OVERVIEW

Upon [**REDACTED**], certain transactions between members of our Group and our connected person will constitute one-off connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSON

We have entered into certain transactions with the following connected person, which will constitute our one-off connected transactions upon [**REDACTED**]:

Connected Person	Connected Relationship
Huaming S&T	Huaming S&T is a wholly-owned subsidiary of Huaming Group, a substantial shareholder of our Company. Therefore, Huaming S&T is an associate of Huaming Group and thus a connected person of our Company.

ONE-OFF CONNECTED TRANSACTIONS

Property Lease Agreements between the Group and Huaming S&T

Description of the Transactions

On October 24, 2025, our Group entered into the following property lease agreements with Huaming S&T (collectively, the "**Property Lease Agreements**"):

		Lessee	Lessor	Term	Leased properties
(1)	The property lease between Huaming S&T and the Company (the "**Huaming Equipment Property Lease Agreement**")	The Company	Huaming S&T	January 1, 2026 to December 31, 2028	Certain properties located in Putuo District, Shanghai as factories and office spaces
(2)	The property lease between Huaming S&T and Huaming Power (the "**Huaming Power Property Lease Agreement**")	Huaming Power, our wholly-owned subsidiary			Certain properties located in Putuo District, Shanghai as factories
(3)	The property lease between Huaming S&T and Huaming High Voltage (the "**Huaming High Voltage Property Lease Agreement**")	Huaming High Voltage, our wholly-owned subsidiary			Certain properties located in Putuo District, Shanghai as factories

Each of the Property Lease Agreements was entered into (i) in the ordinary and usual course of business of our Group; (ii) on arm's length basis; and (iii) on normal commercial terms with the rent being determined with reference to, among others, the leased area, geographical location and condition of the relevant leased properties and the prevailing market rates for similar properties in the surrounding area.

Under the Huaming Equipment Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the relevant leased properties according to IFRS 16 as of December 31, 2025 amounted to approximately RMB21,058,000. As of December 31, 2023, 2024 and 2025, the value of the right-of-use assets in connection with the lease of the relevant leased properties from Huaming S&T under the Huaming Equipment Property Lease Agreement was approximately RMB14,029,000, RMB10,581,000, and RMB21,058,000, respectively.

Under the Huaming Power Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the relevant leased properties according to IFRS 16 as of December 31, 2025 amounted to approximately RMB21,009,000. As of December 31, 2023, 2024 and 2025, the value of the right-of-use assets in connection with the lease of the relevant leased properties from Huaming S&T under the Huaming Power Property Lease Agreement was approximately RMB7,392,000, RMB3,696,000, and RMB21,009,000, respectively.

Under the Huaming High Voltage Property Lease Agreement, the balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the relevant leased properties according to IFRS 16 as of December 31, 2025 amounted to approximately RMB27,600,000. As of December 31, 2023, 2024 and 2025, the value of the right-of-use assets in connection with the lease of the relevant leased properties from Huaming S&T under the Huaming High Voltage Property Lease Agreement was approximately RMB9,888,000, RMB4,944,000, and RMB27,600,000, respectively.

Reasons for and Benefits of the Transactions

We have been using the relevant leased properties under each of the Property Lease Agreements (collectively, the "**Leased Properties**") during the Track Record Period. Any relocation of our factories may cause unnecessary disruption of our administration and incur additional costs. The continuation of such leases is cost efficient and is beneficial to our operations.

In light of the above, our Directors are of the view that the transactions under each of the Property Lease Agreements are fair and reasonable and in the best interest of our Group and the Shareholders as a whole.

Hong Kong Listing Rules Implications

In accordance with IFRS 16 "Leases", our Company recognized a right-of-use asset on its balance sheet in connection with the lease under the Property Lease Agreements. Therefore, the leases of the Leased Properties from Huaming S&T under the Property Lease Agreements are regarded as acquisition of capital asset and one-off connected transactions entered into by our Group prior to the [**REDACTED**], rather than continuing connected transactions for the purposes of the Hong Kong Listing Rules. Accordingly, the reporting, announcement, annual review and independent Shareholders' approval requirements in Chapter 14A of the Hong Kong Listing Rules will not be applicable.