OVERVIEW

We have entered into a number of continuing agreements and arrangements with our connected persons (as defined under Chapter 14A of the Listing Rules) in our ordinary and usual course of business. Upon the [REDACTED] of the H Shares on the [REDACTED], the transactions disclosed under this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

RELEVANT CONNECTED PERSONS

The table below sets forth the parties that will become our connected persons and have entered into transactions with our Group, which will constitute continuing connected transactions for our Group upon [REDACTED]:

Connected Person	Relationship
Zhen Ding Group . .	As of the Latest Practicable Date, Zhen Ding is our Controlling Shareholder hence connected person. Each member of Zhen Ding Group is an associate of Zhen Ding and hence is our connected person under the Listing Rules.
Avary Group	As of the Latest Practicable Date, Avary Holding is our Controlling Shareholder hence connected person. Avary Holding is also a subsidiary of Zhen Ding. Each member of Avary Group is an associate of Avary Holding and hence is our connected person under the Listing Rules.

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

No.	Connected Transaction	Relevant Listing Rules	Connected Person	Waiver Sought
Fully-exempt continuing connected transaction				
1.	Utility sharing with Avary Group	14A.97	Avary Group	N/A
2.	Waste treatment service transactions with Zhen Ding Group	14A.76(1)	Zhen Ding Group	N/A
3.	Lease transactions with Zhen Ding Group	14A.76(1)	Zhen Ding Group	N/A
Partially exempt continuing connected transactions				
4.	Sewage treatment service transactions with Avary Group	14A.35, 14A.76(2) and 14A.105	Avary Group	Announcement
5.	Lease transactions with Avary Group	14A.35, 14A.76(2) and 14A.105	Avary Group	Announcement

No.	Connected Transaction	Relevant Listing Rules	Connected Person	Waiver Sought
Non-exempt continuing connected transactions				
6.	Purchase of equipment and machinery, semi-finished products, and finished products from Zhen Ding Group	14A.35, 14A.36, 14A.71 and 14A.105	Zhen Ding Group	Announcement and independent Shareholders' approval
7.	Sale of various scrap and waste materials transactions to Zhen Ding Group	14A.35, 14A.36, 14A.71 and 14A.105	Zhen Ding Group	Announcement and independent Shareholders' approval

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Utility Sharing Agreement with Avary Group

Parties: Our Group (as payor); and

Avary Holding (as payee)

Principal terms: Avary Group and our Group operate certain properties in Qinhuangdao, China and Shenzhen, China, that are adjacent to each other. These properties share utilities, including water, electricity, heating, natural gas and nitrogen. During the Track Record Period, Avary Group paid these utility expenses from time to time on behalf of our Group and our Group reimbursed Avary Group such expenses. All expenses are reimbursed at cost without any mark-up. The foregoing arrangement is expected to continue after the [REDACTED].

Our Company entered into a utility sharing agreement with Avary Holding on [*Date*] ("**Utility Sharing Agreement**") to document the foregoing arrangement. The term of the agreement is three years effective as of the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant subsidiaries of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in Utility Sharing Agreement.

Reasons for the transaction: We do not maintain a separate account or meter for the aforesaid utilities for the relevant properties, as we consider it may impose extra administrative costs and unnecessarily disrupt our operations to set up our separate account or meter.

Pricing policy: Our utility expenses are payable by us to Avary Holding on a cost basis at the government-prescribed rates charged and the consumption amount will be confirmed by both parties by jointly inspecting the readings on the relevant meter(s) on a regular basis.

Historical figures: The historical transaction amounts between our Group and Avary Group with respect to our portion of the shared utilities expenses during the Track Record Period are set out below:

Year ended December 31,			Three months ended March 31,
2023	2024	2025	2026
(in RMB millions)			
56.3	57.5	61.8	15.7

Annual Caps: The maximum aggregate utilities expense amount to be paid by us to Avary Group for the years ending December 31, 2026, 2027 and 2028, respectively shall not exceed the caps set out below:

Year ending December 31,		
2026	2027	2028
(in RMB millions)		
75.1	72.9	77.1

Basis of Caps: The proposed annual caps are determined based on:

(i) the historical transaction amounts for the Track Record Period for the utilities we procured from Avary Group;

(ii) our expected production capacity and expected demand for utilities in the next three years; and

(iii) a buffer of 10% due to fluctuation in prices of utilities, actual production and expansion needs, which may result in increased use of utilities.

