Prior to the [**REDACTED**], our Group has entered into certain transactions with parties who will, upon the [**REDACTED**], become connected persons (as defined in the Listing Rules) of our Company. Upon [**REDACTED**], such transactions between us and our connected persons will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules. Details of the non-exempt continuing connected transaction of our Company following the [**REDACTED**] are set out below.

OUR CONNECTED PERSON

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

Names of our connected person	Connected Relationship
Luxshare Precision Industry Co., Ltd. (立訊精密工業股份有限公司) ("**Luxshare Precision**"), a company listed on the Shenzhen Stock Exchange (stock code: 002475).	Luxshare Precision holds 49% of the issued share of Zhuhai Kinwong Flexible, a major subsidiary of the Company. Luxshare Precision is therefore a connected person at the subsidiary level of the Company.

SUMMARY OF OUR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought	Proposed annual cap for the years ending December 31,		
					2026	2027	2028
					(RMB in million)		
Supply of raw materials agreement with Luxshare Precision	Luxshare Precision	Partially-exempt	Rule 14A.35; Rule 14A.101	Announcement	150	200	250

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION — SUPPLY OF RAW MATERIALS AGREEMENT

Background of the Transaction

On April 3, 2025, our Company entered into a purchase of raw materials agreement (the "**Supply of Raw Materials Agreement**") with Luxshare Precision, for itself and on behalf of its associates, pursuant to which, our Group would supply a range of products (including, but not limited to, finished products, semi-finished products, materials, spare parts, components, consumables, as well as related design, research and development, testing, or services) (collectively, the "**Products**") to Luxshare Precision and its associate as they may require from time to time. The Products are used for incorporation into the end products of Luxshare Precision. The specifics of the Products are subject to the procurement order or related transaction notices or documents issued by Luxshare Precision.

The transactions under the Supply of Raw Materials Agreement shall be on terms no less favourable than terms available to independent third parties. The price of the Products offered to Luxshare Precision shall not be higher than the lowest price offered to any third party, nor higher than the reasonable market price. The market reasonable price is determined based on quotations of similar products, including competitors' quotations and our quotations provided to third parties.

The initial term of the Supply of Raw Materials Agreement is three years and can be renewed automatically for successive terms of three years each unless either party provides written notice to the other party to terminate the agreement. Both parties or their respective subsidiaries or associates will enter into separate underlying agreements which will set out the specific terms and conditions for the supply of Products according to the principles provided in the Supply of Raw Materials Agreement.

Reasons for the Transaction

Our Group and Luxshare Precision have a long term, stable relationship and the parties are mutually familiar with each other's business needs and requirements. Based on our previous experience in business dealing with Luxshare Precision, we believe our Group and Luxshare Precision are capable of effectively satisfying each other's demands for the relevant products and services in a stable and reliable manner. Furthermore, as the provision of products and services by our Group to Luxshare Precision will be conducted in the ordinary course of business and on a continuing basis, the provision of these products and services to Luxshare Precision will also provide a stream of recurrent income and enhance our Group's financial performance.

Taking into account (i) the leading position of Luxshare Precision in the precision intelligent manufacturing sector; (ii) Luxshare Precision's large client base and strong market presence; and (iii) the established long-term relationship between our Group and Luxshare Precision, it is commercially sensible and beneficial for our Group to continue the Supply of Raw Materials Agreement.

Consideration and Pricing Policies

The prices to be charged by our Group for the Products to be supplied to Luxshare Precision and its associates pursuant to the Supply of Raw Materials Agreement shall be determined by commercial negotiation between the parties according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of products, transaction volume and the prices for the supply of products of similar nature, type and quantity by our Group to other Independent Third Parties in the market.

Historical Amounts

For the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, the historical transaction amounts with respect to the supply of Products by our Group to Luxshare Precision and its associates were approximately RMB49.3 million, RMB89.8 million, RMB81.6 million, RMB27.3 million and RMB38.1 million, respectively.

