

---

## CONTINUING CONNECTED TRANSACTIONS

---

### OVERVIEW

Prior to the [REDACTED] Date, we have entered into certain transactions with parties who will, upon the [REDACTED], become connected persons of our Company. Following completion of the [REDACTED], these will also be continuing connected transactions of our Company under the Listing Rules. Details of these transactions as well as the waiver [granted] by the Stock Exchange from strict compliance with the relevant requirements in Chapter 14A of the Listing Rules are set out below.

### NON-FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### (i) Framework Sales Agreement

According to the sales of goods agreement between us and Sum Group on [●] 2020 (“**Framework Sales Agreement**”), we [have agreed] to sell, and Sum Group [has agreed] to purchase, cleanroom wall and ceiling systems and cleanroom equipment (including components and parts) (“**Products**”) within the annual caps for aggregate sales amount set out in the paragraphs headed “Annual caps” below. The term for the Framework Sales Agreement is from the date of [REDACTED] to 31 December 2021.

#### *Relevant connected person*

Mr. Ng, one of our Controlling Shareholders, owns 45.3% of Sum System and 51.0% of Sum Technic. Accordingly, each member of Sum Group is an associate of Mr. Ng and a connected person of our Company under Chapter 14A of the Listing Rules.

#### *Historical sales amount*

The aggregate amount of our sales to Sum Technic for FY2017, FY2018 and FY2019 were nil, approximately RMB7.8 million and RMB0.7 million, respectively.

#### *Annual caps*

In accordance with the Listing Rules, our Company has set annual caps for the maximum aggregate sales amount from our Group to Sum Group for the financial years ending 31 December 2020, 2021 and 2022 at RMB10 million, RMB15 million, and RMB5.5 million, respectively.

The abovementioned annual caps are determined taking into account: (i) the historical sales amount to Sum Technic during the Track Record Period, (ii) our production capacity, and (iii) the expected estimated demand of Sum Group. Our Directors consider that the abovementioned annual caps are reasonably determined pursuant to the Listing Rules.

#### *Pricing basis*

The selling price of the goods will be set out in a separate purchase order in respect of each transaction under the Framework Sales Agreement. The selling price for each purchase order shall be determined with reference to, including but not limited to:

---

## CONTINUING CONNECTED TRANSACTIONS

---

- (a) the costs of our Products, including costs of raw materials, labour costs and production equipment depreciation) as calculated by our accounts department;
- (b) the prevailing market price of relevant Products of comparable quality, specifications and quantities and applicable foreign exchange rates (the "**Prevailing Market Terms**") based on market information collected by us from time to time; and
- (c) where applicable, the terms agreed with our Independent Third Party customers for Products of comparable quality, specifications and quantities and applicable foreign exchange rates in recent transactions (the "**Independent Product Pricing Terms**").

Based on the above, we will price our Products with its costs as a benchmark, upon which we will determine the final prices for sale to Sum Group for the respective purchase orders under the Framework Sales Agreement by comparing against the Prevailing Market Terms or Independent Product Pricing Terms, depending on the availability of such information at the relevant time. The price and the terms of the purchase order shall be agreed after arm's length negotiation between us and Sum Group based on normal commercial terms, and in any event shall be no less favourable to us than terms offered to Independent Third Parties.

### Listing Rules implications

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5%, the transactions contemplated under the Framework Sales Agreement will constitute continuing connected transactions exempt from the circular and independent shareholders' approval requirements but subject to the announcement requirement under Chapter 14A of the Listing Rules.

### (ii) Project Management Service Contracts

We tendered for a project to supply our cleanroom wall and ceiling systems products, together with project management services as well as installation services, for a new cleanroom facility project in Malaysia of a U.S. semiconductor company ranked within the top 50 companies on the Fortune 500 list ("**Relevant Project**"). The contract value of the Relevant Project was approximately RMB28.7 million. In April 2019, CSA Technic was awarded the contract. The project commenced in July 2019 and is expected to complete in June 2020. We are currently handling variation works for the Relevant Project. We also expect phase 2 of the Relevant Project ("**Relevant Project Phase 2**") will commence in mid-2021. As we do not provide project management service, to meet our contractual obligations under the variation orders of the Relevant Project and the Relevant Project Phase 2, we have continued to engage Sum Technic to provide project/construction management service for the variation orders of the Relevant Project and intend to engage Sum Technic to manage the Relevant Project Phase 2.

