

CONNECTED TRANSACTIONS

Upon [REDACTED], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute continuing connected transactions upon the [REDACTED]:

Names of our connected persons	Connected Relationship
Midea Group	one of our Controlling Shareholders
Hisense Group Holdings	the holding company of Qingdao Hisense Technology, one of our substantial Shareholders, and therefore a connected person of our Company

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

No.	Nature of transactions	Counterparties	Relevant Listing Rules	Waiver sought	Annual caps For the year ending December 31,		
					2026	2027	2028
<i>(RMB in million)</i>							
Partially-exempt continuing connected transactions							
1.	Products and Services Procurement Framework Agreement	Midea Group and its associates	14A.35, 14A.76(2)(a) and 14A.105	Announcement requirement	89	94	99
2.	Premises and Equipments Lease Framework Agreement	Midea Group and its associates	14A.35, 14A.76(2)(a) and 14A.105	Announcement requirement	88	93	98
Non-exempt continuing connected transactions							
3.	Midea Group Supply Chain Management Services Provision Framework Agreement	Midea Group and its associates	14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders' approval requirements	9,000	9,500	10,100
4.	Hisense Group Holdings Logistics Services Provision Framework Agreement	Hisense Group Holdings and its subsidiaries	14A.35, 14A.36 and 14A.105	Announcement and independent Shareholders' approval requirements	500	700	1,000

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In our ordinary and usual course of business, 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, these transactions will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

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1. Products and Services Procurement Framework Agreement

Parties

Midea Group (for itself and on behalf of its associates)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

Our Company entered into a products and services procurement framework agreement with Midea Group on [•] (the “**Products and Services Procurement Framework Agreement**”), pursuant to which our Group may from time to time procure certain products and services from Midea Group and/or its associates, including but not limited to office supplies, automatic equipment, and IT and after-sale services.

The initial term of the Products and Services Procurement Framework Agreement shall commence on the [REDACTED] until [December 31, 2028]. The Products and Services Procurement Framework Agreement will be renewed automatically unless one party issues written notice at least 30 days prior to the expiration, subject to compliance with the requirements of the Listing Rules and other applicable laws and regulations. Both parties or their respective subsidiaries or associates will separately enter into specific agreements setting out the specific terms and conditions according to the principals provided in the Products and Services Procurement Framework Agreement.

Pricing terms

The products procurement and service fees to be paid by our Group to Midea Group and/or its associates are determined between Midea Group and/or its associates and our Group after arm’s length negotiations, with reference to the prevailing market price of comparable services and products during relevant time.

Reasons for the transactions

Our Group has historically procured relevant products and services from Midea Group and/or its associates. Compared with Independent Third Parties, Midea Group and its associates have a better understanding of our procurement requirements in relation to such products and services.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in million)</i>		
Procurement of products and services provided by Midea Group and/or its associates	67.6	47.8	51.6

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Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Products and Services Procurement Framework Agreement for each of the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
	<i>(RMB in million)</i>		
Procurement of products and services provided by Midea Group and/or its associates	89	94	99

The above proposed annual caps of procurement of products and services provided by Midea Group and/or its associates are determined with reference to:

- (a) the historical transaction amounts for the abovementioned transactions during the Track Record Period;
- (b) the estimated demand for relevant products and services provided by Midea Group and/or its associates for the three years ending [December 31, 2028] taking into consideration of our future business development; and
- (c) the estimated demand for relevant products to meet the needs from our certain customers for the three years ending [December 31, 2028]. Such demand is subject to the needs from our customers and estimated as RMB27 million in 2026, based on our currently expected orders from our customers, and grows steadily in 2027 and 2028, based on the expected increasing needs from our certain customers.

2. Premises and Equipments Lease Framework Agreement

Parties

Midea Group (for itself and on behalf of its associates)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

Our Company entered into a premises and equipments lease framework agreement with Midea Group on [•] (the “**Premises and Equipments Lease Framework Agreement**”), pursuant to which our Group will lease certain premises and equipments from Midea Group and/or its associates and will pay a monthly rental fee to the relevant lessor.

The initial term of the Premises and Equipments Lease Framework Agreement shall commence on the [REDACTED] until [December 31, 2028]. The Premises and Equipments Lease Framework Agreement will be renewed automatically unless one party issues written notice at least 30 days prior to the expiration, subject to compliance with the requirements of the Listing Rules and other applicable laws and regulations. Both parties or their respective subsidiaries or associates will separately enter into

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specific agreements setting out the specific terms and conditions according to the principals provided in the Premises and Equipments Lease Framework Agreement, with terms of such specific agreements less than one year.

