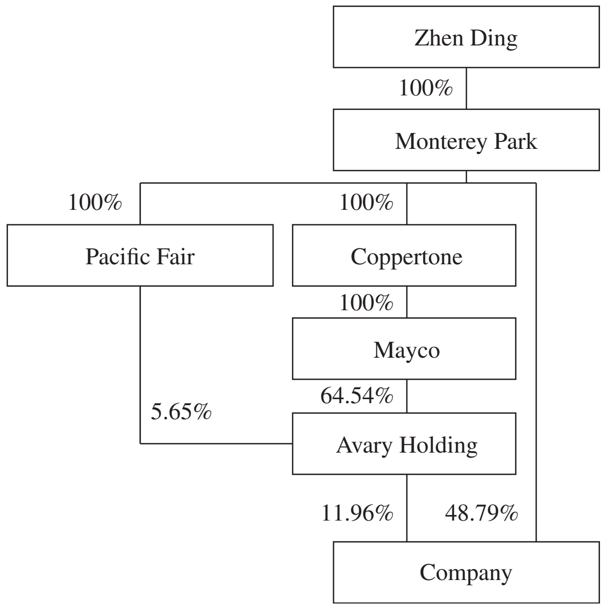
OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Zhen Ding, through its subsidiaries, namely, Monterey Park, Coppertone, Mayco, Pacific Fair and Avary Holding, directly and indirectly controlled 60.75% of the total issued share capital of our Company. The following simplified structure chart illustrates the shareholding of Zhen Ding in our Company as of the Latest Practicable Date.



Immediately following the completion of the [REDACTED] (assuming that the [REDACTED] is not exercised), Zhen Ding, through its subsidiaries, namely, Monterey Park, Coppertone, Mayco, Pacific Fair and Avary Holding, will directly and indirectly control [REDACTED] of the total issued share capital of our Company. Accordingly, Zhen Ding, Monterey Park, Coppertone, Mayco, Pacific Fair and Avary Holding constitute our group of Controlling Shareholders.

Zhen Ding, together with its subsidiaries, is the world's leading manufacturer specializing in the design, development, manufacturing, and sales of printed circuit board and IC substrates, which are widely adopted in servers and storage devices, wearable devices, communications, tablet computers, automotive electronics, internet communications, personal computers, and various consumer electronic products. The development, production and sales of printed circuit board products and related services are carried out by Avary Group and Boardtek Electronics Corporation, a subsidiary of Zhen Ding, while the development, production and sales of IC substrates and related services are carried out by our Group. See "— Business Delineation between the Retained Zhen Ding Group" for more details.

Each of Monterey Park, Coppertone, Mayco and Pacific Fair is an investment holding company.

BUSINESS DELINEATION BETWEEN THE RETAINED ZHEN DING GROUP AND OUR GROUP

Principal Business of Our Group and the Retained Zhen Ding Group

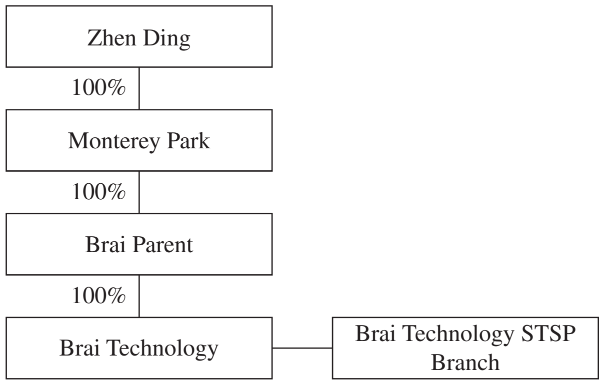
Apart from our Group's business, Zhen Ding has interests in other businesses operating through various direct and indirect subsidiaries that do not form part of our Group. There is clear delineation between the business operated by our Group and those operated by the Retained Zhen Ding Group (the "**Retained Zhen Ding Business"**). The table below sets forth the principal business of our Group and the Retained Zhen Ding Business following the [REDACTED]:

Principal business of our Group:	Research and development, production and sales of IC substrates ("**Our Principal Business**").
Retained Zhen Ding Group Business:	(i) Research and development, production and sales of printed circuit board products and the offering of related integrated solutions spanning the research and development, design, manufacturing and sale of printed circuit board products. Such business is carried out by Avary Group and Boardtek Electronics Corporation.
	(ii) Zhen Ding will retain its interests in Brai Technology, which will continue to produce and process IC substrates solely for our Group as an OEM. See "— Brai Technology" for more details.
	(iii) Other non-principal businesses that do not compete with Our Principal Business, such as waste and sludge treatment services, which is carried out by Yaoding Environmental Energy Technology (Shenzhen) Co., Ltd.

