OVERVIEW

Upon [**REDACTED**], transactions between members of our Group and our connected person(s) will constitute connected transactions of our Company under Chapter 14A of the Listing Rules.

CONNECTED PERSON

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon [**REDACTED**]:

Connected Person	Relationship
Ruili Company	Ruili Company is our Controlling Shareholder and, as such, constitutes a connected person of the Company under Chapter 14A of the Listing Rules.
Shanghai International Automobile City Rui'an Industrial Co., Ltd.* (上海國際汽車城瑞安實業有限公司) (the "**Shanghai Industrial**")	Shanghai Industrial is a company incorporated in the PRC, primarily engaged in real estate development and property management. As at the Latest Practicable Date, the equity interest of Shanghai Industrial was held as to 86.36% by Ruili Company, 1.06% by Mr. Zhang Xiaofeng (張曉峰), the brother of Mr. Zhang, and the remaining 12.58% by nine other Individuals, who are independent third parties.
Hangzhou Ruili Real Estate Development Co., Ltd.* (杭州瑞立置業發展有限公司) (the "**Hangzhou Real Estate**")	Hangzhou Real Estate is a company incorporated in the PRC, primarily engaged in real estate development and comprehensive services. As at the Latest Practicable Date, Hangzhou Real Estate is a wholly-owned subsidiary of Hangzhou Ruili Real Estate Group Co., Ltd.* (杭州瑞立房地產集團有限公司), which is in turn held as to 80% by Ruili Company and 20% by Ms. Chi, the spouse of Mr. Zhang and one of the Controlling Shareholders.
Rui'an Ruili Business Hotel Co., Ltd.* (瑞安市瑞立商務酒店有限公司) (the "**Rui'an Business Hotel**"). .	Rui'an Business Hotel is a company incorporated in the PRC, primarily engaged in accommodation services and catering services. As at the Latest Practicable Date, Rui'an Business Hotel is a wholly-owned subsidiary of Ruili Company.
Shanghai Ruilijiaye Real Estate Development Co., Ltd.* (上海瑞立佳業房地產開發有限公司) (the "**Shanghai Real Estate**") . .	Shanghai Real Estate is a company incorporated in the PRC, primarily engaged in real estate development and property management. As at the Latest Practicable Date, Shanghai Real Estate is a wholly-owned subsidiary of Ruili Company.
Shanghai Ruiting Property Management Co., Ltd.* (上海瑞亭物業管理有限公司) (the "**Shanghai Property Management**") . .	Shanghai Property Management is a company incorporated in the PRC, primarily engaged in enterprise management and property management. As at the Latest Practicable Date, Shanghai Property Management is a wholly-owned subsidiary of Shanghai Industrial. Shanghai Industrial is a subsidiary of Ruili Company, and accordingly Shanghai Property Management is an indirect subsidiary of Ruili Company.