Listing Rules Implications: Since (1) the water, electricity, heating, natural gas and nitrogen purchased from Avary Group are for our Group's own consumption and use, and are not processed into our products or for resale; (2) the utilities are consumed and used by our Group in the same state as in which they are purchased; (3) there is an open market and transparent pricing for water, electricity, heating, natural gas and nitrogen procured by our Group; and (4) the terms of Utility Sharing Agreement are no less favorable to our Group than those available from Independent Third Parties, the transactions with Avary Group are fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.97 of the Listing Rules.

2. Waste Treatment Services Framework Agreement

Parties: Our Group (as customer); and

Zhen Ding (as service provider)

Principal terms: We entered into a framework waste treatment services agreement with Zhen Ding on [*Date*] ("**Waste Treatment Services Framework Agreement**"), pursuant to which Zhen Ding Group may provide us with waste treatment services from time to time and we pay Zhen Ding Group service fees for such treatment.

For membrane sludge and cotton cores, Zhen Ding Group will set up relevant drying equipment and machinery at our production sites and tailor it to meet our waste management needs. Such drying and volume-reduction treatment will take place at our production facilities, and Zhen Ding Group will retain the ownership of, and operate, such equipment and machinery. For other materials, including scrap laminate boards and general industrial waste, Zhen Ding Group will collect such materials from our production facilities for further handling.

The term of Waste Treatment Services Framework Agreement is three years commencing on the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. We will separately enter into specific agreements with Zhen Ding Group which will set out the specific terms and conditions in accordance with the principles provided in Waste Treatment Services Framework Agreement.

Reasons for the transaction: Certain members of Zhen Ding Group have the relevant licenses and possess the necessary expertise of waste treatment. These entities operate in our and other Zhen Ding Group members' manufacturing facilities in Shenzhen and Qinhuangdao.

Pricing policy: ***Membrane Sludge and Cotton Cores:***

The price paid by our Group for the drying and volume reduction of membrane sludge and cotton cores shall be determined by (i) the reduced weight of membrane sludge and waste filter cotton cores, (ii) the unit price per ton determined for each type of material, and (iii) an agreed discount ratio.

Our Group will conduct an annual market review on discount ratios and unit prices per ton by obtaining quotes from at least two Independent Third Parties for comparable services to ensure the terms offered by Zhen Ding Group are on normal commercial terms or better.

Other Materials:

For the disposal service of scrap laminate boards and general industrial waste, the price paid by our Group shall be negotiated between the parties on an arm's length basis, with reference to the prevailing market price.

Our Group will conduct an annual market review on unit prices per ton by obtaining quotes from at least two Independent Third Parties for comparable products to ensure the terms offered by Zhen Ding Group are on normal commercial terms or better.

Historical figures: The historical transaction amounts between our Group and Zhen Ding Group with respect to the waste treatment services during the Track Record Period are set out below:

Year ended December 31,			Three months ended March 31,
2023	2024	2025	2026
(in RMB millions)			
—	—	0.2	0.1

Annual Caps: The maximum aggregate annual waste treatment services fee amount to be paid by us to Zhen Ding Group for the years ending December 31, 2026, 2027 and 2028, respectively shall not exceed the caps set out below:

Year ending December 31,		
2026	2027	2028
(in RMB millions)		
0.7	0.7	1.1

Basis of Caps: The proposed annual caps are determined based on:

(i) the historical amounts of transactions between our Group and Zhen Ding Group during the Track Record Period with respect of waste treatment services;

(ii) the expected increasing demand for waste treatment services as a result of our growth in production volume and our expansion in production facilities; and

(iii) a buffer of 10% in the event of adjustments to actual waste treatment services required due to actual production and expansion needs.

Listing Rules Implications: As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the above transaction, which is conducted on normal commercial terms or better, are expected to be less than 0.1%, it will fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. Framework Lease Agreement with Zhen Ding Group

Parties: Our Group (as lessee); and

Zhen Ding (as lessor)

Principal terms: We entered into a property lease framework agreement with Zhen Ding on [*Date*] ("**Zhen Ding Framework Lease Agreement**"), pursuant to which we may lease various properties from Zhen Ding Group for office, parking and employee dormitory purposes.

The term of the Zhen Ding Framework Lease Agreement is three years commencing on the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant subsidiaries of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Zhen Ding Framework Lease Agreement.