IC substrates and printed circuit boards serve different functions in the electronics value chain. An IC substrate is a specialized, high-density interconnection platform used in semiconductor packaging, serving as a critical carrier that provides electrical connectivity, mechanical support and thermal management between the silicon die and the printed circuit board. Printed circuit boards, by contrast, are system-level interconnection platforms that connect packaged semiconductor devices and other electronic components to form complete electronic systems. Because IC substrates operate directly at the chip-packaging level, they require more advanced manufacturing technologies, higher interconnection precision and stricter material performance requirements, while printed circuit boards primarily focus on component integration and system-level connectivity. Accordingly, Our Principal Business and the printed circuit board business carried out by Avary Group and Boardtek Electronics Corporation are two fundamentally different businesses that do not compete with each other.

Brai Technology

Brai Technology, a member of the Retained Zhen Ding Group based in Chinese Taiwan, is principally engaged in the production of IC substrates. The management team of Brai Technology is independent of our Group. The following simplified structure chart illustrates the shareholding of Zhen Ding in Brai Technology as of the Latest Practicable Date.



For the three months ended March 31, 2026, our Group procured certain semi-finished products and finished products from Brai Technology, with a total procurement cost of approximately RMB25,000, representing 0.003% of our total cost of sales for the same period. As of the Latest Practicable Date, the annual production capacity of Brai Technology is 605 thousand panels. Upon and after the [REDACTED], Brai Technology expects to continue to produce and process IC substrates solely for our Group as an OEM. See "Connected Transactions — Non-exempt Continuing Connected Transactions — 6. Framework Purchase Agreement" for more details.

Reasons for the exclusion of the excluded business

Pursuant to the applicable laws and regulations in Chinese Taiwan, a Chinese Mainland investor, including a company incorporated in Chinese Mainland and the companies in which it holds, directly or indirectly, 30% or more equity interests, are prohibited from having a controlling stake in any business in the IC manufacturing and semiconductor packaging and testing industry in Chinese Taiwan. Our legal advisor as to Chinese Taiwan laws advises that, as our Company is incorporated in Chinese Mainland, it is legally impermissible for our Company to own Brai Technology.

Where our Group is subsequently permitted under the applicable laws and regulations to own Brai Technology, we will acquire Brai Technology from Retained Zhen Ding Group as soon as practicable. Pursuant to the Non-Competition Undertaking issued by Zhen Ding in favor of our Company, our Group has the right to acquire any business conducted by Zhen Ding, any of its subsidiaries or close associates that competes with or may potentially compete with our business. See "— Non-Competition Undertaking" for more details.

Brai Technology will only act as an OEM of the Group for IC substrates and not compete with the Group

In order to protect our Group's interests and prevent any competition between our Group and Brai Technology in the future, Zhen Ding [issued] the Non-Competition Undertaking in favor of our Company on [*Date*], pursuant to which Zhen Ding irrevocably agreed and undertook to our Company that, during the Restricted Period (as defined below), it will exercise its control over Monterey Park, Brai Parent and Brai Technology to ensure that Brai Technology (i) shall supply to our Group products and services related to IC substrates (including, without limitation, IC substrate processing and contract manufacturing services) and any other products and services related to Our Principal Business or any other business that our Group plans to engage as described in this Document (collectively, the "**Leading Group Business**"); (ii) shall not, other than carrying out production to fulfill orders from our Group, sell or provide any products or services related to IC substrates or any other products and services related to the Leading Group Business to any other third party; and (iii) shall not otherwise compete or potentially compete with our Group or disrupt, harm, obstruct or adversely affect the Leading Group Business in any manner. See "— Non-Competition Undertaking" for more details.

Under this exclusive supply arrangement, Brai Technology will not take on any order for products and services related to IC substrates from any company other than our Group and will solely act as an OEM of our Group for products and services related to IC substrates in circumstances where our Group has production capacity constraints or where our customers has a geographical requirement as to the location of product production. Accordingly, Brai Technology is not able to, and will not, compete with our Group as to Our Principal Business.

