Upon **[REDACTED]**, certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which are expected to continue after the **[REDACTED]** and will constitute continuing connected transactions of our Company:

Name of our connected persons	Connected Relationship
Chery and its associates	Chery Technology, our substantial Shareholder holding **[REDACTED]**% of our Shares upon completion of the **[REDACTED]** (excluding A Shares to be issued upon the conversion of the outstanding 2025 Convertible Bonds, and assuming the **[REDACTED]** is not exercised and there are no other changes made to the issued share capital of our Company between the Latest Practicable Date and the **[REDACTED]**), is a wholly-owned subsidiary of Chery. As such, Chery is an associate of Chery Technology, and Chery and its associates (the "**Chery Connected Persons**") constitute connected persons of our Company under the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Subject of transactions	Applicable Listing Rule	Waiver sought
Sales Framework Agreement	Chery	Sales of automotive components and parts by our Group to Chery Connected Persons	Rules 14A.35, 14A.36 and 14A.105	Announcement, circular and independent Shareholders' approval
		Reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons	Rules 14A.35 and 14A.105	Announcement
R&D Service Framework Agreement	Chery	Provision of the technology development service by our Group to Chery Connected Persons	Rules 14A.35 and 14A.105	Announcement

CONTINUING CONNECTED TRANSACTIONS

Sales Framework Agreement

On [•], our Company, for itself and on behalf of its subsidiaries, entered into a sales framework agreement (the "**Sales Framework Agreement**") with Chery, for itself and on behalf of its associates, pursuant to which, our Group agreed to sell and Chery Connected Persons agreed to purchase automotive components and parts, including but not limited to mechanical braking products, intelligent electronic control products and mechanical steering products, and our Group agreed to make the reimbursement for after-sales warranty services for products sold by our Group to Chery Connected Persons.

The initial term of the Sales Framework Agreement will commence on the **[REDACTED]** and end on December 31, 2026. Our Group and Chery Connected Persons will enter into separate underlying agreements which will set out the specific terms and conditions for the sales of automotive components and parts and the reimbursement for after-sales warranty services for such products sold by our Group to Chery Connected Persons according to the principles provided in the Sales Framework Agreement.

Pricing Policy

Automobile components and parts have historically been, and will continue to be, priced with reference to a combination of factors, including costs of materials, procurement costs, selling and administrative costs, package and logistics expenses which are attributable to the production of such products.

Based on the above factors, each finished automotive components and parts is ascribed a unit cost. The prices of such products are determined in the following order: (i) at prices not higher than the market prices, which represents (a) the price for provision of the same or similar products by the Independent Third Parties located in the same region or adjacent areas on normal commercial terms in the ordinary course of business; or (b) the price for provision of the same or similar products by the Independent Third Parties in the PRC on normal commercial terms in the ordinary course of business; and (ii) if no comparable market price, at prices with reference to actual costs or reasonable costs (whichever is lower) incurred plus a profit margin within the pre-agreed arm's length range.

For the reimbursement for after-sales warranty services for products sold by our Group to Chery Connected Persons, it shall be agreed at arm's length negotiation between the parties in the following order: (i) if such reimbursement is subject to government-prescribed price, the price is determined by the parties according to government-prescribed price, which represents the price determined in accordance with the laws, regulations, decisions, orders or pricing policies of the relevant government authorities; (ii) if such reimbursement is not subject to government-prescribed price, their price is determined by the parties with reference to the market price, which represents (a) the price for reimbursement of the same or similar products by the Independent Third Parties located in the same region or adjacent areas on normal commercial terms in the ordinary course of business; or (b) the price for reimbursement of the same or similar products by the Independent Third Parties in the PRC on normal commercial terms in the ordinary course of business; or (iii) if such reimbursement is not subject to government-prescribed price and market price, the price is determined by the parties with reference to, among others, actual costs of materials and procurement incurred, relevant tax and insurance, projected hourly cost for the after-sales staff as well as the agreed allocation ratio for such reimbursement between our Group and Chery Connected Persons.

Our Group will make reference to the quotations and terms of not less than two Independent Third Parties in respect of the relevant products in order to assess and review whether the quotations and terms of the products provided by us to Chery Connected Persons and the reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons are fair and reasonable and are no less favorable than those provided by our Group to such Independent Third Parties.