Since the terms of the lease fall within short-term lease and are not recognized as right-of-use assets on our consolidated statement of financial positions in accordance with IFRS16 “Leases”, such transactions will be treated as continuing connected transaction instead of one-off connected transaction.

Pricing terms

The rental fees payable from our Group during the leasing term are determined on normal commercial terms after arm’s length negotiations between the relevant parties, with reference to (i) as for the premises leased, the prevailing market rates of premises of comparable size and quality situated in the same locality available or charged by Independent Third Parties; and (ii) as for the equipments leased, to the prevailing market rates of equipments of comparable quality available or charged by Independent Third Parties.

Reasons for the transactions

We have historically leased certain premises from the Midea Group and/or its associates. Such premises are considered suitable for our operational demands. Compared with Independent Third Parties, Midea Group and its associates have a better understanding of our premises requirements in relation to office and warehouse premises. The continuous leasing of relevant premises from Midea Group and/or its associates after the [REDACTED] will facilitate the administration and daily operation of our Group and maintain our overall steady operation. Furthermore, since the company needs to provide specific equipments manufactured by Midea Group in the process of offering supply chain solutions to certain clients, leasing such equipments is beneficial for the Company in delivering its services and is more cost-effective compared to purchasing it directly.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in million)</i>		
Rental fees paid to Midea Group and/or its associates	26.7	53.4	67.3

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Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Premises and Equipments Lease Framework Agreement for each of the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
		(RMB in million)	
Rental fees paid to Midea Group and/or its associates	88	93	98

The above proposed annual caps of rental fees paid to Midea Group and/or its associates are determined with reference to:

- (a) the historical transaction amounts of the rental fees paid by our Group to Midea Group and/or its associates during the Track Record Period under the existing lease agreements we have entered into with Midea Group and/or its associates;
- (b) the increase in rental fees of approximately RMB5 million in each of three years ending December 31, 2028, considering the new premises leased from Midea Group and/or its associates since 2026;
- (c) the estimated demand for relevant products to meet the needs from our certain customers for the three years ending [December 31, 2028]. Such demand is subject to the needs from our customers and our rental fees paid to Midea Group are estimated as RMB14.8 million per year during three years ending [December 31, 2028], based on our currently expected orders from our customers.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In our ordinary and usual course of business, 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 5% on an annual basis. Under Rule 14A.76(2) of the Listing Rules, such transactions will be subject to the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

3. Midea Group Supply Chain Management Services Provision Framework Agreement

Parties

Midea Group (for itself and on behalf of its associates)

Our Company (for itself and on behalf of its subsidiaries)

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Principal terms

Our Company entered into a supply chain management services provision framework agreement with Midea Group on [•] (the “**Midea Group Supply Chain Management Services Provision Framework Agreement**”), pursuant to which our Group may from time to time provide supply chain management services to Midea Group and/or its associates, including but not limited to transportation, warehouse, distribution and other value-added services.

The initial term of the Midea Group Supply Chain Management Services Provision Framework Agreement shall commence on the [REDACTED] until [December 31, 2028]. The Midea Group Supply Chain Management Services Provision Framework Agreement will be renewed automatically unless one party issues written notice at least 30 days prior to the expiration, subject to compliance with the requirements of the Listing Rules and other applicable laws and regulations. Both parties or their respective subsidiaries or associates will separately enter into specific agreements setting out the specific terms and conditions according to the principals provided in the Midea Group Supply Chain Management Services Provision Framework Agreement.

Pricing terms

The service fees to be paid by Midea Group and/or its associates to our Group will be determined through arm’s length negotiations between the relevant parties with reference to the market price under similar conditions.

Reasons for the transactions

Given that Midea Group enjoys a recognized position in the areas of smart home solutions and commercial & industrial solutions with an extensive customer base, it is natural for, and in the best interest of, our Group to provide Midea Group and/or its associates with supply chain management services in exchange for service fees. From the perspective of Midea Group, considering our Group is a leading domestic supply chain service provider, we are able to provide comprehensive logistics and warehousing solutions and services to Midea Group and/or its associates. Therefore, it is also natural for, and in the best interest of, Midea Group and/or its associates to cooperate with us for the procurement of supply chain management services.

