OVERVIEW

We have entered into certain transactions with certain parties 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 have entered into certain transactions in our ordinary course of business, will become our connected persons upon [**REDACTED**]:

Name of our connected persons	Connected Relationship
Our Controlling Shareholders .	Pursuant to Rule 14A.07 of the Listing Rules, each of our Controlling Shareholders will become our connected person upon the [**REDACTED**].
Jiangxi Taiyun and Wanzai Zhicheng	Each of Jiangxi Taiyun and Wanzai Zhicheng is a wholly owned subsidiary of Jiangxi Ruifeng Environmental Protection Co., Ltd.* (江西睿鋒環保有限公司), which is controlled as to 82.78% by the Li Brothers and their sons through Jiangxi Dongliang, Jiangxi Chuying Enterprise Management Co., Ltd.* (江西雛鷹企業管理有限公司) and Ganzhou Ruixiang Environmental Protection Technology Development Center (Limited Partnership)* (贛州市瑞翔環保技術開發中心(有限合夥)). Accordingly, upon completion of the [**REDACTED**], each of Jiangxi Taiyun and Wanzai Zhicheng will be an associate of the Li Brothers and therefore a connected person of our Company.

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 years ending December 31,		
			2026	2027	2028
			(RMB million)	*(RMB million)*	*(RMB million)*
Fully exempt continuing connected transactions					
Provision of guarantees by our Controlling Shareholders.	14A.90	N/A	N/A	N/A	N/A
Partially exempt continuing connected transactions					
Jiangxi Taiyun Framework Service Agreement	14A.35, 14A.76(2), 14A.105	Announcement	[7.1]	[8.8]	[9.7]
Wanzai Zhicheng Framework Sales Agreement	14A.35, 14A.76(2), 14A.105	Announcement	[7.5]	[6.0]	[5.8]
Wanzai Zhicheng Framework Purchase Agreement	14A.35 14A.76(2) 14A.105	Announcement	[23.8]	[22.7]	[20.8]

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Provision of Guarantees by our Controlling Shareholders

We expect to continue certain guarantee arrangement with our Controlling Shareholders and their respective associates, pursuant to which our Controlling Shareholders and their respective associates agree to provide guarantees in favour of our Group for certain bank loans and other borrowings we have obtained for financing our business operations. See "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence." Our Directors are of the view that the guarantee, being a form of financial assistance (as defined under the Listing Rules) provided by our Controlling Shareholders and their respective associates for our benefit, are conducted on normal commercial terms and are not secured by the assets of our Company, they will be exempted from the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, the following transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Hong Kong Listing Rules but will be exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Jiangxi Taiyun Framework Service Agreement

On [●], our Company and Jiangxi Taiyun entered into a framework agreement (the "**Jiangxi Taiyun Framework Service Agreement**"), the principal terms and other details of which are set out below:

Parties	:	(1) Our Company (as service recipient) for and on behalf of members of our Group; and (2) Jiangxi Taiyun (as service provider).
Term	:	From the [**REDACTED**] to December 31, 2028 (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 Jiangxi Taiyun Framework Service Agreement, Jiangxi Taiyun shall provide logistics and transportation services to members of our Group for the purpose of the delivery of our products to our customers and the collection of raw materials from our suppliers. Separate underlying agreements will be entered into between the members of our Group and Jiangxi Taiyun which will set out the specific scope of service, service fees, method of payment and other details of the service arrangement in the manner as provided in the Jiangxi Taiyun Framework Service Agreement.

Pricing Policy : The relevant service fees for the logistics and transportation services shall be determined by both parties based on fair market rate with reference to (i) the price quotations that our Group obtained from independent third party service providers for comparable services, and (ii) the service fees charged by Jiangxi Taiyun to any independent third party customers of strategic positions, taking into account the business volume. Our Group will from time to time review the service fees for the logistics services by comparing them against market prices chargeable by independent third party service providers for services of similar nature and scale, and ensure that the terms our Group obtained from Jiangxi Taiyun shall be on normal commercial terms or better as compared to those provided by independent third party service providers.