Annual Caps

The following table sets forth the proposed annual caps for the annual transaction amounts to be paid by Luxshare Precision and its associates to us under the Supply of Raw Materials Agreement:

	For the years ending December 31,		
	2026	**2027**	**2028**
		(RMB in million)	
Total fees to be paid to us by Luxshare Precision and its associates	150	200	250

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions between our Group and Luxshare Precision and its associates (which were approximately RMB49.3 million, RMB89.8 million, RMB81.6 million, RMB27.3 million and RMB38.1 million for the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026, respectively) in respect of our supply of the Products;

(ii) the existing contract value, and the projected level of supply of the Products with an annual increase of 10%-20% by our Group to Luxshare Precision and its associates to meet the needs of their future business development. The projected annual growth rate of 10%-20% is based on (a) the historical transaction growth trend between our Group and Luxshare Precision and its associates; (b) the anticipated expansion of Luxshare Precision's production capacity and market share in the consumer electronics and automotive sectors; (c) our Group's planned increase in manufacturing capacity and product development capabilities to accommodate such anticipated demand; and (d) management's assessment of the long-term strategic cooperation between the parties, which is expected to strengthen over time; and

(iii) other factors including but not limited to (a) the expected unit prices of our Products with an annual increase of 10%-20%, taking into account the anticipated increase in costs and expenses relating to raw materials labour, etc.; (b) exchange rate fluctuations; and (c) market trends and potential fluctuations in demand arising from changes in market conditions.

Listing Rules Implications

Luxshare Precision holds 49% of the issued share of Zhuhai Kinwong Flexible, a major subsidiary of the Company. Luxshare Precision is therefore a connected person at the subsidiary level of the Company.

As the highest applicable percentage ratio of the transactions under the Supply of Raw Materials Agreement for each of the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 1% but below 5% and the transactions are between our Group and a connected person at the subsidiary level, such transactions will, upon the [**REDACTED**], constitute continuing connected transactions of our Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.36 of the Listing Rules according to Rule 14A.101 of the Listing Rules.

INTERNAL CONTROL PROCEDURES ADOPTED BY THE COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENT

Our Group adopts the following internal control measures to ensure that the transactions will be carried out in accordance with the terms of the Supply of Raw Materials Agreement, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- we have adopted a connected transactions management policy for the purpose of ensuring that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

- prior to the execution of the underlying agreements for the supply of Products to Luxshare Precision and/or its associates, the operation department of the relevant business sector of our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered to Independent Third Parties (as the case may be) to ensure that the supply of Products to Luxshare Precision and/or its associates shall be on terms no less favourable to our Group than those offered by our Group to Independent Third Parties;

- the finance team of our Group shall regularly examine the pricing of the transactions under the Supply of Raw Materials Agreement to ensure that those transactions are conducted in accordance with the pricing terms therein;

- the internal control team of our Group shall periodically review the pricing of the transactions under the Supply of Raw Materials Agreement against the prices negotiated between our Group and Independent Third Parties for similar products, to ensure that the terms of the underlying agreements for supply of the Products to Luxshare Precision and its associates are not less favorable to our Group than terms between our Group and the Independent Third Parties;

- the finance and business teams of our Group shall periodically monitor the transaction amount under the Supply of Raw Materials Agreement and, when it is expected that the transaction amount might exceed the annual cap, promptly report in accordance with our Group's connected transactions management policy to ensure that the Company complies with all the applicable requirements under the Listing Rules, including to revise the relevant annual cap when appropriate;

- the legal team of our Group has reviewed the terms of the Supply of Raw Materials Agreement and shall in case of any proposed change to the major terms of the transactions, ensure that the Company complies with all the applicable requirements under the Listing Rules, including but not limited to publishing an announcement; and

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

APPLICATION FOR AND CONDITIONS FOR WAIVER

In respect of the transactions as contemplated under the Supply of Raw Materials Agreement as described above, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules subject to the condition that the aggregate value of such continuing connected transactions for the years ending December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.

DIRECTORS' CONFIRMATION

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

JOINT SPONSORS' CONFIRMATION

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the above partially-exempt continuing connected transaction; (ii) obtained necessary representations and confirmations from our Company and the Directors, and (iii) participated in the due diligence and discussions with the management of our Group.

Based on the above, the Joint Sponsors are of the view that the aforesaid partially-exempt continuing connected transaction, for which a 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 partially-exempt continuing connected transaction are fair and reasonable and in the interests of our Company and our Shareholders as a whole.