During the Track Record Period, we have been providing supply chain management service to Midea Group and/or its associates and have established a mutually beneficial relationship, through which we have accumulated deep understanding of the standards and demands of Midea Group and/or its associates and are able to provide the designated supply chain service to Midea Group and/or its associates at high quality and competitive price, which improved the operation efficiency of Midea Group and/or its associates.

For details of our relationship with Midea Group, including, among others, our management independence, financial independence and operational independence, see “Relationship with the Controlling Shareholders.”

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Historical amounts

Set out below are the historical transaction amounts for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
	<i>(RMB in million)</i>		
Provision of supply chain management service to Midea Group and/or its associates	5,937.7	7,675.2	8,500.9
	5,937.7	7,675.2	8,500.9

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Midea Group Supply Chain Management Services Provision Framework Agreement for each of the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
Provision of supply chain management service to Midea Group and/or its associates	9,000	9,500	10,100
	9,000	9,500	10,100

The above proposed annual caps of provision of supply chain management service to Midea Group and/or its associates are determined with reference to:

- (a) the historical transaction amounts for the abovementioned transactions during the Track Record Period;
- (b) the growth prospect of China’s integrated supply chain industry, especially in home appliances market. According to CIC, the CAGR of the market size of China’s integrated supply chain industry in home appliances market amounts to 6.0% from 2026 to 2030; and
- (c) the anticipated new business cooperation scenarios between our Group and Midea Group and/or its associates, including but not limited to logistics of Midea Group’s lifestyle electrical appliances and delivery of Midea Group’s products to end customers in domestic markets, as well as Midea Group’s production logistics in overseas markets, with reference to historical procurement from independent third parties by Midea Group and/or its associates in such scenarios.

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4. Hisense Group Holdings Logistics Services Provision Framework Agreement

Parties

Hisense Group Holdings (for itself and on behalf of its subsidiaries)

Our Company (for itself and on behalf of its subsidiaries)

Principal terms

Our Company entered into a logistics services provision framework agreement with Hisense Group Holdings on [•] (the “**Hisense Group Holdings Logistics Services Provision Framework Agreement**”), pursuant to which our Group may from time to time provide basic logistics services to Hisense Group Holdings and/or its subsidiaries, including but not limited to domestic finished goods logistics, production logistics and international logistics.

The initial term of the Hisense Group Holdings Logistics Services Provision Framework Agreement shall commence on the [REDACTED] until [December 31, 2028]. The Hisense Group Holdings Logistics Services Provision Framework Agreement will be renewed automatically unless one party issues written notice at least 30 days prior to the expiration, subject to compliance with the requirements of the Listing Rules and other applicable laws and regulations. Both parties or their respective subsidiaries will separately enter into specific agreements setting out the specific terms and conditions according to the principals provided in the Hisense Group Holdings Logistics Services Provision Framework Agreement.

Pricing terms

The service fees to be paid by Hisense Group Holdings and/or its subsidiaries to our Group will be determined through arm’s length negotiations between the relevant parties with reference to the market price, the service price offered by our Group to Midea Group, current standards adopted by Hisense Group Holdings and/or its subsidiaries, and the service price offered by independent third-party logistics enterprises to Hisense Group Holdings and/or its subsidiaries offered by our Group to other customers who are Independent Third Parties under similar conditions.

Reasons for the transactions

Hisense Group Holdings and its subsidiaries require robust logistics solutions for their display and home appliance businesses. As a leading domestic supply chain service provider, our Group is well-positioned to meet Hisense’s needs for logistics services. During the Track Record Period, we have been providing logistics services to Hisense Group Holdings and/or its subsidiaries and have established a mutually beneficial relationship. Besides, since Qingdao Hisense Technology became one of our substantial Shareholders after completion of the Pre-[REDACTED] Investment, we expect to establish closer cooperation relationship with Hisense Group Holdings and/or its subsidiaries going forward.