The Group will carry on its business independently and at arms-length from Brai Technology

The Group does not rely on Brai Technology or the Retained Zhen Ding Group to carry on its business. See "— Independence from Our Controlling Shareholders" for more details. The exclusive supply arrangement between the Group and Brai Technology serves only as a supplement, not a crucial part, of the overall production capacity of the Group. Any purchase order placed by our Group to Brai Technology will comply with the terms set forth in "Connected Transactions — Non-exempt Continuing Connected Transactions — 6. Framework Purchase Agreement", which will be conducted on normal commercial terms or better for our Group.

Save as disclosed above, as of the Latest Practicable Date, none of the members of the Retained Zhen Ding Group was engaged in Our Principal Business.

In view of the foregoing, our Directors are of the view that (i) our operations are independent and separate from the Retained Zhen Ding Group Business, and there is a clear business delineation between our Group and the Retained Zhen Ding Group; and (ii) the Retained Zhen Ding Group Business does not compete, and is unlikely to compete, directly or indirectly, with the Principal Business. Pursuant to the Non-Competition Undertaking, details of which are set out in the paragraph headed "Non-Competition Undertaking" below, Zhen Ding has undertaken that, save for Brai Technology, which will act solely as an OEM of our Group, the Retained Zhen Ding Group would not engage in any part of Our Principal Business.

NON-COMPETITION UNDERTAKING

On [*Date*], Zhen Ding provided the Non-Competition Undertaking in favor of our Company. The salient terms of the Non-Competition Undertaking are summarized below:

(i) ***Non-Competition.*** Zhen Ding has irrevocably undertaken to our Company that, except for the exclusive supply arrangement between our Group and Brai Technology as set out in sub-paragraph (iv) below, it shall not (and shall not permit any of its subsidiaries or close associates (as ascribed in the Listing Rules and, for the purposes of the Non-Competition Undertaking, exclude any member of our Group)), on its own account or through its representatives or together with any third parties, directly or indirectly invest in, participate in, carry on, and/or operate any business that competes with, or may compete with, the Leading Group Business or otherwise benefit from such business, or otherwise compete or potentially compete with our Group or disrupt, harm, obstruct or adversely affect the Leading Group Business in any manner.

(ii) ***Option for New Business Opportunities.*** Zhen Ding has also undertaken that, in the event that Zhen Ding, its affiliates or close associates become aware of or are recommended or offered with a new business opportunity which may directly or indirectly compete with, or is likely to compete with, the Leading Group Business, including but not limited to the business opportunities which are the same as or similar to the Leading Group Business (the "**New Business Opportunities**"), Zhen Ding shall, and shall procure its affiliates or close associates to:

(a) provide us with a written notification regarding the New Business Opportunities and, subject to compliance with relevant laws and contractual arrangements with third parties, refer or recommend the New Business Opportunities to our Group and provide us with information with respect to the New Business Opportunities as may be reasonably required by our Group to evaluate the New Business Opportunities; and

(b) if there are circumstances which prevent our Group from engaging in the New Business Opportunities, Zhen Ding, after obtaining confirmation from our Group, may engage in the New Business Opportunities. However, where our Group is subsequently permitted to engage in the New Business Opportunities, our Group is entitled, at any time, to acquire any business commenced by Zhen Ding, its affiliates or its close associates, as a result of engaging in the New Business Opportunities, provided that doing so would not contravene applicable laws or prejudice the interests of our Shareholders, and would comply with contractual arrangements with third parties.

(iii) ***Further Undertakings.*** Zhen Ding has further undertaken that:

(a) if Zhen Ding, its subsidiaries or its close associates intend to transfer, sell, lease, or license to a third party any business or interest which competes or may potentially compete with the Leading Group Business, or any business or interest that is capable of or may result in direct or indirect competition with the Leading Group Business, they shall grant to our Group a right of first refusal over such business or interest on the same terms as those that would have been offered to the third party; and

(b) our Group has the right to acquire, at any time, any business conducted by Zhen Ding, any of its subsidiaries or close associates that competes with or may potentially compete with the Leading Group Business, or all or part of any business conducted pursuant to the New Business Opportunities. The terms of acquisition shall be determined after obtaining the opinion of independent experts and shall be on normal commercial terms which are fair and reasonable and in the interest of our Group,

provided that, in each case, doing so would not contravene applicable laws or prejudice the interests of our Shareholders, and would comply with contractual arrangements with third parties.