Historical Amounts and Proposed Annual Caps

Set out below are the historical transactions between our Group and Chery Connected Persons with respect to the transactions contemplated under Sales Framework Agreement during the Track Record Period and the proposed annual cap for the year ending December 31, 2026:

	Historical transaction amounts			Proposed annual cap
	For the year ended December 31,			For the year ending December 31,
Transaction	**2023**	**2024**	**2025**	**2026**
	RMB 000	*RMB 000*	*RMB 000*	*RMB 000*
Sales of automotive components and parts by our Group to Chery Connected Persons	2,724,257	4,345,385	4,643,823	6,674,320
Reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons.	7,073	12,489	13,131	24,445

The above proposed annual caps are determined with reference to:

(i) historical amounts of sales of automotive components and parts by our Group to Chery Connected Persons during the Track Record Period;

(ii) historical amounts of reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons during the Track Record Period;

(iii) existing orders and contracts between our Group and Chery Connected Persons, as well as the expected orders and contracts in the foreseeable future, after taking into account the macroeconomic conditions, the development strategies and business expansion plan of our Group, and the estimated sales volume of approximately 6.5 million pieces of mechanical braking products, approximately 4.8 million units of intelligent electronic control products and approximately 1.7 million units of mechanical steering products from our Group to Chery Connected Persons;

(iv) production capabilities of our Group and operation needs of Chery Connected Persons; and

(v) the prevailing market price of the comparable products.

Reasons for the Transactions

Our Company believes that the transactions contemplated thereunder would benefit our Group for the following reasons:

(i) the sales of automotive components and parts as well as the reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons will be at competitive prices not less favorable than those that our Group provide to Independent Third Parties;

(ii) Chery is a leading passenger vehicle manufacturer designing, developing, producing and selling ICE vehicles and NEVs under five major brands, namely CHERY, JETOUR, EXEED, iCAR and LUXEED, with special specifications to our products from time to time to cope with its production needs. the transactions contemplated thereunder can expand our revenue and broaden our customer base as well as the sale networks for our products;

(iii) the reimbursement for after-sales warranty services in respect of sold products enables our Group to enhance after-sale quality management, reduce potential after-sales risks and support continuous product improvement, while allowing quality-related costs to be separately and transparently charged in accordance with normal commercial practices;

(iv) Chery Connected Persons and we have established a long-term relationship and understand the business plan and quality control of each other.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the annual cap for the sales of automotive components and parts by our Group to Chery Connected Persons under the Sales Framework Agreement is expected to exceed 5%, such continuing connected transactions are subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap for the reimbursement for after-sales warranty services for sold products made by our Group to Chery Connected Persons under the Sales Framework Agreement is expected to exceed 0.1% but be less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

R&D Service Framework Agreement

On [•], our Company, for itself and on behalf of its subsidiaries, entered into a R&D service framework agreement (the "**R&D Service Framework Agreement**") with Chery, for itself and on behalf of its associates, pursuant to which, our Group agreed to provide the R&D services as required, including but not limited to the R&D for automobiles and key automobile components and parts, technical verification and testing, and technical consultation services, to Chery Connected Persons.

The initial term of the R&D Service Framework Agreement will commence on the **[REDACTED]** and end on December 31, 2026. Our Group and Chery Connected Persons will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of R&D service according to the principles provided in the R&D Service Framework Agreement.

Pricing Basis

The services fees under the R&D Services Framework Agreement shall be determined based on (i) market rates for comparable R&D services (i.e. prices at which Independent Third Parties in the same region provide the same or similar services on normal commercial terms in the ordinary course of business in respect of comparable projects); or (ii) cost-plus basis if there are no comparable market rates after taking into account the various aspects of the projects, such as project scale, development period, technical difficulties and risk factors. For R&D services which have no market price, the pricing will be determined based on the costs of providing the relevant service plus a margin rate in line with the industry practice after arm's length negotiation between the parties.

Our Group will refer to its quotations for similar services to not less than two Independent Third Parties, so as to assess and review whether the services quotations provided by our Group to Chery Connected Persons in accordance with items above are fair and reasonable and are no less favorable than those provided to such Independent Third Parties.