Before entering into any individual agreement, our Group will obtain not less than two other quotations from independent third party service providers from the list of service providers maintained by the Group and updated from time to time and select those being able to meet the service scope set by the members of the Group for a particular assignment, and would only enter into individual agreements with Jiangxi Taiyun pursuant to the Jiangxi Taiyun Framework Service Agreement if the terms and conditions (including price and service quality) offered by Jiangxi Taiyun are more favourable than that offered by the independent third party service providers and are in the best interests of our Company and our Shareholders as a whole.

Reasons for transaction : From time to time, members of our Group require logistics and transportation services for the delivery of our products to customers, and for the collection of raw materials from our suppliers in the event that such delivery service is not available. Accordingly, given that (i) our Group and Jiangxi Taiyun had cooperated for a long period of time and has developed a mutual understanding of the standards, requirements and specific needs of each other, and (ii) the proximity of Jiangxi Taiyun with our major production sites, it is beneficial for our Group to use Jiangxi Taiyun's services which can satisfy our demand for such services driven by the growth of our business.

Historical transaction amounts : For the years ended December 31, 2023, 2024 and 2025, the transaction amounts for the logistics and transportation service provided by Jiangxi Taiyun to us amounted to approximately RMB20.5 million, RMB15.7 million and RMB2.5 million, respectively. The decrease in transaction amount for the year ended December 31, 2025 was primarily due to (i) an increase in the proportion of transportation fees borne by suppliers in our ordinary course of procurement; (ii) the increased procurement volume from independent suppliers, as the quotations offered by Jiangxi Taiyun were slightly above the prevailing market rates; and (iii) the increased demand for logistics and transportation services from Jiangxi Ruifeng (the holding company of Jiangxi Taiyun) following its business growth in 2025, which led to a corresponding reduction in the transport capacity allocated to us by Jiangxi Taiyun.

Annual caps : Our Directors estimate that the maximum amount of service fees payable by us to Jiangxi Taiyun for the three years ending December 31, 2028 will not exceed RMB[7.1] million, RMB[8.8] million and RMB[9.7] million, respectively. In arriving at the above annual caps, our Directors have considered (i) the historical transaction amounts with Jiangxi Taiyun during the Track Record Period; (ii) our expected demand for logistics and transportation services with reference to the expected increase in our production capacity by approximately 11.62%, 17.62% and 9.38% for the years ending December 31, 2026, 2027 and 2028, respectively and also taking into account that the recent change of market practice; (iii) the expected increment in the fees for the logistics and transportation service charged by Jiangxi Taiyun; and (iv) the expected enhancement in transportation and service capacities of Jiangxi Taiyun.

Since 2025, the proportion of transportation costs borne by our suppliers under our Group's ordinary course of procurement has increased. As a result, our Group's payment to Jiangxi Taiyun for its logistics and transportation services has decreased in 2025 and is expected to remain lower than that in 2023 and 2024 for the three years ending December 31, 2028. Despite the quotations offered by Jiangxi Taiyun are slightly above the prevailing market rates, our Group still considers other factors such as availabilities, delivery time, and total procurement costs when making its procurement decisions. Therefore, our Group is expected to continue procuring certain logistics and transportation services from Jiangxi Taiyun for the three years ending December 31, 2028, as its geographical proximity to our Group's production base in Wanzai county, Jiangxi province, enables timely delivery for orders with tight completion schedules.

Wanzai Zhicheng Framework Sales Agreement

On [●], our Company and Wanzai Zhicheng entered into a framework agreement (the "**Wanzai Zhicheng Framework Sales 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; and

(2) Wanzai Zhicheng.

Term : From the [**REDACTED**] to December 31, 2028 (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 Wanzai Zhicheng Framework Sales Agreement, our Company (for and on behalf of members of our Group) agreed to sell, and Wanzai Zhicheng agreed to buy, copper slag and copper powder generated from the processing of our solid waste.