In May and July 2019, we placed a number of purchase orders to Sum Technic for its project /construction management services under the Relevant Project ("**Project Management Service Contracts**"). Pursuant to the Project Management Service Contracts, the total engagement fee payable by us to Sum Technic is RM2.0 million (i.e. approximately RMB3.3 million). Subsequent

---

## CONTINUING CONNECTED TRANSACTIONS

---

to the completion of the Relevant Project, we continue to engage Sum Technic for its management services as we continue to undertake variation works for the facility. We also expect to continue to engage Sum Technic for the Relevant Project Phase 2.

### ***Relevant connected person***

See the paragraph headed "Framework Sales Agreement — Relevant connected person" in this section.

### ***Historical engagement fee under the Relevant Project***

The aggregate amount of engagement fee paid by us to Sum Technic under the Relevant Project for FY2017, FY2018 and FY2019 were nil, nil and RM2.0 million (i.e. RMB3.3 million), respectively.

### ***Annual caps***

In accordance with the Listing Rules, we have set annual caps for the maximum aggregate engagement fee payable by us to Sum Technic for the financial years ending 31 December 2020 and 2021 at RM0.3 million (i.e. RMB0.5 million) and RM2.0 million (i.e. RMB3.3 million), respectively.

The abovementioned annual caps are determined taking into account (i) the expected amount and project progress of variation work for the Relevant Project based on our experience; and (ii) the total engagement fee payable by us to Sum Technic for project/construction management service for the Relevant Project Phase 2 of RM2.0 million. Our Directors consider that the abovementioned annual caps are reasonably determined pursuant to the Listing Rules.

### **Listing Rules implications**

As each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated for the purpose of Chapter 14A of the Listing Rules will be more than 0.1% but less than 5%, the transactions contemplated under the Project Management Service Contracts will constitute continuing connected transactions exempt from the circular and independent shareholders' approval requirements but subject to the announcement requirement under Chapter 14A of the Listing Rules.

## **WAIVER**

### **Application for Waiver**

As the non-fully exempt continuing connected transactions have been disclosed in the document, our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be unduly burdensome and add unnecessary administrative costs on our Company. Accordingly, pursuant to Rules 14A.102 and 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the announcement requirement under Rules 14A.35 of the Listing Rules, once our Shares are listed on the Stock Exchange in respect of such non-exempt continuing connected transactions, subject to the aggregate amount of the non-exempt continuing connected

---

## CONTINUING CONNECTED TRANSACTIONS

---

transactions for the financial years ending 31 December 2020, 2021 and 2022 not exceeding the relevant annual cap amounts as stated above.

### **Opinion of our Directors**

Our Board [has] approved the non-fully exempt continuing connected transactions described above. Further, our Directors (including our independent non-executive Directors) have confirmed that (i) the terms of such non-fully exempt continuing connected transactions are fair and reasonable; (ii) such non-fully exempt continuing connected transactions are on normal commercial terms or better and are in the interest of our Group and our Shareholders as a whole; (iii) such non-fully exempt continuing connected transactions have been entered into and will be carried out in the ordinary and usual course of our business; and (iv) the proposed annual caps for the non-fully exempt continuing connected transactions are fair and reasonable and in the interest of our Group and our Shareholders as a whole.

### **Confirmation from the Sole Sponsor**

Having taken into account the factors set out above, the Sole Sponsor is of the view that (i) the terms of the non-fully exempt continuing connected transactions are fair and reasonable; (ii) the non-fully exempt continuing connected transactions are on normal commercial terms or better and are in the interest of our Group and our Shareholders as a whole; (iii) the non-fully exempt continuing connected transactions has been entered into and will be carried out in the ordinary and usual course of our business; and (iv) the proposed annual caps for the non-fully exempt continuing connected transactions are fair and reasonable and in the interest of our Group and our Shareholders as a whole.