Connected Person	Relationship
Shanghai International Automobile City Ruili Hotel Management Co., Ltd.* (上海國際汽車城瑞立大酒店管理有限公司) (the "**Shanghai Hotel Management**")	Shanghai Hotel Management is a company incorporated in the PRC, primarily engaged in hotel management and accommodation services. As at the Latest Practicable Date, Shanghai Hotel Management is a wholly-owned subsidiary of Ruili Company.
Ruian Ruili Bund Life Plaza Management Co., Ltd.* (瑞安市瑞立外灘生活廣場管理有限公司) (the "**Ruili Bund**")	Ruili Bund is a company incorporated in the PRC, primarily engaged in business services. As at the Latest Practicable Date, Ruili Bund is a wholly-owned subsidiary of Ruili Company. Shanghai Industrial, Hangzhou Real Estate, Rui'an Business Hotel, Shanghai Real Estate, Shanghai Property Management, Shanghai Hotel Management and Ruili Bund are collectively referred as the "**Ruili Service Providers**". Each of Ruili Service Providers is a subsidiary of Ruili Company, our Controlling Shareholder and accordingly constitutes a connected person of our Company under Chapter 14A of the Listing Rules.
Ruili Meilian Brake Technology (Langfang) Co., Ltd.* (瑞立美聯制動技術(廊坊)有限公司) (the "**Langfang Meilian**")	Langfang Meilian is a company incorporated in the PRC, primarily engaged in automobile braking technology R&D. As at the Latest Practicable Date, the equity interest of Langfang Meilian was held as to 66% indirectly by Ruili Company through its wholly-owned subsidiary Zhejiang Ruili Air Compression Equipment Co., Ltd.* (浙江瑞立空壓裝備有限公司), and 34% by Langfang State-owned Assets Operation Co., Ltd.* (廊坊市國有資產經營有限公司), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Langfang Municipal People's Government (廊坊市人民政府國有資產監督管理委員會), an independent third party.
Shanghai Aijia Electronic Technology Co., Ltd.* (上海埃嘉電子技術有限公司) (the "**Shanghai Aijia**")	Shanghai Aijia is a company incorporated in the PRC, primarily engaged in electronic products and communication equipment manufacturing. As at the Latest Practicable Date, Ruili Company directly held 25% of the equity interest in Shanghai Aijia and indirectly held a further 49.5% equity interest through Shanghai Dachao Electronic Technology Co., Ltd.* (上海大潮電子技術有限公司) ("**Shanghai Dachao**"), a company in which Ruili Company owns a 66% equity interest, representing an aggregate interest of 74.5% in Shanghai Aijia. The remaining 34% equity interest in Shanghai Dachao is held by Zhonghang (Shanghai) Aviation Radio Electronic Technology Co., Ltd.* (中航(上海)航空無線電電子技術有限公司), which is ultimately controlled by the SASAC, an independent third party.

Connected Person	Relationship
Hangzhou Hangcheng Friction Materials Co., Ltd.* (杭州杭城摩擦材料有限公司) (the "**Hangzhou Hangcheng**")	Hangzhou Hangcheng is a company incorporated in the PRC, primarily engaged in the manufacturing of automotive parts and components. As at the Latest Practicable Date, Hangzhou Hangcheng is a wholly-owned subsidiary of Ruili Company.
Guangzhou Ruili Kormee Automotive Electronic Co., Ltd.* (廣州瑞立科密汽車電子股份有限公司) (the "**Ruili Kormee**")	Ruili Kormee is a company incorporated in the PRC and listed on the Shenzhen Stock Exchange (stock code: 1285), primarily engaged in the R&D, production and sale of core components related to active safety systems for motor vehicles. As at the Latest Practicable Date, the equity interest of Ruili Kormee was held as to 48.12% by Ruili Company, 5.55% by Ms. Zhang Jiarui, the daughter of Mr. Zhang and Ms. Chi and 46.33% by other public shareholders.
Changchun Ruili Kormee Automotive Electronics Co., Ltd.* (長春瑞立科密汽車電子有限公司) (the "**Changchun Kormee**") . . .	Changchun Kormee is a company incorporated in the PRC, primarily engaged in automobile parts and accessories manufacturing. As at the Latest Practicable Date, Changchun Kormee is a wholly-owned subsidiary of Ruili Kormee.
Wenzhou Ruili Kormee Automotive Electronics Co., Ltd.* (溫州瑞立科密汽車電子有限公司) (the "**Wenzhou Kormee**")	Wenzhou Kormee is a company incorporated in the PRC, primarily engaged in the manufacturing and sale of automotive parts and components. As at the Latest Practicable Date, Wenzhou Kormee is a wholly-owned subsidiary of Ruili Kormee.
Zhejiang Ruili Air Compression Equipment Co., Ltd.* (浙江瑞立空壓裝備有限公司) (the "**Zhejiang Air Equipment**")	Zhejiang Air Equipment is a company incorporated in the PRC, primarily engaged in automobile parts and accessories manufacturing. As at the Latest Practicable Date, Zhejiang Air Equipment is a wholly-owned subsidiary of Ruili Company.
Wuhan Ruili Cortex Automotive Electronics Co., Ltd.* (武漢瑞立科德斯汽車電子有限責任公司) (the "**Wuhan Cortex**") . . .	Wuhan Cortex is a company incorporated in the PRC, primarily engaged in automotive electronic products and technologies. As at the Latest Practicable Date, the equity interest of Wuhan Cortex was held as to 84% by Ruili Kormee and 16% by Mr. Cheng Yi (程毅), an independent third party.
Wenzhou Ruiyu Intelligent Technology Co., Ltd.* (溫州瑞馭智能科技有限公司) (the "**Wenzhou Ruiyu**") . .	Wenzhou Ruiyu is a company incorporated in the PRC, primarily engaged in automotive manufacturing. As at the Latest Practicable Date, Wenzhou Ruiyu is a wholly-owned subsidiary of Ruili Company.