Reasons for the transaction: We have historically leased the relevant property from Zhen Ding Group for use as one of our offices. In light of the satisfactory maintenance and stable lease term provided by Zhen Ding Group to us, we intend to continue to lease from Zhen Ding Group following the [REDACTED]. In addition, relocating to an alternative property will incur unnecessary costs and cause unnecessary disruption to our operations.

Pricing policy: The pricing shall be determined after arm's length negotiations with reference to the location, function and size of the properties, and are to be no less favorable to our Group than the prevailing market price of the rent of similar property in the vicinity.

Historical figures: The historical transaction amounts comprising the rental during the Track Record Period is set out as follows:

Year ended December 31,			Three months ended March 31,
2023	2024	2025	2026
(in RMB millions)			
0.2	0.3	0.3	0.1

Annual Caps: The maximum aggregate annual amount to be paid by us to Zhen Ding Group in connection with the Zhen Ding Framework Lease Agreement for the years ending December 31, 2026, 2027 and 2028, respectively shall not exceed the caps set out below:

Year ending December 31,		
2026	**2027**	**2028**
	(in RMB millions)	
0.3	0.3	0.3

Basis of Caps: The proposed annual caps are determined based on:

(i) the historical amounts for the property we leased from Zhen Ding Group during the Track Record Period;

(ii) the expected increasing demand for demand for relevant properties for the next three years ending December 31, 2028; and

(iii) a buffer of 10% to cater for unexpected additional need for properties to be leased from Zhen Ding Group due to actual business expansion needs.

Listing Rules Implications: As all of the applicable percentage ratios calculated for the purpose of Chapter 14A of the Listing Rules in respect of the above transaction, which is conducted on normal commercial terms or better, are expected to be less than 0.1%, it will fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and will be exempted from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but below 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules. As such, the transactions contemplated therein are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements, but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Our Directors are of the view that these transactions will be conducted on normal commercial terms and not prejudicial to the interest of our Company's minority Shareholders.

4. Sewage Treatment Services Framework Agreement

Parties:	Our Group (as customer); and Avary Holding (as service provider)
Principal terms:	We entered into a sewage treatment services framework agreement with Avary Holding on [*Date*] ("**Sewage Treatment Services Framework Agreement**"), pursuant to which Avary Group may provide us with sewage treatment services from time to time and we pay Avary Group service fees. The term of the Sewage Treatment Services Framework Agreement is three years commencing on the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. We will separately enter into specific agreements with Avary Group which will set out the specific terms and conditions in accordance with the principles provided in the Sewage Treatment Services Framework Agreement.
Reasons for the transaction:	Hongqisheng, a member of Avary Group, possesses the requisite licenses and expertise in sewage treatment and is located in close proximity to our manufacturing facilities in Qinhuangdao. There are no other large-scale sewage treatment facilities in the vicinity that are able to meet our Group's operational needs, and transporting sewage to Independent Third Party service providers would result in significantly higher treatment costs, rendering such arrangements commercially and operationally impracticable. In addition, we have been procuring such services from Hongqisheng during the Track Record Period. Our Group and Hongqisheng have established a long-term and stable business relationship. Considering that Hongqisheng has provided such service to us during the Track Record Period, we believe it is in the best interests of our Group and our Shareholders as a whole to continue to procure such service from Hongqisheng who is capable of fulfilling our demands with a stable and high quality service.
Pricing policy:	The service fees shall be negotiated between the parties on an arm's-length basis, based upon the actual costs incurred by Avary Group per ton and a mark-up of 5% of the actual cost. Our Group will conduct an annual market review on the service fees by obtaining quotes from at least two Independent Third Parties for comparable services to ensure the terms offered by Zhen Ding Group are on normal commercial terms or better. Such quotations will be comprehensively reviewed and evaluated after taking into account the price (including actual cost) and other non-price factors (such as supply volume and supply stability), by designated personnel of our Group.

Historical figures: The historical transaction amounts between our Group and Avary Group with respect to the sewage treatment services during the Track Record Period are set out below:

Year ended December 31,			Three months ended March 31,
2023	2024	2025	2026
(in RMB millions)			
35.9	31.6	30.6	8.7

Annual Caps: The maximum aggregate annual sewage treatment services fee amount to be paid by us to Avary Group for the years ending December 31, 2026, 2027 and 2028, respectively shall not exceed the caps set out below:

Year ending December 31,		
2026	2027	2028
(in RMB millions)		
36.7	35.7	38.4

Basis of Caps: The proposed annual caps are determined based on:

(i) the historical amounts of transactions between our Group and Avary Group during the Track Record Period with respect of sewage treatment services;

(ii) the expected increasing demand for sewage treatment services as a result of our growth in production volume and our expansion in production facilities; and

(iii) a buffer of 10% in the event of adjustments to actual sewage treatment services required due to actual production and expansion needs.