Historical Amounts and Proposed Annual Cap

Set out below are the historical transactions between our Group and Chery Connected Persons with respect to the provision of the R&D services during the Track Record Period and the proposed annual cap for the year ending December 31, 2026:

	Historical transaction amounts			**Proposed annual cap**
	For the year ended December 31,			**For the year ending December 31,**
Transaction	**2023**	**2024**	**2025**	**2026**
	RMB 000	*RMB 000*	*RMB 000*	*RMB 000*
Provision of the technology development service by our Group to Chery Connected Persons.	20,679	45,087	24,389	33,680

The above proposed annual cap is determined with reference to:

(i) historical amounts of provision of the R&D service by our Group to Chery Connected Persons during the Track Record Period;

(ii) (a) projected total staff hours required for each R&D project; (b) projected hourly cost for the R&D staff based on historical cost or current market hourly wages; (c) other relevant costs incurred for the R&D projects; and (d) the range of margin rates in line with the industry practice over the estimated cost;

(iii) existing and expected R&D projects in the foreseeable future, and R&D capabilities of our Group after considering the estimated stage of completion of the R&D projects for the year ending December 31, 2026 as well as operation needs of Chery Connected Persons;

(iv) the prevailing market rate of the comparable R&D services; and

(v) a buffer of approximately 5% to 10% for unexpected demands for the R&D services from Chery Connected Persons.

Reasons for the Transactions

Our Company believes that the transactions contemplated thereunder would benefit our Group for the following reasons:

(i) our Group primarily offers R&D service to Chery Connected Persons. These services are mainly directed towards mechanical braking products, intelligent electronic control products and mechanical steering products, etc., to be used by the models under brands owned by Chery Connected Persons;

(ii) the provision of the R&D service by our Group to Chery Connected Persons centralizes our core engineering and technology development capabilities, improving our overall R&D efficiency and avoiding duplicated investments across our Group;

(iii) the provision of the R&D service by our Group to Chery Connected Persons facilitates the effective commercialization and application of R&D results across multiple vehicle platforms or related businesses, accelerating our technology deployment and enhancing economies of scale; and

(iv) by acting as a R&D service provider, it reinforces our role as the technology and innovation hub for OEM vehicle manufacturers, supporting our long-term competitiveness.

Listing Rules Implications

In respect of the continuing connected transactions as described above, the highest applicable percentage ratio calculated in respect of the annual caps thereunder for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1% but be less than 5%. Accordingly, the continuing connected transactions thereunder are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Sales Framework Agreement and the R&D Service Framework Agreement (collectively, the "**Framework Agreements**"), we have applied for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the reporting, announcement, circular, and/or independent Shareholders' approval requirements (as the case may be) 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 year ending December 31, 2026 shall not exceed relevant annual amounts stated above. For details of the waivers, see "Waivers from Strict Compliance with Listing Rules".

DIRECTORS' VIEW

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

SOLE SPONSOR'S VIEW

Based on the review of the documentation, information and data provided by our Company and the participation in the due diligence and discussion with our Company, the Sole Sponsor is of the view that, as of the Latest Practicable Date, (i) the aforesaid continuing connected transactions for which the waiver has been sought has been and will be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms or better, are fair and reasonable, and are in the interests of the Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transactions are fair and reasonable and in the interests of the Shareholders as a whole.

INTERNAL CONTROL PROCEDURES ADOPTED BY OUR COMPANY IN RESPECT OF THE IMPLEMENTATION OF FRAMEWORK AGREEMENTS

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

- we have adopted a connected transaction 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 transaction contemplated under the Framework Agreements, if quotations from Independent Third Parties are available, the relevant business department of our Company will compare the quotations offered by us with those offered by Independent Third Parties to ensure that the quotations offered by us are no less favorable than those offered by Independent Third Parties. If there are no quotations offer by Independent Third Parties, the relevant business department and the finance department of our Company will jointly determine the prices of the proposed transactions based on reasonable costs plus a reasonable profit to ensure that the prices are fair and reasonable;
- the finance department of our Company shall (i) regularly examine the pricing of the transactions under the Framework Agreements to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amounts under the Framework Agreements to ensure that our Company complies with all the applicable requirements under the Listing Rules, including those applicable for the revision of the relevant annual cap when appropriate;
- the department responsible for our Company's legal affairs has reviewed the terms of the Framework Agreements and shall in case of any proposed change to the principal terms of the transactions, ensure that our 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.