(iv) ***Acknowledgment and arrangement with respect to co-owned patents.*** Zhen Ding acknowledges, agrees and confirms that:

(a) (A) our Group is entitled to the complete and unrestricted use of all patents which are co-owned by Zhen Ding (including, for the purpose of this paragraph, its subsidiaries) and our Group (the "**Co-owned Patents**"), and is entitled to independently and freely use the Co-owned Patents and authorize third parties to use the Co-owned Patents, and Zhen Ding shall not, and shall have no right to, unilaterally revoke any rights enjoyed by our Group in respect of the Co-owned Patents; (B) any proceeds derived by our Group from conducting business based on the Co-owned Patents (the "**Co-owned Patent Proceeds**") shall belong exclusively to our Group, and Zhen Ding shall not, for any reason, require our Group to share any Co-owned Patent Proceeds generated in the past or in the future; and (C) Zhen Ding shall not charge our Group any costs or fees arising from the past or future use of the Co-owned Patents; and

(b) Zhen Ding shall not transfer any Co-owned Patents to any third party (other than our Group), and it shall not license or, through any other means, allow such third parties any right to obtain or use the Co-owned Patents, or create any encumbrance over the Co-owned Patents.

(v) ***Exclusive supply arrangement between our Group and Brai Technology.*** As mentioned in "— Brai Technology" above, Zhen Ding has undertaken that, during the Restricted Period, it will exercise its control over Monterey Park, Brai Parent and Brai Technology to ensure that Brai Technology (a) shall supply to our Group products and services related to IC substrates (including, without limitation, processing and contract manufacturing services for IC substrates) and any other products and services related to the Leading Group Business; (b) shall not, other than carrying out production to fulfill orders from our Group, sell or provide any products or services related to IC substrates or any other products and services related to the Leading Group Business to any other third party; and (c) shall not otherwise compete or potentially compete with our Group or disrupt, harm, obstruct or adversely affect the Leading Group Business in any manner.

(vi) ***Restricted Period.*** The Non-Competition Undertaking shall take effect from the date of the Non-Competition Undertaking until (a) the date on which the [REDACTED] cease to be [REDACTED] on the Stock Exchange (other than any cessation pursuant to a [REDACTED] or [REDACTED] under the Listing Rules); or (b) the date on which Zhen Ding and its close associates cease to be entitled to exercise or control, individually or collectively and directly and/or indirectly, 30% or more of the voting rights in our Company at a general meeting of our Company (the "**Restricted Period**").

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are of the view that we are able to conduct our business independently from our Controlling Shareholders and their respective associates after the [REDACTED].

Management Independence

Our Board comprises one executive Director, two non-executive Directors, three independent non-executive Directors and one employee Director.

Except for one of our non-executive Directors, namely, Mr. HSIAO Te-Wang, who also serves as the senior vice president and chief financial officer of Avary Holding, none of our Directors or members of our senior management team holds any position in our Controlling Shareholders or their respective close associates.

Despite his overlapping role, Mr. HSIAO Te-Wang, as our non-executive Director, is not and will not be involved in the day-to-day management and operations of our business. Our executive Director and senior management team are able to devote sufficient time and efforts to manage the business operations of our Group and make decisions independent of the Controlling Shareholders and their respective close associates. Furthermore, there are three independent non-executive Directors in our seven-member Board, who would provide sufficient independent oversight over the formulation and implementation of major decisions of our Group based on their skills and professional experience.

Each of the Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is any potential conflict of interest arising out of any transaction to be entered into between our Group and any of the Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Based on the reasons above, our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Operational Independence

Despite the controlling interest in our Company retained by our Controlling Shareholders after the [REDACTED], our Group holds or is entitled to or enjoys the benefit of all relevant licenses necessary to carry out our business, and has sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We also have full rights to make all decisions regarding, and to carry out, our own business operations independently.

We have also adopted a set of internal control procedures to maintain effective and independent operation of our business. In addition, we have sufficient operational capacity and employees to operate independently from our Controlling Shareholders and their close associates.