5. Framework Lease Agreement with Avary Group

Parties: Our Group (as lessee); and

Avary Holding (as lessor)

Principal terms: We entered into a property lease framework agreement with Avary Holding on [*Date*] ("**Avary Holding Framework Lease Agreement**"), pursuant to which we may lease various properties from Avary Group for office, employee dormitory and parking purposes.

The term of the Avary Holding Framework Lease Agreement is three years commencing on the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant subsidiaries of both parties will enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Avary Holding Framework Lease Agreement.

Reasons for the transaction: We have historically leased the relevant properties from Avary Group for office, employee dormitory and parking purposes. In light of the satisfactory maintenance and stable lease term provided by Avary Group to us, we intend to continue to lease from Avary Group following the [REDACTED]. In addition, relocating to alternative properties will incur unnecessary costs and cause unnecessary disruption to our operations.

Pricing policy: The pricing shall be determined after arm's length negotiations with reference to the location, function and size of the properties, and are to be no less favorable to our Group than the prevailing market price of the rent of similar properties in the vicinity.

Historical figures: The historical transaction amounts comprising the rental during the Track Record Period is set out as follows:

Year ended December 31,			Three months ended March 31,
2023	2024	2025	2026
(in RMB millions)			
2.2	5.3	4.5	1.0

Annual Caps: The maximum aggregate annual amount to be paid by us to Avary Group in connection with the Avary Holding Framework Lease Agreement for the years ending December 31, 2026, 2027 and 2028, respectively shall not exceed the caps set out below:

Year ending December 31,		
2026	2027	2028
(in RMB millions)		
7.0	8.6	9.9

Basis of Caps: The proposed annual caps are determined based on:

(i) the historical amounts for the properties we leased from Avary Group during the Track Record Period;

(ii) the expected increasing demand for demand for relevant properties for the next three years ending December 31, 2028; and

(iii) a buffer of 10% to cater for unexpected additional need for properties to be leased from Avary Group due to actual business expansion needs.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions which, as our Directors currently expect, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will be more than 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.

6. Framework Purchase Agreement

Parties: Our Company (as purchaser); and

Zhen Ding (as supplier)

Principal terms: We entered into a framework purchase agreement with Zhen Ding on [*Date*] ("**Framework Purchase Agreement**"), pursuant to which we may purchase from Zhen Ding Group various semi-finished products, finished products, equipment and machinery, and raw materials under the following procurement models:

Model One

Purchase of semi-finished products and finished products from Zhen Ding Group.

Model Two

Purchase of equipment and machinery from Zhen Ding Group.

Model Three

Purchase of raw materials from Zhen Ding Group.

The term of the Framework Purchase Agreement is three years commencing on the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant subsidiaries of both parties will enter into separate underlying agreements and/or orders which will set out the specific terms and conditions according to the principles provided in Framework Purchase Agreement.

Reasons for the transaction:

Model One

Given the rapidly increasing demand from customers for IC substrates, in circumstances where our Group faces production capacity constraints or where customers impose specific geographical requirements on the location of production, Brai Technology, a member of Zhen Ding Group, will serve as an OEM to assist in the production of certain semi-finished products and finished products. See "Relationship with Our Controlling Shareholders — Brai Technology" for more details.

Model Two and Model Three

The availability of a stable and quality supply of (i) equipment and machinery, and (ii) raw materials enables us to undertake customer orders with stringent delivery timelines without operational constraints. It also reduces the risk of us having to forgo commercially attractive yet operationally demanding orders due to shortages in the general market, thereby allowing us to effectively meet both expedited delivery schedules and high-volume order requirements.

Pricing policy:

Model One

The purchase prices of finished products and semi-finished products will be determined on a cost-plus basis, being the aggregate of (i) the costs that our Group would otherwise incur if we produced the same products (including material costs, labour costs, manufacturing overheads), and (ii) a markup determined by an independent transfer pricing expert to be fair and reasonable and in line with normal commercial terms and arm's length principles applicable to comparable transactions.