Pricing Policy : The relevant purchase price for the copper slag and copper powder shall be determined by both parties based on fair market price with reference to the respective market price of copper slag and copper powder based on the purity of the relevant copper slag and copper powder being extracted and the market price for copper quoted on the Shanghai futures exchange (上海期貨交易所) in the PRC.

Reasons for transaction : In the course of our business, solid waste would be produced as a by-product of our production process. These solid waste, upon processing, would produce copper slag which is valuable by-products of our production. As we cannot further process these valuable materials for our own production needs, the entering into of the Wanzai Zhicheng Sales Agreement would enable the Group to obtain gains from the sales of copper slag and increase our income.

Following the completion of our technological upgrade in the first half of 2025, the purity of the copper-related content in our by-products has significantly improved. Against the backdrop of favorable copper market conditions, including the increase in the market price of copper from RMB66,400 per ton in 2024 to RMB71,800 per ton in 2025 and RMB90,000 per ton in 2026, we supplied, and is expected to supply, a portion of our high-quality copper powder to Wanzai Zhicheng in 2025 and 2026, respectively.

Going forward, to better match our higher-quality copper powder with downstream demand, we expect to adjust our sales strategy to cease supplying copper powder to Wanzai Zhicheng from the second half of 2026 and sell such copper powder to independent third-party customers.

Historical transaction amounts : For the year ended December 31, 2023, the Group did not sell any copper slag or copper powder to Wanzai Zhicheng as the by-products we produced had a low purity level in terms of its copper-related content and did not have any resale value. Starting from 2024, with the advancement of our production process, the purity level of the copper-related content of our by-products increased. The transaction amounts for the sale of copper slag and copper powder was RMB7.7 million and RMB12.2 million for the years ended December 31, 2024 and 2025, respectively. The increase in transaction amount for the year ended December 31, 2025 as compared to the same period in 2024 was primarily due to the advancements in our waste processing techniques, the purity of copper by-products has improved. This enhancement has increased the commercial value of copper slag, copper powder and related materials, leading to a rise in unit price and sales to Wanzai Zhicheng.

Annual caps : Our Directors estimate that the maximum transaction amount of the transactions contemplated under the Wanzai Zhicheng Framework Sales Agreement for the three years ending December 31, 2028 will not exceed RMB[7.5] million, RMB[6.0] million and RMB[5.8] million, respectively. In arriving at the above annual caps, our Directors have considered:

(i) the estimated volume of copper powder we produce and supply to Wanzai Zhicheng, with reference to our production scale and our adjustment in sales strategy, as disclosed above, that we plan to cease supplying copper powder to Wanzai Zhicheng from 2027 and to sell such copper powder to independent third-party customers. Accordingly, for the three years ended December 31, 2028, we expect to sell approximately 15 tonnes, nil and nil of such high-quality copper powder to Wanzai Zhicheng, respectively.

(ii) the estimated volume of copper slag we produce with reference to our production scale. Following the completion of our technological upgrade in the first half of 2025, the purity of the copper-related content in our by-products has significantly improved. Accordingly, we expect less copper slag will be produced from our production lines, which is estimated to be approximately 75 tonnes for each of the three years ending December 31, 2028, respectively, and there will be a reduced volume of sales to Wanzai Zhicheng;

(iii) the typical purity level of our copper slag and copper powder; and

(iv) the expected increase in the price of copper from 2026 to 2028, as compared to that of 2025, according to Frost & Sullivan.

Wanzai Zhicheng Framework Purchase Agreement

On [●], our Company and Wanzai Zhicheng entered into a framework agreement (the "**Wanzai Zhicheng Framework Purchase 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; and

(2) Wanzai Zhicheng.