Research and development

We have established our own R&D team independent of our Controlling Shareholders, comprising members with industry experience in IC substrate technology, product innovation, materials science and advanced manufacturing processes. As of the Latest Practicable Date, our R&D team comprised 626 employees, who are all full-time employees of our Group and do not conduct any research and development for our Controlling Shareholders or their respective close associates.

As of the Latest Practicable Date, our Group had 151 Co-owned Patents in Chinese Mainland and overseas, of which 16 Co-owned Patents in Chinese Mainland and 1 Co-owned Patent in the United States are considered material to our operations (the "**Material Co-owned Patents**"). We do not currently use, and have no plans to use, the other Co-owned Patents in our business operations. Pursuant to the Non-Competition Undertaking, (i) Zhen Ding acknowledges, agrees and confirms that our Group is entitled to the complete and unrestricted use of all Co-owned Patents; and (ii) Zhen Ding has undertaken to our Company that it shall not transfer any Co-owned Patents to any third party (other than our Group), nor shall it license or, through any other means, allow such third parties any right to obtain or use the Co-owned Patents, or create any encumbrance over the Co-owned Patents. Furthermore, as advised by our PRC IP Legal Advisor and U.S. IP Legal Advisor, (a) our Group is entitled to the complete and unrestricted use of the Material Co-owned Patents and has the rights to use and grant non-exclusive license in respect of the Material Co-owned Patents to third parties independently; (b) our Group is entitled to all revenue or income derived by us from the Material Co-Owned Patents; and (c) the rights of our Group with respect to the Material Co-owned Patents are not subject to unilateral termination by the Retained Zhen Ding Group. Accordingly, we are able to conduct and manage our R&D process and use our patents independently.

Customers, sales and marketing

Our sales and marketing personnel are independent of our Controlling Shareholders. As of the Latest Practicable Date, our sales and marketing team comprised 74 experienced employees, who are all full-time employees of our Group and do not conduct any sales and marketing function of our Controlling Shareholders or their respective close associates.

As we are a supplier of IC substrates, our main customers are OSAT, IDM and IC design companies. On the contrary, as the Retained Zhen Ding Group Business is mainly in the printed circuit board sector, its customers are mainly consumer electronics brands and their designated OEM and ODM companies. As some of our and the Retained Zhen Ding Group's clients are technology giants whose businesses cover different links on the technology industry value chain, our and the Retained Zhen Ding Group's clients may overlap. However, given the nature of our business and the Retained Zhen Ding Business are fundamentally different, the sales and marketing function of our Group and the Retained Zhen Ding Group face different points of contacts, departments or entities within these overlapping customers.

Accordingly, our sales and marketing as well as customer acquisition capability are independent from, and does not rely on, the Retained Zhen Ding Group.

Suppliers and procurement

We procure raw materials, semi-finished components and finished components used in Our Principal Business from our suppliers independently from our Controlling Shareholders. As of the Latest Practicable Date, our procurement team comprised 11 experienced employees, who are all full-time employees of our Group and do not conduct any procurement function of our Controlling Shareholders or their respective close associates, and we do not engage in any joint procurement with the Retained Zhen Ding Group. Accordingly, our procurement function is independent from, and do not rely on, the Retained Zhen Ding Group.

Production

We produce our products using our own production facilities. See "Business — Production" for more details. As discussed above in "— Brai Technology", the exclusive supply arrangement between the Group and Brai Technology serves only as a supplement, not a crucial part, of the overall production capacity of the Group. Accordingly, our production function is independent from, and does not rely on, the Retained Zhen Ding Group.

As of the Latest Practicable Date, we leased staff dormitories, office premises and carparks in Shenzhen, Qinhuangdao and Chinese Taiwan from the Retained Zhen Ding Group to support our daily administrative functions. Such premises do not include any production facilities. We expect to continue to lease such premises from the Retained Zhen Ding Group. See "Connected Transactions — Fully-Exempt Continuing Connected Transactions — 3. Framework Lease Agreement with Zhen Ding Group" and "Connected Transactions — Partially Exempt Continuing Connected Transactions — 5. Framework Lease Agreement with Avary Group" for more details.