Model Two

The purchase prices of equipment and machinery will be negotiated between the parties on an arm's length basis, with reference to a fair value price determined by reference to the relevant customs price range and not exceeding the original purchase price paid by Zhen Ding Group.

Model Three

The purchase prices of raw materials will be negotiated between the parties on an arm's length basis, with reference to a fair value price determined by reference to the relevant customs price range.

Our Company will conduct annual review on the prices by reference to prevailing market prices for at least two similar products to ensure that such transactions are conducted on normal commercial terms or better.

Historical figures: We began purchasing finished products from Brai Technology during the three months ended March 31, 2026. In that period, we purchased finished products from Brai Technology in an amount of approximately RMB25,000. We otherwise did not purchase any semi-finished products, finished products, equipment and machinery, and raw materials as contemplated under the Framework Purchase Agreement from Zhen Ding Group during the Track Record Period.

Annual Caps: The maximum aggregate annual procurement amount from Zhen Ding Group for the years ending December 31, 2026, 2027 and 2028 respectively shall not exceed the caps set out below:

	Year ending December 31,		
	2026	2027	2028
	(in RMB millions)		
Purchase of semi-finished products and finished products	64.3	330.0	400.0
Purchase of equipment and machinery	—	18.6	55.8
Purchase of raw materials	—	2.1	4.5
Total	**64.3**	**350.7**	**460.3**

Basis of Caps: In determining the proposed annual caps for the transactions contemplated under the Framework Purchase Agreement, we have considered, among other things, the following:

- anticipated demand for semi-finished products, finished products, equipment and machinery, and raw materials, taking into account the latest estimated purchase order volumes and delivery schedules provided by the relevant customers;

- in respect of semi-finished products and finished products, the anticipated expansion of our Group's business in the rapidly expanding global IC substrate industry, taking into account, among others, macroeconomic conditions, market demand and industry standards, which is expected to lead to a corresponding increase in demand for our products in order to match our operating needs. According to Frost & Sullivan, from 2025 to 2030, the global IC substrate market is expected to reach US$30.3 billion, representing a CAGR of 15.3%;

- in respect of equipment and machinery, the types of equipment and machinery that we require for establishing the production lines for the products manufactured by Brai Technology;

- in respect of raw materials, the reasonable over-procurement of materials typically required by an OEM in the ordinary course of business to support our normal manufacturing operations; and

- a buffer of 10% in the event of adjustments due to actual production and expansion needs.

7. Scrap and Waste Materials Sales Framework Agreement

Parties: Zhen Ding (as purchaser); and

our Company (as supplier)

Principal terms: We entered into a scrap and waste materials sales framework agreement with Zhen Ding on [*Date*] ("**Scrap and Waste Sales Framework Agreement**"), pursuant to which Zhen Ding Group may purchase various waste materials from us, including mainly various types of scrap metal, scrap non-metallic materials, and scrap equipment, components and tools.

The term of Scrap and Waste Sales Framework Agreement is three years commencing on the [REDACTED], which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. We will separately enter into specific agreements with Zhen Ding Group which will set out the specific terms and conditions in accordance with the principles provided in Scrap and Waste Sales Framework Agreement.

Reasons for the transaction: Certain members of Zhen Ding Group possess the relevant licenses and necessary expertise in waste treatment. These entities operate in our and other Zhen Ding Group members' manufacturing facilities in Shenzhen and Qinhuangdao. By selling waste materials to Zhen Ding Group, our Group is able to generate additional revenue while reducing transportation and logistics costs for selling the same, as these entities are closer to our facilities compared to Independent Third Parties.

Pricing policy: The pricing under the Scrap and Waste Materials Sales Framework Agreement shall be determined through arm's length negotiations between our Group and Zhen Ding Group, taking into account the following factors based on the nature of the different materials.

Industrial and Precious Metals:

For industrial metals (e.g., copper, and nickel) and precious metals (e.g., gold, silver and palladium), the sale price will be based upon the daily publicly quoted unit prices of such metals published on the website of Shanghai Metals Market on the delivery date and an agreed handling fee. Our Group will conduct an annual market review on the pricing by obtaining quotes from at least two Independent Third Parties for comparable products to ensure the terms offered by Zhen Ding Group are on normal commercial terms or better.

Other Waste Materials:

For the sale of other waste materials, the price will be negotiated between the parties on an arm's length basis, with reference to the prevailing market price.

