payment and expenses under the main tenancy agreement signed between our Company and the owner of the property.

Reason for transaction : Anhui Guosheng was formed by our Group and FIIF, and is principally engaged in the research and development, design and production of silicon wafers. As of the Latest Practicable Date, Anhui Guosheng's business remains in the development stage with its production base still under construction, and it is expected that it would be primarily focused on the initial testing and research of its products in the upcoming years. Given Anhui Guosheng's current lack of production capability and its expected business growth, our Company could benefit from the supply of our TMR thin-film, a key component required by Anhui Guosheng in the development of its TMR wafers, and the sub-leasing of our facilities as such arrangements could provide steady revenue streams for our Company. Concurrently, the Company's prospective purchase of TMR wafers from Anhui Guosheng would secure a strategic and cost-effective supply of a critical component.

Historical transaction amounts : *Supply of TMR thin-film*

There are no historical transaction amounts with respect to the supply of TMR thin-film for the years ended December 31, 2022, 2023 and 2024, and the relevant historical transaction amount for the nine months ended September 30, 2025 was approximately RMB35,000.

Purchase of TMR wafer

There are no historical transaction amounts with respect to the purchase of TMR wafer for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

Sub-lease

There are no historical transaction amounts with respect to the rental payment, utility expenses and property management fees receivable from Anhui Guosheng for the years ended December 31, 2022, 2023 and 2024, and the relevant historical transaction amount for the nine months ended September 30, 2025 was RMB0.2 million.

Annual caps : Our Directors estimate that the maximum transaction amount

(i) in relation to the supply of TMR thin-film by our Company under the Anhui Guosheng Cooperation Framework Agreement for the years ending December 31, 2026 and 2027 will be approximately RMB[0.2] million and RMB[0.2] million, respectively. In arriving at the above annual caps, our Directors have taken into account the expected completion of the necessary supporting infrastructure, the progression of product research and development of Anhui Guosheng, the relevant historical transaction amount for nine months ended September 30, 2025 and a 10% buffer to cope with the demand for TMR thin-film from Anhui Guosheng to meet its research and development activities from time to time;

(ii) in relation to the purchase of TMR wafer by our Company under the Anhui Guosheng Cooperation Framework Agreement for the years ending December 31, 2026 and 2027 will be approximately RMB[1.4] million and RMB[2.6] million, respectively. In arriving at the above annual caps, our Directors have taken into account the expected completion of the necessary supporting infrastructure and the progression of product research and development of Anhui Guosheng for the years ending December 31, 2026 and 2027, the current market price for TMR wafer of EUR1,800 (approximately RMB14,400 per unit) and the expected production capacity of Anhui Guosheng of 100 units and 180 units for the years ending December 31, 2026 and 2027, respectively; and

(iii) in respect of the rental payment, utility expenses and property management fees receivable from Anhui Guosheng for the years ending December 31, 2026 and 2027 will be approximately RMB[0.4] million and RMB[0.4] million, respectively, taking into account the total resources to be shared with Anhui Guosheng under the sub-lease and the expected increase in property management fees and utility expenses.

Listing rules implications : As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the purchase of raw materials pursuant to the Anhui Guosheng Cooperation Framework Agreement exceed 0.1% but are all less than 5% on an annual basis, the transactions under the Anhui Guosheng Cooperation Framework 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.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Wuxi Este Magnetic Cooperation Framework Agreement

On [•], our Company and Wuxi Este Magnetic entered into a cooperation framework agreement (the "**Wuxi Este Magnetic Cooperation Framework Agreement"**), the principal terms and other details of which are set out below:

Parties : (1) Our Company for and on behalf of members of our Group other than Wuxi Este Magnetic ("**Other Group Members**"); and

(2) Wuxi Este Magnetic.

Term : From the date of **[REDACTED]** to December 31, 2027 (both days inclusive) subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Subject Matter : Pursuant to the Wuxi Este Magnetic Cooperation Framework Agreement, our Company for and on behalf of the Other Group Members agrees to cooperate with Wuxi Este Magnetic for producing and supplying motion sensors (including surface mounting, assembly and finished product testing, the packaging, aging and testing of chips).

For the purpose of producing and supplying the aforesaid products, the Other Group Members may from time to time purchase raw materials (including but not limited to PCBAs, electronic components and other ancillary materials such as screws and bolts) from Wuxi Este Magnetic.

Separate agreements will be entered into between the Other Group Members and Wuxi Este Magnetic which will set out the specific quantity of the products, payment terms, product specifications and other details of the arrangement in the manner as provided in the Wuxi Este Magnetic Cooperation Framework Agreement.

Pricing Policy : *Supply of Products*

The price of the products supplied by the Other Group Members under the agreements would be determined on arm's length basis taking into account the cost of production of the relevant products plus a mark-up rate on the cost of production which is determined with reference to the average profit margin of products sold in the preceding financial year to customers who are Independent Third Parties.