Connected Person	Relationship
Ruili Group Ruian Auto Parts Co., Ltd.* (瑞立集團瑞安汽車零部件有限公司) (the "**Ruian Auto Parts**"). .	Ruian Auto Parts is a company incorporated in the PRC, primarily engaged in the R&D and manufacturing of automotive parts. As at the Latest Practicable Date, the equity interest of Ruian Auto Parts was held as to 90% by Fairford Holdings Limited, and 10% by Ruili Company. Fairford Holdings Limited is ultimately owned as to 47.07% by Mr. Zhang, 5.88% by Ms. Chi, 5.88% by Mr. Zhang Xiaofeng (張曉峰), the brother of Mr. Zhang, and 41.17% by Ruili Company. The board of directors of Ruian Auto Parts consists of Mr. Zhang as the chairman, Mr. Zhang Xiaofeng as the deputy chairman, and Ms. Chi as a director. Mr. Zhang, alongside Ms. Chi and Mr. Zhang Xiaofeng, holds control over the board of directors of Ruian Auto Parts.

Langfang Meilian, Shanghai Aijia, Changchun Kormee, Hangzhou Hangcheng, Ruili Kormee, Wenzhou Kormee, Zhejiang Air Equipment, Wuhan Cortex, Wenzhou Ruiyu and Ruian Auto Parts are collectively referred as the "**Ruili Subsidiaries**".

Ruili Company is our Controlling Shareholder, and the Ruili Subsidiaries controlled by Ruili Company are also connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

ONE-OFF CONNECTED TRANSACTION

Property Leasing

During the Track Record Period, our Group leased certain premises from Ruili Company, Ruian Auto Parts, Hangzhou Hangcheng, Shanghai Industrial and Shanghai Real Estate, each being a connected person of our Company under Chapter 14A of the Listing Rules. The relevant leased premises are used by our Group as office premises, warehouse premises, office service premises and staff dormitories, as applicable. Details of the relevant property lease agreements in effect as at the Latest Practicable Date (collectively, the "**Property Lease Agreements**") are set out below:

Connected person (Lessor)	Lessee	Leased premises/subject matter	Gross Floor Area (GFA)	Term	Rent
Ruili Company . . .	Our Company	Office premises at Bashi Mu (八十畝)	1,674 sq.m.	January 1, 2024 to December 31, 2026	Annual rent of RMB401,760 (RMB1,205,280 in aggregate for the three-year term)
Ruian Auto Parts . .	Our Company	Warehouse premises at Bashi Mu (八十畝)	13,846 sq.m.	January 1, 2024 to December 31, 2026	Annual rent of RMB2,492,280 (RMB7,476,840 in aggregate for the three-year term)

Connected person (Lessor)	Lessee	Leased premises/subject matter	Gross Floor Area (GFA)	Term	Rent
Hangzhou Hangcheng . . .	Hangzhou Changyun Xinruili Auto Parts Co., Ltd.* (杭州長運新瑞立汽配有限公司)	Laboratory first floor/ warehouse premises	416.67 sq.m.	January 1, 2026 to December 31, 2026	Rent of RMB150,000 for the term
Shanghai Industrial	Our Company	CAS Auto Plaza, units 1223, 1225, 1216, 1218 and 1220 on the first floor	669.48 sq.m.	July 1, 2025 to June 30, 2026	Rent of RMB293,232 for the term
	Our Company	CAS Auto Plaza, unit 1236 on the first floor	421.2 sq.m.	February 1, 2026 to August 31, 2026	Rent of RMB107,617 for the term
	Our Company	CAS Auto Plaza, units 1304, 1221 and 1219 on the first floor	590.87 sq.m.	September 1, 2025 to August 31, 2026	Rent of RMB258,801 for the term
	Shanghai Xinruili Automotive Technology Co., Ltd* (上海新瑞立汽車科技有限公司)	CAS Auto Plaza, units 2001 and 3001	18,667.26 sq.m.	January 1, 2026 to December 31, 2030	Rent of RMB12 for the period of January 1, 2026 to December 31, 2026, being the renovation promotion period and rent of RMB6,813,550 for each one-year term for the years ending on December 31, 2027, 2028, 2029 and 2030, respectively (RMB27,254,212 in aggregate)
Shanghai Real Estate	Our Company	Staff dormitory premises at third floor of No. 155 Anxie South Road	228 sq.m.	January 1, 2026 to December 31, 2027	Monthly rent of RMB10,200 (equivalent to RMB122,400 per year; RMB244,800 in aggregate for the 24-month term from January 1, 2026 to December 31, 2027)

