OVERVIEW

Prior to the [**REDACTED**], our Company has entered into a number of transactions with our connected persons in our ordinary and usual course of business. Upon the [**REDACTED**], the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED TRANSACTION

Connected Persons	Connected Relationship
FII and its associates (the "**FII Group Entities**")	FII is one of our substantial Shareholders and therefore each of FII Group Entities is a connected person of our Company under the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

	Transactions	Applicable Listing Rules	Waiver Sought	Historical Amounts for the Year ended December 31,			Proposed Annual Cap for the Year ending December 31,
				2023	2024	2025	2026
					(RMB'000)		
Partially-Exempt Continuing Connected Transaction							
1	Software Supply Framework Agreement	14A.35, 14A.76(2), 14A.105	Announcement	7,568	521	1,133	10,000
2	Service Procurement Framework Agreement	14A.35, 14A.76(2), 14A.105	Announcement	1,377	–	7,499	10,000

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1 Software Supply Framework Agreement

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a software supply framework agreement with FII (for itself and on behalf of its associates) (the "**Software Supply Framework Agreement**"), pursuant to which our Group agreed to sell ERP software and provide related services to FII Group Entities.

The initial term of the Software Supply Framework Agreement will commence on the [**REDACTED**] until December 31, 2026 and may be renewed subject to the relevant requirements under the relevant laws, regulations, and the Listing Rules. Under the terms of the Software Supply Framework Agreement, our Group and FII Group Entities will enter into specific agreements or purchase orders to set out the detailed terms and conditions for the sales of ERP software and related services, including sMES software, PLM software and services and IMG customary development. The consideration payable by FII Group Entities under the Software Supply Framework Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders.

Reasons for the Transaction

Our Group has been providing ERP software and related services to FII Group Entities during the Track Record Period. As a leading provider of smart manufacturing and industrial internet solutions, FII holds a central position in the industrial chain across high-end precision manufacturing, cloud computing equipment, and industrial internet platforms. Our provisions of ERP software and related services to FII Group Entities are conducive to resource sharing between our Group and FII Group Entities, and enable FII Group Entities to leverage our business strengths by incorporating our products and services into their solutions for a broader customer base. Therefore, we expect to have a continued and stable source of revenue in the future for such software and services.

Pricing Policy

The terms of the Software Supply Framework Agreement are not less favorable than terms available to independent third parties and the prices charged by our Group to FII Group Entities are determined on arm's length negotiation and with reference to, among others, (i) the prevailing market prices; (ii) the cost of the relevant products and services, including but not limited to our research and development cost; and (iii) quotations offered by our Group to independent third party customers for similar products and services.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount for the abovementioned transactions in respect of our supply of ERP software and related services to FII Group Entities amounted to approximately RMB7.57 million, RMB0.52 million and RMB1.13 million, respectively.

Annual Cap and Basis of Annual Cap

Our proposed annual cap for the transactions under the Software Supply Framework Agreement for the year ending December 31, 2026 is RMB10 million.

The proposed annual cap was determined with reference to, among others, (i) the historical transaction amounts with FII Group Entities during the Track Record Period; (ii) the expected demand from the FII Group Entities for the relevant products and services, taking into account FII Group Entities' business needs for ERP software and related services; and (iii) other factors including but not limited to the expected prices of the relevant products and services concerned and their potential fluctuations, taking into account the costs and expenses relating to labour and market trends.

2 Service Procurement Framework Agreement

Principal Terms

On [●], our Company (for itself and on behalf of its subsidiaries) entered into a comprehensive procurement framework agreement with FII (for itself and on behalf of its associates) (the "**Service Procurement Framework Agreement**"), pursuant to which our Group agreed to procure project planning and consulting services from FII Group Entities in relation to factory planning projects undertaken by our Group for our customers.

The initial term of the Service Procurement Framework Agreement will commence on the [**REDACTED**] until December 31, 2026 and may be renewed subject to the relevant requirements under the relevant laws, regulations, and the Listing Rules. Under the terms of the Service Procurement Framework Agreement, our Group and FII Group Entities will enter into specific agreements or purchase orders to set out the detailed terms and conditions for the procurement of project planning and consulting services. The consideration payable by our Group under the Service Procurement Framework Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders.

