OVERVIEW

Prior to the [REDACTED], in our ordinary and usual course of business, our Company has entered into a number of transactions with our connected persons as defined under Chapter 14A of the Hong Kong Listing Rules. Upon [REDACTED], the transactions disclosed in this section will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

Following the [REDACTED], we expect to continue our transactions with the following parties which will be connected persons of our Company under the Hong Kong Listing Rules:

Name	Connected relationship
SAIC Motor Corporation Limited (上海汽車集團股份有限公司) ("**SAIC Motor**") and its subsidiaries ("**SAIC Group**")	As of the Latest Practicable Date, SAIC Motor indirectly held approximately 14.24% interest in our share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), SAIC Motor will hold approximately [REDACTED]% interest in our share capital and will therefore be our substantial Shareholder and a connected person.
Qingtao Power Technology (Shanghai) Co., Ltd. (清陶動力科技(上海)有限公司) ("**Qingtao Power**")	Qingtao Power is a non-wholly owned subsidiary of our Company and is indirectly owned as to more than 10% by SAIC Motor through HASCO, and therefore constitutes a connected subsidiary of our Company under Rule 14A.16 of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. SAIC MOTOR PRODUCT SALE FRAMEWORK AGREEMENT

Principal Terms

On [●] 2026, to facilitate and regulate the ongoing transaction with SAIC Group, our Company entered into an agreement with SAIC Motor (the "**SAIC Motor Product Sale Framework Agreement**"), pursuant to which, from time to time, SAIC Group will procure the solid-liquid hybrid EV batteries from our Company and our subsidiaries.

The initial term of the SAIC Motor Product Sale Framework Agreement will commence from the [REDACTED] and expire on December 31, 2028. The SAIC Motor Product Sale Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules. Subject to the terms of the SAIC Motor Product Sale Framework Agreement, our Group will enter into specific agreements with the SAIC Group to set out specific terms and conditions when necessary, according to the principles and scope provided for under the SAIC Motor Product Sale Framework Agreement.

Reasons for and benefits of the Transactions

Historically, SAIC Group has been procuring EV battery cells and small battery systems from our Group and worked with our Group on conducting research and development. Following the successful development and delivery of the solid-liquid hybrid batteries with energy density of 368

Wh/kg in 2021, we established a joint laboratory with SAIC Motor in 2022. Thereafter, in 2023, in order to further deepen our long term strategic partnership with SAIC Group, we formed a joint venture, Qingtao Power (formerly known as Shanghai SAIC Qingtao Energy Technology Co., Ltd. (上海上汽清陶能源科技有限公司)), with SAIC Group to support ongoing research and development for specific batteries to be installed in particular vehicle models offered by SAIC Motor. According to Frost & Sullivan, forming a joint venture with an automotive OEM is in line with market practice. SAIC Group and our Company have both made substantial investments in, and provided strong support to, the joint venture, including through the provision of research and development resources and other intellectual property rights. We both share the common objective to jointly develop new and advanced technology and introduce such technology to the market by incorporating it into new vehicle models of SAIC Group. Under this arrangement, SAIC Group shall procure the batteries to be installed in SAIC Motor’s particular vehicle models from Qingtao Power, instead of other companies in our Group. Subsequently, Qingtao Power developed the manganese-based solid-liquid hybrid EV batteries in 2024 and completed the vehicle installation and on-road testing in 2025. Compared with conventional liquid-state battery technologies, the manganese-based solid-liquid hybrid EV batteries will offer better safety performance and enhanced low-temperature performance.

Leveraging on the research and development experience gained by Qingtao Power, and against the backdrop of this collaboration, Qingtao Power shifted its focus from research and development to the sale of battery-related products and accessories since the end of 2025, with SAIC Motor being one of its largest customers. Since then, Qingtao Power has served as a sales window and a platform for project management and R&D coordination for our sales of solid-liquid hybrid EV batteries to SAIC Group for installation in specific vehicle models through its self-manufacturing and the procurement from our Company and/or other subsidiaries of our Company. Over the years, we have maintained a good business relationship with SAIC Group and are familiar with SAIC Group’s business requirements, quality standards, and operational demands. Qingtao Power has the relevant skills and knowledge to facilitate communication with SAIC Group on technical issues and support system development of the products. This helps reduce communication and implementation costs, as well as facilitate smooth transaction.