Sales to and procurement from the Retained Zhen Ding Group

Our main customers are OSAT companies, IDM companies and IC design companies. In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our sale of products, services and waste materials to the Retained Zhen Ding Group amounted to RMB279.3 million, RMB1.5 million, RMB69.0 million and RMB46.8 million, respectively, representing 23.6%, 0.1%, 2.4% and 5.1% of our total revenue for the respective years or period. Such sales covered the following products and services:

(i) IC substrates which were sold to members of the Zhen Ding Group for onward sale to customers outside of Chinese Mainland. Our revenue generated from such sales amounted to RMB278.6 million in 2023, representing 99.9% of our total sales to the Retained Zhen Ding Group in the same year. We discontinued this onward sale arrangement in June 2023, as our Group has since maintained our own overseas sales channels independent of the Retained Zhen Ding Group;

(ii) temporary processing services for metal surface finishing and solder ball placement services provided to members of the Retained Zhen Ding Group. Our revenue generated from such temporary subcontracting services amounted to RMB0.1 million, RMB1.2 million, RMB3.8 million and RMB1.3 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 0.0%, 80.0%, 5.5% and 2.8% of our total sales to the Retained Zhen Ding Group for the corresponding years or period. This arrangement ceased to be in place as of the Latest Practicable Date;

(iii) leasing of storage facilities to members of the Retained Zhen Ding Group. These arrangements were made to utilize idle facilities of our Group and reduce production costs for the Avary Group. Our revenue generated from such leases amounted to RMB0.1 million, RMB0.3 million, RMB1.3 million and RMB0.3 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 0.0%, 20.0%, 1.9% and 0.6% of our total sales to the Retained Zhen Ding Group for the corresponding years or period. It is expected that such arrangements will not continue after the [REDACTED]; and

(iv) waste materials generated during our Group's production activities, including various types of scrap metal and scrap non-metallic materials, which are only side products of our production and processing activities. Our revenue generated from such sale of waste materials amounted to RMB0.4 million, nil, RMB63.9 million and RMB45.1 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 0.1%, nil, 92.6% and 96.4% of our total sales to the Retained Zhen Ding Group for the corresponding years or period. Such Transactions are expected to continue after the [REDACTED]. See "Connected Transactions — Non-Exempt Continuing Connected Transactions — 7. Scrap and Waste Materials Sales Framework Agreement" for more details.

Accordingly, our Directors are of the view that such arrangement would not affect our operational independence given the nature and small amount of the sales.

During the Track Record Period, our procurement from the Retained Zhen Ding Group amounted to RMB96.8 million, RMB94.6 million, RMB97.4 million and RMB25.6 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 3.4%, 5.0%, 4.1% and 3.3% of our total purchase in the respective years or period. Such procurement comprised:

(i) our one-off acquisition of inventory of IC substrates from the Retained Zhen Ding Group. Such procurement of inventory amounted to RMB2.2 million in 2023, representing 2.3% of our procurement from the Retained Zhen Ding Group in the same year. As mentioned above, we have established our own overseas sales channels independent of the Retained Zhen Ding Group in June 2023. After setting up our own overseas sales channels, we purchased such inventory to unify our overseas sales operations and thereafter discontinued our onward sale arrangement with the Retained Zhen Ding Group;

(ii) semi-finished and finished IC substrates products procured from Brai Technology pursuant to the exclusive supply arrangement set out in "— Brai Technology". Such procurement began in 2026, with a total procurement amount of approximately RMB25,000 for the three months ended March 31, 2026. Such leasing arrangement is expected to continue after the [REDACTED]. See "Connected Transactions — Non-Exempt Continuing Connected Transactions — 6. Framework Purchase Agreement" for more details;

(iii) our purchases of certain sewage and waste treatment services provided by other members of the Retained Zhen Ding Group. We procure such services from the Retained Zhen Ding Group as certain members of Retained Zhen Ding Group have the relevant licenses and possess the necessary expertise of waste treatment, and such arrangement is expected to continue after the [REDACTED]. See "Connected Transactions — Fully-Exempt Continuing Connected Transactions — 2. Waste Treatment Services Framework Agreement" and "Connected Transactions — Partially Exempt Continuing Connected Transactions — 4. Sewage Treatment Services Framework Agreement" for more details. Such procurement of sewage and waste treatment services amounted to RMB35.9 million, RMB31.6 million, RMB30.8 million and RMB8.8 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 37.1%, 33.4%, 31.6% and 34.4% of our procurement from the Retained Zhen Ding Group in the corresponding years or period. The wastewater and waste treatment services are ancillary services relating to our production and processing activities;