Reasons for the Transaction

During the Track Record Period, our Group procured project planning and consulting services from FII Group Entities in our ordinary course of business. As we undertake factory planning projects, engaging FII Group Entities for services, including but not limited to, current-state assessments and blueprint planning enables us to leverage their specialized expertise and resources during the planning phase. This collaboration enhances overall project efficiency and ensures the smooth delivery of customer projects.

Pricing Policy

The terms of the Service Procurement Framework Agreement are not less favorable than terms available to independent third parties and the prices charged by FII Group Entities to our Group are determined on arm's length negotiation and with reference to, among others, (i) the prevailing market prices; and (ii) other commercial factors, including order volume, delivery arrangements and the nature of the long-term cooperation between the parties.

Historical Transaction Amounts

For the years ended December 31, 2023, 2024 and 2025, the aggregate amount for the abovementioned transactions in respect of our procurement of project planning and consulting services from FII Group Entities amounted to approximately RMB1.38 million, nil and RMB7.50 million, respectively.

Annual Cap and Basis of Annual Cap

Our proposed annual cap for the transactions under the Service Procurement Framework Agreement for the year ending December 31, 2026 is RMB10 million.

The proposed annual cap was determined with reference to, among others, (i) the historical transaction amounts with FII Group Entities during the Track Record Period; (ii) the estimated demand for project planning and consulting services by our Group with reference to the expected number, scale and implementation schedules of factory planning projects to be undertaken by our Group for our customers; and (iii) the expected service fees to be charged by FII Group Entities, taking into account the scope and complexity of the project planning and consulting services required for the relevant projects.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions under each of the Software Supply Framework Agreement and the Service Procurement Framework Agreement are expected to exceed 0.1% but be less than 5% on an annual basis, such transactions will, upon the [**REDACTED**], be subject to the annual reporting and the announcement requirements under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

We have established the following internal control measures to closely monitor connected transactions and ensure that our existing and future connected transactions are on normal commercial terms that are no less favorable to our Group than terms available to or offered by independent third parties:

- We have adopted and implemented a management system for connected transactions. Under such system, our Audit Committee is responsible for overseeing compliance with relevant laws, regulations, our Group's internal policies, and the Listing Rules in respect of the connected transactions. In addition, our Audit Committee, our Board, and the internal departments of our Group (including but not limited to our internal audit department and procurement department) are jointly responsible for evaluating the terms under the framework agreements for continuing connected transactions;

- With respect to the fairness of the pricing policies and annual caps under the framework agreements with connected persons, our management team will regularly review them through the following procedures: (i) if a comparable market price is available, we will compare the proposed product price or service fee with the market price to ensure that the proposed product price or service fee will not be less favorable to us than the market price; and (ii) if no comparable market price is available, our procurement or sales department will conduct on arm's length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on a number of factors;

- After arm's length negotiation with the relevant connected persons and several rounds of internal assessment conducted on individual transactions based on the above factors by our Company's internal departments, a final report will be made to our senior management who will approve individual transactions;

- Our internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment of whether the annual caps are exceeded or about to be exceeded; and

- Our independent non-executive Directors will also conduct an 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 are conducted according to the terms of the relevant framework agreements. The auditor of our Company will also conduct an annual review on the pricing and annual caps of non-exempt continuing connected transactions.

WAIVER

In respect of the transactions as contemplated under the Software Supply Framework Agreement and the Service Procurement Framework Agreement as described above, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirement under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transactions set out above for which waiver has been sought has been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transactions for which waiver has been sought are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SOLE SPONSOR'S CONFIRMATION

Based on the due diligence performed by the Sole Sponsor, including the review of documents and information provided by the Company and having considered the view of the Directors as set out above, the Sole Sponsor is of the view that: (i) the aforesaid continuing connected transaction for which waiver has been sought has been and will be entered into in the Company's ordinary and usual course of business on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transaction for which waiver has been sought are fair and reasonable and in the interests of the Company and the Shareholders as a whole.