Any renewal of the Property Lease Agreements shall be on such terms as the parties may mutually agree and shall be subject to strict compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The rent for the Property Lease Agreements was determined by the parties on an arm's length basis following negotiations with reference to the prevailing market rental rates as well as the location, quality and size of the relevant properties. Such agreements were entered into in the ordinary and usual course of our business on normal commercial terms, or better.

The payment for leases by our Company with respect to the Property Lease Agreements according to HKFRS 16 for each of the years ended December 31, 2023, 2024 and 2025 amounted to approximately RMB5.0 million, RMB4.2 million and RMB4.1 million, respectively.

In accordance with HKFRS 16 "Leases", our Group recognized a right-of-use asset on its balance sheet in connection with the lease of the properties from Ruili Company, Ruian Auto Parts, Hangzhou Hangcheng, Shanghai Industrial and Shanghai Real Estate. Therefore, the lease of the properties from Ruili Company, Ruian Auto Parts, Hangzhou Hangcheng, Shanghai Industrial and Shanghai Real Estate under the Property Lease Agreements were regarded as acquisitions of a capital asset and an one-off connected transaction of the Company for the purposes of the Listing Rules. The Property Lease Agreements have been duly executed and in force, and the Group has recognized a right-of-use asset under the Property Lease Agreements on its balance sheet. Accordingly, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Trademark Licensing

Our Company entered into an trademark licensing framework agreement with Ruili Company (the "**Trademark Licensing Framework Agreement**") on June 15, 2026, pursuant to which Ruili Group has granted to the Group non-exclusive and non-transferable licenses for the use of trademarks owned by Ruili Group that are either registered or for which registration applications have been filed in the PRC (the "**Licensed Trademark Rights**") on a royalty-free basis. The Company will use the Licensed Trademark Rights within the scope specified in the Trademark Licensing Framework Agreement. For details of the Licensed Trademark Rights, please see the section headed "Statutory and General Information — B. Further Information about the Business — 2. Intellectual Property" in Appendix IV to this document.

The Trademark Licensing Framework Agreement shall remain in effect indefinitely on the condition that Ruili Company remain the Controlling Shareholder i.e. Ruili Company may terminate the Trademark Licensing Framework Agreement if Ruili Company are no longer the Controlling Shareholder.

As required by Rule 14A.52 of the Listing Rules, the term for the agreement for the continuing connected transactions must not exceed three years, except in cases where the nature of the transaction requires the agreement to be of a duration longer than three years. The Directors (including the independent non-executive Directors) are of the view that the Trademark Licensing Framework Agreement was entered into on normal commercial terms or better and the Licensed Trademark Rights are necessary for our business operations and a longer duration of the agreement will avoid any unnecessary business interruption and help ensure the long-term development and continuity of our business.