Meanwhile, this will enable our Group to better leverage on the industry scale, manufacturing capabilities, product portfolio and market access of SAIC Group to accelerate the commercialization of our solid-state battery technology. On the other hand, there are limited number of suppliers of solid-liquid hybrid EV batteries in the PRC. Since our Company is the largest supplier of such batteries in the PRC, according to Frost & Sullivan, working with our Group allows SAIC Motor to (i) enjoy priority access to newly developed products and thereby gain a first-mover advantage; (ii) secure stable and adequate supplies from our Company; and (iii) leverage on our Company’s production capacity and technological expertise to support the mass production and launch schedule of specific vehicle models. Therefore, entering into the SAIC Motor Product Sale Framework Agreement is commercially reasonable and serves the interests of both parties, taking into account their mutual strategic and commercial needs.

Pricing Policy

The prices of transactions contemplated under the SAIC Motor Product Sale Framework Agreement shall be determined through commercial negotiation between the parties on an arm's length basis and on normal commercial terms and on terms no less favourable to our Group than terms available to or from (as applicable) other Independent Third Parties. Such pricing shall primarily taking into account the following factors:

(i) *the market positioning of the relevant vehicle models:* we will consider the marketing positioning of vehicles models of SAIC Group, including the expected price range of the vehicle models, including MG4, MG4X and other vehicle models to be launched between 2026 and 2028, and the sales regions in which such vehicle models are marketed. Such expected price range will be used as a benchmark for setting our unit price;

(ii) *the prevailing market price of the batteries installed in similar vehicle models of the same tier in the market:* we will take into account the prevailing market price of the batteries installed in similar vehicle models of the same tier in the market. Such prevailing market price will be used as a benchmark for setting our unit price;

(iii) *the prices of similar products offered by our Group to other Independent Third Parties:* we will review and benchmark the selling prices of similar products offered by our Group to other customers, while taking into account, among other things, the technological advancement and the specifications of solid-liquid hybrid EV batteries;

(iv) *the expected increase in market shares and higher profit margin:* we will consider the expected number of orders to be placed as with larger sales volume and scale, our production costs are expected to decrease through economies of scale, thereby allow us to enjoy the competitive edge in terms of costs and achieve a higher profit margin. We also believe that offering a competitive price for our newly introduced products will allow our Company to achieve market penetration and increase our market shares; and

(v) *Costs incurred during the Track Record Period by our Company and costs to be incurred by Qingtao Power in the next three years:* Qingtao Power will procure the solid-liquid hybrid EV batteries from our Company. When determining the unit price, the solid-liquid hybrid EV batteries procured by Qingtao Power from our Company shall be further sold to SAIC Group at a price determined with reference to Qingtao Power's expected costs to be incurred in the next three years, including (i) expected costs to be incurred for research and development, (ii) the provision of technical support and system development, and (iii) sales and marketing expenses. The costs incurred by our Company in relation to the supply of the solid-liquid hybrid EV batteries to Qingtao Power during the Track Record Period are taken into account, including (i) raw material costs, (ii) manufacturing costs and (iii) labour expenses.

Historical Transaction Amounts

Historically, SAIC Group has procured EV battery cells and small battery systems from our Group. Following the successful development of the solid-liquid hybrid EV batteries in 2024 and the commencement of the mass production of these products at the end of 2025, the transaction between our Group and SAIC Group has been focusing on the sale and supply of solid-liquid hybrid EV batteries.

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts for the supply of EV battery cells and small battery systems to SAIC Group were approximately nil, nil and RMB54.3 million, respectively.

Proposed Annual Cap and Basis of Cap

Our proposed annual caps of the product sales to SAIC Group under the SAIC Motor Product Sale Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB1.0 billion, RMB5.0 billion and RMB9.5 billion, respectively.

Against the backdrop of our collaboration with SAIC Group, Qingtao Power began selling solid-liquid hybrid EV batteries to SAIC Group. Such solid-liquid hybrid EV batteries were newly developed by Qingtao Power and were first introduced to the market in 2025, without any track record prior to such introduction, according to Frost & Sullivan. The solid-liquid hybrid EV batteries will be installed in the SAIC Motor's vehicle models launching between 2026 and 2028. Accordingly, the historical transaction records between our Group and SAIC Group are not considered as a meaningful reference for determining the proposed annual caps of the SAIC Motor Product Sale Framework Agreement. Instead, the proposed annual caps have been determined with reference to, among other things, the following factors:

(i) anticipated volume of future orders from SAIC Group based on the estimation between our Company and SAIC Group reflecting SAIC Group's current demand from our Company, which amounted to approximately 60,000 sets, 500,000 sets and 780,000 sets for 2026, 2027 and 2028, respectively. Such substantial increase in SAIC Group's orders is due to SAIC Group's expected launch schedule of specific vehicle models. 2026 marks the initial stage of transactions for several vehicle models of SAIC Motor, including (a) All-New MG4 and MG4X to be launched in 2026, and (b) other vehicle models expecting to be launched between 2026 and 2028. As a result, the types and the number of vehicle models equipped with solid-liquid hybrid EV batteries in 2027 and 2028 are expected to increase significantly as compared to 2026.

(ii) our expected production capacity over the next three years of approximately 50% will be allocated to SAIC's future potential orders;

(iii) the unit price of the solid-liquid hybrid EV batteries to be installed in SAIC Motor's vehicle models launching between 2026 to 2028 determined with reference to the price policy abovementioned;

(iv) the unit price of solid-liquid hybrid EV batteries offered by other companies of our Group. Since the production facility of Qingtao Power is expected to commence operation in the second half of 2026, its production capacity will not be able to fully meet SAIC Group's demand for solid-liquid hybrid EV batteries launching in the period from 2026 to 2028. Therefore, Qingtao Power will procure solid-liquid hybrid EV batteries from other companies of our Group; and

(v) the rapid development of the new energy vehicle industry, which has led to increasing demand for solid-liquid hybrid and all-solid-state EV batteries with high performance. According to Frost & Sullivan, the global shipment volume of solid-liquid hybrid and all-solid-state EV batteries is forecast to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030; and

(vi) the annual caps were calculated based on the unit prices for various batteries to be installed in different vehicle models launching by SAIC Motor between 2026 and 2028 and the anticipated number of orders from SAIC Group.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the transactions under the SAIC Motor Product Sale Framework Agreement are expected to exceed 5% on an annual basis, such transactions will, upon the [REDACTED], be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. PRODUCT SALE FRAMEWORK AGREEMENT

Principal Terms

On [●] 2026, the Company entered into an agreement with Qingtao Power (the "**Product Sale Framework Agreement**"), pursuant to which, our Group agrees to sell solid-liquid hybrid EV batteries to Qingtao Power.

The initial term of the Product Sale Framework Agreement will commence from the [REDACTED] and expire on December 31, 2028. The Product Sale Framework Agreement will be subject to negotiation at renewal with mutual consent and in compliance with the requirements of the Listing Rules. Subject to the terms of the Product Sale Framework Agreement, our Group will enter into specific agreements with the Qingtao Power to set out specific terms and conditions when necessary, according to the principles and scope provided for under the Product Sale Framework Agreement.

Reasons for and benefits of the Transactions

Qingtao Power is a non-wholly owned subsidiary of our Company and serves as our sales windows and a platform for project management and R&D coordination for our sales to SAIC Group, which is primarily engaged in the research and development, production, and sales of EV batteries and accessories. See "1. SAIC Motor Product Sale Framework Agreement" above for further details on the transaction and relationship between Qingtao Power and SAIC Group. While Qingtao Power will have its own production capacity in the second half of 2026, its production capacity will not be able to meet SAIC Group's demand for solid-liquid hybrid EV batteries for the period from 2026 to 2028, as such, it requires external procurement. Such solid-liquid hybrid EV batteries are expected to be installed in vehicle models launching between 2026 and 2028. As we are familiar with Qingtao Power's business requirements, quality standards, and operational demands for the battery-related products, engaging in sale arrangements with Qingtao Power enables our Group to effectively control the transaction risk and communication costs during the sale process and is beneficial to the business development of our Group. In addition, leveraging on Qingtao Power's sale network, cooperating with Qingtao Power would help expanding our Group's overall sales scale and driving our revenue growth.

By jointly addressing broader market demand through resource integration and consolidated sales channels, such cooperations provide mutual benefits for both our Group and Qingtao Power, which in turn may allow synergies and enhance business growth.