(iv) our rental of staff dormitories, office premises and carparks in Shenzhen, Qinhuangdao and Chinese Taiwan from the Retained Zhen Ding Group to support our daily administrative functions, which amounted to RMB2.4 million, RMB5.5 million, RMB4.8 million and RMB1.1 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 2.5%, 5.8%, 4.9% and 4.3% of our procurement from the Retained Zhen Ding Group in the corresponding years or period. Such leasing arrangement is expected to continue after the [REDACTED]. See "Connected Transactions — Fully-Exempt Continuing Connected Transactions — 3. Framework Lease Agreement with Zhen Ding Group" and "Connected Transactions — Partially Exempt Continuing Connected Transactions — 5. Framework Lease Agreement with Avary Group" for more details, and

(v) procurement of utilities through the Retained Zhen Ding Group. The Retained Zhen Ding Group and our Group operate certain properties that are adjacent to each other and share utilities. During the Track Record Period, the Retained Zhen Ding Group paid these utility expenses from time to time on behalf of our Group and our Group reimbursed the Retained Zhen Ding Group such expenses. All expenses were reimbursed at cost without any mark-up.

The historical transaction amounts between our Group and the Retained Zhen Ding Group with respect to our portion of the shared utilities expenses amounted to RMB56.3 million, RMB57.5 million, RMB61.8 million and RMB15.7 million in 2023, 2024, 2025 and the three months ended March 31, 2026, respectively, representing 58.1%, 60.8%, 63.5% and 61.3% of our procurement from the Retained Zhen Ding Group in the corresponding years or period. Such arrangement is expected to continue after the [REDACTED]. See "Connected Transactions — Fully-Exempt Continuing Connected Transactions — 1. Utility Sharing Agreement with Avary Group".

Given the nature of such services, our Directors are of the view that the procurement of wastewater and waste treatment services would not affect our operational independence. Save as disclosed above, we do not procure raw materials, molds and tolling, equipment and machinery, work-in-progress or finished goods from the Retained Zhen Ding Group, except for the exclusive supply arrangement with Brai Technology. See "— Brai Technology" for the analysis of our independence with regard to such arrangement.

Financial Independence

We have adopted our own internal control, accounting, funding, reporting and financial management systems, and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury functions with relevant finance personnel. We open and manage our bank accounts independently, and have never shared any bank account with our Controlling Shareholders and/or their respective close associates.

We also have our own treasury function and independent access to third party financing. As of the Latest Practicable Date, all loans due from our Controlling Shareholders and their respective associates have been fully settled and all loans due to our Controlling Shareholders and their respective associates have been fully repaid. As such, our Group does not rely on our Controlling Shareholders and/or their associates by virtue of their historical provision of financial assistance. As of the Latest Practicable Date, our Controlling Shareholders and their associates did not extend any loans to us, and did not provide guarantee or other collateral to secure any of our borrowings. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Our Board has established the Audit Committee comprising solely of independent non-executive Directors to provide independent oversight to, among others, our accounting and financial reporting processes.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that it fully comprehends its obligations to act as our Shareholders' and our best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we [have implemented] the following measures:

(i) the independent non-executive Directors will review, at least on an annual basis, the compliance by our Controlling Shareholders with the Non-Competition Undertaking;

(ii) as required by the Listing Rules, our independent non-executive Directors shall review any continuing connected transactions annually and confirm in our annual reports that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(iii) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(iv) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting at the Board meetings on matters in which such Director or his associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(v) we are committed that our Board should maintain a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors. We believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our [REDACTED] Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management — Directors — Independent Non-executive Directors" in this Document;

(vi) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between the Group on the one hand, and the Controlling Shareholders and/or the Directors on the other hand, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and the Company shall disclose the decisions of the independent non-executive Directors (including why business opportunities referred to it by the Controlling Shareholders were not taken up) either through its annual report or by way of announcements;

(vii) our audit committee, comprising only of our three independent non-executive Directors, will conduct a review on the effectiveness of the above internal control measures on an annual basis; and

(viii) we have appointed Altus Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.