The Other Group Members would only supply motion sensors to Wuxi Este Magnetic if the unit price of such motion sensors is not less than the unit cost of production of such motion sensors plus the above mark-up rate.

The motion sensors supplied by the Other Group Members to Wuxi Este Magnetic were tailor-made and no reference market price is available. Therefore, the above pricing policy, which is based on cost of production and the mark-up rate, were adopted.

Purchase of Raw Materials

The Other Group Members would only purchase raw materials from Wuxi Este Magnetic if the price of such raw materials is lower than the price offered by Independent Third Parties. In particular, the Other Group Members will ascertain the prevailing market price of the relevant raw materials through obtaining at least three other quotations of comparable raw materials from suppliers who are Independent Third Parties.

Reasons for transaction : Wuxi Este Magnetic is principally engaged in the research and development and design of motion sensors for robotic use scenario and has no production base of its own. Accordingly, our Group would benefit from the synergy effect arising from the transactions contemplated under the Wuxi Este Magnetic Cooperation Framework Agreement by utilizing our production capacity while supporting the research and development and design function of Wuxi Este Magnetic, and at the same time recognize steady income stream from our provision of our production service.

Historical transaction amounts : *Supply of Products*

The historical transaction amounts in relation to the supply of products to Wuxi Este Magnetic for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 were nil, nil, RMB3.4 million and RMB8.0 million, respectively.

Purchase of Raw Materials

The historical transaction amounts in relation to the purchase of raw materials from Wuxi Este Magnetic for the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 were nil, nil, RMB0.1 million and RMB2.0 million, respectively.

Annual caps : Our Directors estimate that the maximum transaction amount

(i) in relation to the supply of products by the Other Group Members under the Wuxi Este Magnetic Cooperation Framework Agreement for the years ending December 31, 2026 and 2027 will not exceed RMB[65.2] million and RMB[97.8] million, respectively. In arriving at the above annual caps, our Directors have considered (i) the anticipated amount of sale by Wuxi Este Magnetic to its customers for the years ending December 31, 2026 and 2027; (ii) the expected continuous expansion in business scale of Wuxi Este Magnetic for the years ending December 31, 2026 and 2027; and (iii) the assumption that all products to be sold by Wuxi Este Magnetic would be exclusively produced by the Other Group Members; and

(ii) in relation to the purchase of raw materials by the Other Group Members under the Wuxi Este Magnetic Cooperation Framework Agreement for the years ending December 31, 2026 and 2027 will not exceed RMB[1.0] million and RMB[0.8] million, respectively. In arriving at the above annual caps, our Directors have considered (i) our Group's business plan of gradually phasing out of the current transaction model in which Wuxi Este Magnetic would source relevant raw materials and sell the same to the Other Group Members for the purpose of production; and (ii) the assumption that 1.0% and 0.5% of the estimated total sales of Wuxi Este Magnetic would be made to the Other Group Members for the raw materials, aligning with the aforesaid business plan and the historical percentage derived from previous transactions between the Other Group Members and Wuxi Este Magnetic.

Listing Rules Implications : Our Directors currently expect that the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis. Accordingly, the transactions contemplated under the Wuxi Este Magnetic Cooperation Framework Agreement will be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION

As the continuing connected transactions described in "— Non Exempt Continuing Connected Transactions" above have been and will continue to be carried out by our Group on a continuing and recurring basis and are expected to extend over a period of time, our Directors are of the view that compliance with the announcement requirement under Chapter 14A of the Listing Rules would impose unnecessary administrative costs and burden to our Group. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied to the Stock Exchange for[, and the Stock Exchange has granted,] a waiver from strict compliance with the announcement requirement under the Listing Rules relating to each of the aforementioned continuing connected transactions subject to the conditions that (a) the aggregate amounts of the transactions as contemplated under each of the aforementioned continuing connected transactions for each relevant financial year shall not exceed the relevant amounts set forth in the respective proposed annual caps as stated above; and (b) we will comply with the other relevant requirements under Chapter 14A of the Listing Rules applicable to the aforementioned continuing connected transactions.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the Latest Practicable Date on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.

DIRECTORS' VIEW

Our Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions described above have been and will be entered into in the ordinary and usual course of our business and on normal commercial terms or better, (ii) the terms of the continuing connected transactions described above are fair and reasonable and in the interest of our Group and Shareholders as a whole, and (iii) the proposed annual caps for the continuing connected transactions described in "Non-exempt Continuing Connected Transaction" above in this section are fair and reasonable and in the interests of our Group and Shareholders as a whole.

SPONSOR'S VIEW

The Sole Sponsor are of the view that the non-exempt continuing connected transactions as set out above [have been] and will be entered into on normal commercial terms or better and in the Group's ordinary and usual course of business and are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and the proposed annual caps are fair and reasonable and in the interests of the Group's Shareholders as a whole.