Term : From the [**REDACTED**] to December 31, 2028 (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 Wanzai Zhicheng Framework Purchase Agreement, our Company (for and on behalf of members of our Group) agreed to buy, and Wanzai Zhicheng agreed to sell sulfuric acid. The amount of sulfuric acid to be purchased by our Group will be determined based on our production needs and the prevailing market prices of sulfuric acid at the relevant time. The Wanzai Zhicheng Framework Purchase Agreement does not require our Group to purchase a fixed amount of sulfuric acid each year.
Pricing Policy	:	We consider the prevailing selling prices of comparable sulfuric acid of other suppliers, and our procurement department would review the purchase price with reference to the prevailing market price of these products and update our internal reference price on a monthly basis. If the quoted purchase price provided by Wanzai Zhicheng is below the internal reference price maintained by our procurement department, the procurement department would review the terms proposed by Wanzai Zhicheng and ensure the terms offered to us are no less favourable than those offered by Independent Third Parties.
Reasons for transaction	:	Our production requires the use of sulfuric acid. The entering into of the Wanzai Zhicheng Framework Purchase Agreement would enable our Group to obtain stable and quality supply of sulfuric acid suitable for our production at competitive price. Furthermore, as Wanzai Zhicheng is located close to our production base, our Group can benefit from lower transportation costs involved and achieve overall cost savings.
Historical transaction amounts	:	For the year ended December 31, 2023, our Group did not purchase any sulfuric acid from Wanzai Zhicheng because Wanzai Zhicheng did not commence its production of sulfuric acid during the said period. As from July 2024, we started to purchase sulfuric acid from Wanzai Zhicheng and expect the transactions to continue after [**REDACTED**]. The total transaction amounts for sulfuric acid purchased from Wanzai Zhicheng was approximately RMB3.8 million and approximately RMB7.8 million for the years ended December 31, 2024 and 2025, respectively.

Annual caps : Our Directors estimate that the maximum transaction amount of the transactions contemplated under the Wanzai Zhicheng Framework Purchase Agreement for the three years ending December 31, 2028 will not exceed RMB[23.8] million, RMB[22.7] million and RMB[20.8] million, respectively. In arriving at the above annual caps, our Directors have considered (i) the anticipated market price of sulfuric acid of standard specification for the period from 2026 to 2028 of RMB900 per ton, RMB780 per ton and RMB650 per ton, respectively, according to Frost & Sullivan; (ii) a total quantity of approximately 24.0 thousand tons, 26.4 thousand tons and 29.0 thousand tons of sulfuric acid to be purchased per year for the three years ending December 31, 2028, respectively, based on Wanzai Zhicheng's production capacity and the historical transaction amount in the fourth quarter of 2025 after Wanzai Zhicheng started to produce sulfuric acid of standard specification with an expected 10% year-on-year increase, taking into account the expected growth of our production scale.

It is expected there will be an increase in the amount of sulfuric acid to be purchased by our Group from Wanzai Zhicheng for the three years ending December 31, 2028 as compared to the historical transaction amount during the Track Record Period since the sulfuric acid supplied by Wanzai Zhicheng before the fourth quarter of 2025 could only be used in our secondary acid washing procedures as its specifications differ from standard market sulfuric acid used in primary production procedures. Upon completion of Wanzai Zhicheng's technological upgrade in the first half of 2025, Wanzai Zhicheng was able to release its production capacity and started producing sulfuric acid of standard specification in the fourth quarter of 2025. As a result, the sulfuric acid supplied by Wanzai Zhicheng could be used in all stages of production and our Group therefore expects to procure a larger amount of sulfuric acid from Wanzai Zhicheng.

WAIVER APPLICATION

As the continuing connected transactions described in "— Partially Exempt Continuing Connected Transactions" above in this section 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 date of this document 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 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 "— Partially Exempt Continuing Connected Transactions" above in this section are fair and reasonable and in the interests of our Group and Shareholders as a whole.

JOINT SPONSORS' VIEW

After due and careful enquiries, taking into account the information provided by our Company and Directors, the Joint Sponsors are of the view that (i) the continuing connected transactions described in "— Partially Exempt Continuing Connected Transactions" above in this section have been and will be entered in the ordinary and usual course of business of our Group and on normal commercial terms or better; (ii) the terms of each of the aforementioned continuing connected transactions are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (iii) the proposed annual caps for each of the aforementioned continuing connected transactions are fair and reasonable and in the interests of our Group and Shareholders as a whole.