The Directors consider that the use of Ruili Group's Licensed Trademark Rights will enable our Company to leverage the reputation of Ruili Group, thereby promoting our services. Moreover, our Company has been using some of the Licensed Trademark Rights of Ruili Group for several years and the Directors believe it is in the best interests of the Company and our Shareholders to continue to use the Licensed Trademark Rights after [**REDACTED**]. Further, Ruili Group is not able to transfer to our Group certain trademarks without transferring trademarks that belong to and are being used by Ruili Group due to their similarity (e.g. "新瑞立" and "瑞立"). This is because the Chinese trademark "新瑞立" incorporates the trademark "瑞立", which is owned and registered by Ruili Group. Likewise, the trademark "SORL 新瑞立汽配连锁 New SORL Auto Parts" contains the trademark "SORL", and all similar trademarks incorporating "瑞立" and "SORL" are also owned by Ruili Group. Accordingly, the transfer of the "SORL 新瑞立汽配连锁 New SORL Auto Parts" trademark and the "新瑞立" trademark to our Group would necessitate the concurrent transfer of the "瑞立" trademark as well as all trademarks bearing the "SORL" image to our Group, which would be commercially impracticable for Ruili Group to implement.

Further, as advised by our PRC Legal Adviser, pursuant to Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), (i) where a trademark registrant intends to transfer a registered trademark, it shall transfer all the similar registered trademarks used for the same or similar commodities; and (ii) if the trademark registrant fails to transfer all of its similar registered trademarks used for the same or similar commodities, the Trademark Office of China National Intellectual Property Administration (the "**Trademark Office**"), which is in charge of trademark registrations in

China, is entitled to instruct the transferor to rectify it within a prescribed time limit. Failure to do so, the application for transfer of the registered trademark will be deemed to be withdrawn, and the Trademark Office shall inform the transferor in writing. Therefore, due to the similarity of the registered trademarks used by our Group and Ruili Group (e.g. "新瑞立" and "瑞立"), the application for transfer of the registered trademark "新瑞立" and "SORL" will not be approved by the Trademark Office if Ruili Group does not transfer similar trademarks used for the same or similar commodities to our Group.

Furthermore, our Group has historically been using the trademark "新瑞立" and "SORL" since our inception in January 2016 as a business unit within Ruili Group, the Company will continue to be part of the Ruili Group, sharing the same "瑞立" and SORL root. It will be beneficial for the Company to continue to leverage on the synergy built with Ruili Group, and to capitalize on the goodwill it has gained on using the "瑞立" and SORL brands since our inception. Consequently, the Trademark Licensing Framework Agreement remains the most appropriate and feasible means for ensuring that both the Ruili Group and our Group can continue to enjoy the use of the Licensed Trademark Rights.

There were no historical amounts for the Trademark Licensing Framework Agreement for each of the three years ended December 31, 2025.

As the license to use the Licensed Trademark Rights is granted to us on a royalty-free basis, the transactions under the Trademark Licensing Framework Agreement constitute de minimis transactions pursuant to Rule 14A.76(1)(a) of the Listing Rules and are fully exempt from the annual reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Procurement of Services

On [●], 2026, we entered into the procurement of services agreement with each of the Ruili Service Providers (the "**Procurement of Services Agreements**"), pursuant to which, our Group agreed to procure services from Ruili Service Providers, which mainly include, among others, catering services, movie tickets and on-site accommodation services for our operation requirements from time to time. The Procurement of Services Agreements will be valid for a term commencing from the date of [**REDACTED**] and expiring on December 31, 2028 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations.

The pricing of such services is to be determined by our Company and Ruili Service Providers on normal commercial terms, negotiated on an arm's length basis, subject to applicable laws and regulations and with reference to, among others, the following factors: (i) the prevailing market prices for comparable catering, movie tickets and accommodation services; (ii) quotations provided by Ruili Service Providers to independent third-party customers for comparable transactions; and (iii) the cost and quality of the services being transacted.

To secure stable and long-term catering, movie tickets and accommodation services for our on-site staff, operation teams and visiting business personnel at our premises in Wenzhou, Hangzhou and Shanghai, and to ensure the smooth daily operation and proper on-site management of our business, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Procurement of Services Agreement are in the ordinary and usual course of business of our Group, and that the terms of the Procurement of Services Agreement (including the pricing mechanism and the proposed annual cap) are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

For each of the years ended December 31, 2023, 2024 and 2025, the total transaction amount between our Group and Ruili Service Providers was approximately RMB0.6 million, RMB1.9 million and RMB1.5 million, respectively. As of May 31, 2026, the aggregate procurement value of fulfilled orders placed with Ruili Service Providers reached RMB0.7 million.