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Historical amounts

Set out below are the historical transaction amounts⁽¹⁾ for the abovementioned transactions during the Track Record Period:

	For the year ended December 31,		
	2023	2024	2025
Provision of logistics services to Hisense Group Holdings and/or its subsidiaries	32.4	36.8	134.4
	32.4	36.8	134.4

Annual caps and basis of annual caps

The maximum aggregate annual transaction amounts under the Hisense Group Holdings Logistics Services Provision Framework Agreement for each of the three years ending [December 31, 2028] shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	2027	2028
Provision of logistics services to Hisense Group Holdings and/or its subsidiaries	500	700	1,000
	500	700	1,000

The above proposed annual caps of provision of logistics services to Hisense Group Holdings and/or its subsidiaries are determined with reference to:

- (a) the historical purchase amounts of Hisense Group Holdings and/or its subsidiaries for logistics services during the Track Record Period and current business size of Hisense Group Holdings and/or its subsidiaries;
- (b) the estimated increasing demand for logistics services from Hisense Group Holdings and/or its subsidiaries for each of the three years ending [December 31, 2028] considering their future business expansion, which is estimated based on historical business growth of Hisense Group Holdings; and
- (c) the expected increasing procurement portion of the logistics services from our Group by Hisense Group Holdings and/or its subsidiaries in total procurement of such services by Hisense Group Holdings and/or its subsidiaries, taking into account possible further cooperation after Qingdao Hisense Technology has become one of our substantial Shareholders following completion of the Pre-[REDACTED] Investment. Especially, our Company estimates the transaction amounts based on the expected pace of comprehensive collaboration with Hisense Group Holdings in the future.

(1) including the transaction amounts before Qingdao Hisense Technology made Pre-[REDACTED] Investment in our Company and Hisense Group Holdings became our connected person

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MEASURES TO SAFEGUARD THE INTERESTS OF OUR SHAREHOLDERS

To safeguard the interests of our Company and Shareholders as a whole, including the minority Shareholders, we have put in place certain internal approval and monitoring procedures relating to the proposed connected transactions contemplated under the agreements mentioned above, which include the following:

- (a) we have adopted a connected transactions management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;
- (b) prior to the execution of the underlying agreements for abovementioned transactions, the operation department of the relevant business sector of our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties to ensure that abovementioned transactions shall be on terms no less favourable to our Group than those entered into with Independent Third Parties;
- (c) the finance team of our Group shall regularly examine the pricing of the abovementioned transactions to ensure that those transactions are conducted in accordance with the pricing terms therein;
- (d) the internal control team of our Group shall periodically review the pricing of the abovementioned transactions against the prices negotiated between our Group and Independent Third Parties, to ensure that the terms of the underlying agreements for such transactions are not less favourable to our Group than terms between our Group and the Independent Third Parties;
- (e) the finance and business teams of our Group shall periodically monitor the transaction amount and, when it is expected that the transaction amount might exceed the annual cap, promptly report in accordance with our connected transactions management policy to ensure that our Company complies with all the applicable requirements under the Listing Rules, including to revise the relevant annual cap when appropriate;
- (f) the legal team of our Group has reviewed the terms of abovementioned framework agreements and shall in case of any proposed change to the major terms of the transactions, ensure that our Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and
- (g) our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

WAIVER APPLICATION FOR PARTIALLY-EXEMPT AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As the partially-exempt and non-exempt continuing connected transactions set out above are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement and/or independent Shareholders' approval requirements will be impractical, will incur unnecessary administrative costs for our Company, and will be unduly burdensome to our Group.

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Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] a waiver to us under Rule 14A.105 of the Listing Rules from compliance with the announcement requirement in respect of the Products and Services Procurement Framework Agreement and Premises Lease Framework Agreement and the transactions contemplated thereunder, and from compliance with the announcement and independent Shareholders' approval requirements in respect of the Midea Group Supply Chain Management Services Provision Framework Agreement and Hisense Group Holdings Logistics Services Provision Framework Agreement and the transactions contemplated thereunder.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of our Group and on normal commercial terms, and are fair and reasonable and in the interests of our Company and Shareholders as a whole; and (ii) the annual caps for those transactions are fair and reasonable and in the interests of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above partially-exempt continuing connected transaction and non-exempt continuing connected transactions; (ii) obtained necessary representations and confirmations from our Company and the Directors; and (iii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Joint Sponsors are of the view that (i) the continuing connected transactions as set out above have been entered into in the ordinary and usual course of business of our Company on normal commercial terms which are fair and reasonable, and in the interests of our Company and Shareholders as a whole; and (ii) the annual caps for those transactions are fair and reasonable and in the interests of our Company and Shareholders as a whole.