Our Group will conduct an annual market review on the pricing by obtaining quotes from at least two Independent Third Parties for comparable products to ensure the terms offered by Zhen Ding Group are on normal commercial terms or better.

Historical figures: The historical figures of the sales of scrap and waste materials to Zhen Ding Group during the Track Record Period are set out below:

Year ended December 31,			Three months ended March 31,
2023	2024	2025	2026
(in RMB millions)			
—	—	63.9	45.1

Annual Caps: The maximum aggregate annual sales amount to Zhen Ding Group for the years ending December 31, 2026, 2027 and 2028, respectively, shall not exceed the caps set out below:

Year ending December 31,		
2026	2027	2028
(in RMB millions)		
206.5	202.3	219.9

Basis of Caps: The proposed annual caps are determined based on:

(i) the historical amounts of transactions between our Group and Zhen Ding Group during the Track Record Period with respect to the sales of scrap and waste materials;

(ii) the expected increasing volume of scrap and waste materials as a result of our growth in production volume and our expansion in production facilities. As our Group plans to continue to increase our production capabilities, it is expected that the transaction amounts between our Group and Zhen Ding Group with respect of the sales of scrap and waste materials will increase in the foreseeable future;

(iii) the expected prevailing market price of industrial metals (e.g., copper, and nickel) and precious metals (e.g., gold, silver and palladium); and

(iv) a buffer of 10% in the event of adjustments to scrap and waste materials sold due to increased actual production volume and expansion progress of production facilities.

INTERNAL CONTROL MEASURES ADOPTED BY OUR COMPANY IN RESPECT OF CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- we have adopted and implemented a management system on connected transactions. Under such system, the audit committee under the Board is responsible for the review on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the continuing connected transactions. In addition, the Audit Committee under the Board, the Board and various internal departments of our Company are jointly responsible for evaluating the terms of the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;

- the Audit Committee under the Board, the Board and various internal departments of our Company also regularly monitor the fulfillment status and the updates in relation to the continuing connected transactions. In addition, the management of our Company also regularly reviews the pricing policies of the continuing connected transactions;

- our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation in accordance with Rules 14A.55 and 14A.56 of the Listing Rules; and

- when considering the service fees and other fees provided by us to the above connected persons, our Company will continue to regularly research in prevailing market conditions and practices and make reference to the pricing and terms between our Company and Independent Third Parties for similar transactions, to ensure that the pricing and terms offered by the above connected persons, either from bidding procedures or mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties.

THE DIRECTORS' VIEWS

In the view of the Directors (including the independent non-executive Directors), it is in the interests of our Group to continue with all the connected transactions described in this section after the [REDACTED], and that all these transactions are conducted on normal commercial terms or better, were entered into in the ordinary and usual course of business of our Group, the terms are fair and reasonable and are in the interests of the Shareholders as a whole. In addition, the proposed annual caps for the non-exempt continuing connected transactions described above are fair and reasonable and in the interests of the Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

Based on the data and information provided by our Company, having made reasonable inquiries and after due and careful consideration, the Sole Sponsor is of the view that as of the date of this Document, the non-exempt continuing connected transactions described above, and for which waivers have been sought, will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better that are fair and reasonable and in the interests of our Company and its Shareholders as a whole, and that the respective proposed annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

APPLICATION FOR WAIVERS

In respect of the transactions described in "— Partially Exempt Continuing Connected Transactions" above, at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, on an annual basis, be expected to be more than 0.1% but below 5%, the transactions, as aggregated, are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

In respect of the transactions described in "— Non-exempt Continuing Connected Transactions" above, at least one of the relevant "percentage ratios" (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules will, on an annual basis, be expected to be more than 5%, the transactions, are subject to the reporting, annual review, announcement, independent shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

As described above, we expect these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement relating to the continuing connected transactions under Rule 14A.35 of the Listing Rules in respect of the transactions described in "— Partially Exempt Continuing Connected Transactions" and a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements relating to the continuing connected transactions under Rules 14A.35 and 14A.36 of the Listing Rules in respect of the transaction described in "— Non-exempt Continuing Connected Transactions". Save for and to the extent as waived by the Stock Exchange in respect of the transactions described in "— Partially Exempt Continuing Connected Transactions" and "— Non-exempt Continuing Connected Transactions", our Company shall comply at *all* times the relevant requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this Document on the continuing connected transactions referred to in this section, we will take immediate steps to ensure compliance with such new requirements.