Our Directors estimated that the annual transaction amounts payable by our Company to Ruili Service Providers under the Procurement of Services Agreement for the year ending December 31, 2026, 2027 and 2028 will not exceed RMB2.5 million, respectively.

In determining such annual caps, our Directors have considered the following factors: (i) the historical transaction values and spending trends of transactions entered into between our Group and Ruili Service Providers throughout the Track Record Period; (ii) prevailing market conditions and prevailing industry practice in respect of the provision of catering, movie tickets and accommodation services; and (iii) our Group's forecasted requirement for procurement of catering, movie tickets and accommodation services from Ruili Service Providers for the year 2026, 2027 and 2028.

As the applicable percentage ratios calculated under Chapter 14A of the Listing Rules will be less than 5% and the total consideration of the transactions will be less than HK$3,000,000, the Procurement of Services Agreements will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1)(c) of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Procurement of products and equipment

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.03 of the Listing Rules, these transactions will be subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Principal terms

On [●], 2026, we entered into the procurement framework agreement with each of the Ruili Subsidiaries (the "**Procurement Framework Agreements**"), pursuant to which our Group will, from time to time, procure from Ruili Subsidiaries certain products and equipment, including but not limited to air compressors (electric included), water pumps, pressure sensors, air flow meters, 7-core spiral power cables, brake pads, brake shoes, ABS, ESC, EPB, combination valves, ECAS solenoid valves, electronic accelerator pedals, brake valves, clutch boosters, air dryer cartridges, steering pumps, spring brake chambers and urea injection machine (the "**Procurement**"). The Procurement Framework Agreements have an initial term commencing on the [**REDACTED**] and ending on December 31, 2028, and may be renewed as the parties may mutually agree, subject to the compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing basis

In determining the prices for the connected transactions under the Procurement Framework Agreements with Ruili Subsidiaries, our Directors adopt a multi-dimensional and verifiable pricing rationale based on objective commercial benchmarks, rather than subjective judgment. The core pricing bases include: (i) the prevailing market purchase prices for identical or functionally equivalent auto spare parts with consistent quality standards, technical specifications and manufacturing origins are surveyed as per the company's management system when our sales team apply for new product offering; (ii) valid and competitive transaction quotations obtained from independent third party spare parts and equipment suppliers for comparable automotive products and equipment; (iii) our Group's historical arm's length procurement prices with independent third party vendors for similar auto spare parts and equipment; and (iv) prevailing market supply and demand conditions, as well as the industry price fluctuation trends.

Our Group has established clear, standardized and enforceable operational mechanisms to govern the practical application of the pricing policies for these connected transactions. The proposed transaction purchase price, together with all supporting quantitative and qualitative market information, is submitted to senior management for internal review and approval. Under our internal policy, no procurement terms more favorable to Ruili Subsidiaries than those offered by independent third parties shall be approved or executed. All pricing records, market comparison documents and internal approval files are systematically archived and retained to ensure consistent, traceable and standardized application of the pricing policies on a transaction-by-transaction basis in the ordinary course of business. To further secure compliance and transaction fairness, our Group adopts a layered monitoring mechanism for continuing connected procurements with Ruili Subsidiaries. The finance team conducts regular reviews to verify pricing compliance and annual cap compliance. Our independent non-executive Directors will also perform regular assessments to confirm all transactions are undertaken on normal commercial terms and in the interests of our Group and our Shareholders as a whole. Any abnormal price movements or non-compliance issues will prompt timely internal risk reviews and supplementary market verification.

Reasons for the transaction

In our regular daily business focusing on auto parts sales, our Company sources various auto parts (including air compressors, water pumps, brake fittings, EPB/ABS/ECAS components and related hydraulic & electrical accessories and urea injection machine from Ruili Subsidiaries, to use and stock up inventories and subsequently sell such purchased auto parts to downstream vehicle manufacturers, aftermarket dealers and terminal clients via our Company's established sales platform.

Purchasing finished auto parts and equipment from Ruili Subsidiaries enables us to secure stable, continuous product supply, shorten raw material & component preparation cycle and lift our overall operational efficiency. Meanwhile, relying on Ruili Company's mature manufacturing & quality control system, we can secure consistent product quality to stabilize downstream customer cooperation and optimize end-user customer experience.