Pricing Policy

The prices of transactions contemplated under the Product Sale Framework Agreement shall be determined through commercial negotiation between the parties on an arm's length basis, and on normal commercial terms and on terms no less favourable to our Group than terms available to or from (as applicable) other Independent Third Parties. Such pricing shall primarily take into account the following factors:

(i) *the market positioning of the relevant vehicle models:* we will consider the marketing positioning of vehicles models of SAIC Group, including expected price range of the vehicle models including All-New MG4, MG4X and other vehicle models to be launched between 2026 and 2028, and the sales regions in which such vehicle models are marketed. Such expected price range will be used as a benchmark for setting our price;

(ii) *the prevailing market price of similar vehicle models in the market:* we will take into account the prevailing market prices of similar vehicle models in the market. Such prevailing market price will be used as a benchmark for setting our unit price;

(iii) *the prices of similar products offered by our Group to other Independent Third Parties:* we will review and benchmark the selling prices of similar products offered by our Group to other customers, while taking into account, among other things, the technological advancement and the specifications of the solid-liquid hybrid EV batteries;

(iv) *the expected increase in market shares and higher profit margin:* we will consider the expected number of orders to be placed as with larger sales volume and scale, our production costs are expected to decrease through economies of scale, thereby allow us to enjoy the competitive edge in terms of costs and achieve a higher profit margin. We also believe that offering a competitive price for our newly introduced products will allow our Company to achieve market penetration and increase market shares; and

(v) *the costs incurred during the Track Record Period by our Company:* we will take into account the costs incurred during the Track Record Period by our Company, including raw material costs, manufacturing cost and labor expenses.

Historical Transaction Amounts

Historically, Qingtao Power has procured EV battery cells and small battery systems from our Group. Following the successful development of the solid-liquid hybrid EV batteries in 2024 and to fulfill the delivery schedule of these products to Qingtao Power for meeting the SAIC Group's demand over the next three years, the transaction between our Group and SAIC Group has been focusing on the sale and supply of solid-liquid hybrid EV batteries since the end of 2025.

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts for our supply of EV battery cells and small battery systems to Qingtao Power were approximately nil, RMB3.5 million and RMB54.0 million, respectively.

Proposed Annual Cap and Basis of Cap

The proposed annual caps of the transaction amount to be paid to us by Qingtao Power under the Product Sale Framework Agreement for the years ending December 31, 2026, 2027 and 2028 are approximately RMB600.0 million, RMB2.0 billion and RMB5.0 billion, respectively.

During the Track Record Period, Qingtao Power primarily focused on product research and development. By the end of 2025, Qingtao Power began procuring products from our Group for external sales. Accordingly, the historical transaction records between our Group and Qingtao Power are not considered a meaningful reference for determining the proposed annual caps of the Product Sale Framework Agreement. Instead, the proposed annual caps have been determined with reference to, among other things, the following factors:

(i) the current business relationship between Qingtao Power and SAIC Group and the anticipated volume of future orders from Qingtao Power and SAIC Group;

(ii) the unit price of the products, which takes into account expected costs and expenses, including raw material costs, manufacturing cost, labor expenses, and prevailing market trends;

(iii) the production capacity of Qingtao Power in the years ending December 31, 2026, 2027 and 2028 and the demand for solid-liquid hybrid EV batteries from our Company and other subsidiaries. The production capacity of Qingtao Power is expected to be approximately 10 GWh, 20 GWh and 30 GWh in 2026, 2027 and 2028, respectively, which will be allocated to meet the SAIC's demand in 2027, 2028 and 2029. Accordingly, Qingtao Power would rely on our Company to fulfill SAIC Power's demand in 2026. Further, Qingtao Power's production capacity in 2026 and 2027 is expected to represent approximately 60% and 80% of SAIC Group's demand in 2027 and 2028, respectively;

(iv) the rapid development of the new energy vehicle industry, which has led to increasing demand for solid-liquid hybrid and all-solid-state EV batteries with high performance. According to Frost & Sullivan, the global shipment volume of solid-liquid hybrid and all-solid-state EV batteries is forecast to accelerate rapidly between 2026 and 2030 at a CAGR of approximately 177.2%, reaching approximately 605.0 GWh by 2030; and

(v) the annual caps were calculated based on the unit prices for various batteries to be installed in different vehicle models launching by SAIC Motor between 2026 and 2028 and the anticipated number of orders from Qingtao Power.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the transactions under the Product Sale Framework Agreement are expected to exceed 5% on an annual basis, such transactions will, upon the [REDACTED], be subject to the reporting, annual review, announcement and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF OUR DIRECTORS

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

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the non-exempt continuing connected transactions above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In relation to the continuing connected transactions above, we have applied for, and the Stock Exchange [has] granted to us, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirement under Chapter 14A of 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 ended December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.