Drawing on our long-term historical cooperation experience with Ruili Subsidiaries for products and equipment procurement, we confirm the Ruili Subsidiaries can consistently deliver qualified products and equipment matching our ordering requirements in a reliable and steady manner. Accordingly, entering into the Procurement Framework Agreements and continuing relevant products and equipment procurement [**REDACTED**] is consistent with the commercial interests of our Company and our Shareholders.

Historical transaction amounts

	Historical transaction (RMB'000) for the year ended December 31,		
	2023	**2024**	**2025**
Procurement fees recognized by our Group	1,688,472	1,796,004	1,626,966

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the Procurement Framework Agreements for the three years ending December 31, 2026, 2027 and 2028 shall not exceed the caps set out below:

	Proposed annual caps (RMB'000) for the year ended December 31,		
	2026	**2027**	**2028**
Procurement fees to be paid by our Group	1,800,000	1,800,000	1,800,000

In arriving at the above annual caps of RMB1,800,000,000 for each of the three years ending December 31, 2026, 2027 and 2028 respectively, the Directors have considered, among other things,

(a) the historical transaction amounts for the financial years 2023, 2024 and 2025 respectively and the overall stable transaction scale during the Track Record Period;

(b) the estimated demand for the Procurement for the three years ending December 31, 2028, which is expected to remain steady considering our Group's existing downstream customer base and planned business development. The annual caps for the Procurement are set at RMB1,800,000,000 per annum, slightly above the average historical procurement value, as (i) our Group has completed the phased expansion of downstream sales channels in prior years and the overall spare parts resale volume is expected to maintain stable operation without substantial sharp increase in short-term procurement demand in 2026 and subsequent years, and (ii) our ongoing optimization of diversified third-party supplier pool enables flexible procurement allocation between Ruili Subsidiaries and independent vendors to control overall procurement expenditure, thus avoiding excessive upward adjustment of annual procurement ceiling;

(c) our Group's projected procurement of auto parts from Ruili Subsidiaries for 2026, which are supported by the actual procurement volume of orders fulfilled year-to-date in 2026. As of May 31, 2026, the aggregate procurement value of fulfilled orders placed with Ruili Subsidiaries reached RMB555 million; and

(d) the estimated unit prices of the Procurement determined based on the existing contracts or arrangements between our Group and our Ruili Subsidiaries as well as prospective market price fluctuation of relevant auto parts.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Under Rule 14A.76(2) of the Listing Rules, the transactions under the subsection headed "— Non-exempt continuing connected transactions" will constitute our continuing connected transactions subject to those requirements under Chapter 14A of the Listing Rules upon the [**REDACTED**].

As the non-exempt continuing connected transaction is expected to continue on a recurring and continuing basis and have been fully disclosed in this document, our Directors consider that compliance with the announcement, circular and the independent Shareholders' approval requirements (as the case may be) would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver exempting us from strict compliance with requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in the subsection headed "— Non-exempt continuing connected transactions", subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps (as stated above).

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

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant agreement(s) for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to or from independent third parties, and are carried out under normal commercial terms, we will adopt the following internal control procedures:

(i) we have adopted and implemented a management system on connected transactions, and our Board and our various internal departments will be responsible for the control and daily management in respect of the continuing connected transactions;

(ii) our various internal departments will be jointly responsible for evaluating the terms under the framework agreement for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;

(iii) our various internal departments will regularly monitor the fulfillment status of the annual caps and the transaction updates under the framework agreement; and

(iv) our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreement and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the framework agreement, on normal commercial terms and in accordance with the relevant pricing policies.

DIRECTORS' CONFIRMATION

Our Directors (including our independent non-executive Directors) are of the view that the non-exempt continuing connected transactions as set out above are in our ordinary and usual course of business and on normal commercial terms, and are fair and reasonable and in the interest of our Company and our Shareholders as a whole, and the proposed annual caps for those transactions are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

THE SOLE SPONSOR'S CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Company in relation to the above non-exempt continuing connected transactions; and (ii) participated in the due diligence and discussions with the management of our Group. Based on the above, the Sole Sponsor is of the view that the aforesaid non-exempt continuing connected transactions, for which waiver has been sought, has been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of the non-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.