

CONTINUING CONNECTED TRANSACTIONS

OVERVIEW

We have entered into certain agreements with parties who will become connected persons of our Company upon [REDACTED] and the transactions contemplated under such agreements will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon [REDACTED].

RELEVANT CONNECTED PERSON

As of the Latest Practicable Date, Mr. Wang Minglun, our non-executive Director, indirectly exercised 43.58% of the voting rights in Shandong Ruisi. Accordingly, Shandong Ruisi is an associate of Mr. Wang and will become connected person upon [REDACTED] pursuant to Chapter 14A of the Listing Rules.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Structural Components Procurement Framework Agreement

Principal terms

On [●], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (“**Structural Components Procurement Framework Agreement**”) with Shandong Ruisi, pursuant to which our Group may procure from Shandong Ruisi battery casing and rubber rings.

The initial term of the Structural Components Procurement Framework Agreement will commence on the [REDACTED] and end on December 31, 2028 (both days inclusive), subject to renewal upon the mutual consent of both parties and compliance with the requirements of the Listing Rules and applicable laws and regulations. Pursuant to the Structural Components Procurement Framework Agreement, our Group may procure from Shandong Ruisi according to the separate agreements in respect of each of the transactions to be entered into by the relevant members of our Group with the relevant members of Shandong Ruisi from time to time.

Reasons for and benefits of the transaction

Shandong Ruisi is a leading supplier of structural components. In our ordinary and usual course of business, our Group has been procuring from Shandong Ruisi structural components from time to time, which enables them to be familiar with our business needs, quality standards and operational requirements in respect of our production and assembly lines. Based on our experience in cooperation with Shandong Ruisi, we consider that Shandong Ruisi is capable of effectively and stably satisfying our demand with quality production and assembly solutions. Furthermore, we believe the continuous procurement from Shandong Ruisi can reduce the Group’s costs associated with prolonged negotiations with new suppliers, thus providing a cost-effective source to the Group. Therefore, we believe it is in the interest of our Company and our Shareholders as a whole to enter into the Structural Components Procurement Framework Agreement upon the [REDACTED].

Pricing basis

The pricing for the Structural Components Procurement, mainly including battery casing and rubber rings, shall be determined based on arm’s length negotiations according to the principles of fairness and reasonableness, taking into account various factors including but not limited to the type of materials, transaction volume and the prices for the procurement of materials of similar nature, type and quantity by our Group from other Independent Third Parties in the market. We will make inquiries on and survey the prices offered by Independent Third Parties for same types of materials and quality to

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determine the prevailing market rates for comparison to ensure that the fees payable by us are on normal commercial terms and are fair and reasonable and in the best interest of the Company and our Shareholders as a whole.

To ensure the prices are fair and reasonable, Mr. Wang Minglun, our non-executive Director, has not and will not be involved in the procurement process of our Group from Shandong Ruisi during the Track Record Period and going forward.

Historical amounts

For the years ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2026, the historical transaction amounts in respect of the total purchase from Shandong Ruisi were approximately RMB12.0 million, RMB12.4 million, RMB8.9 million and RMB4.3 million, respectively.

Annual caps and basis of caps

The maximum aggregate annual procurement amounts in respect of the Structural Products Procurement Framework Agreement for the three years ending December 31, 2026, 2027 and 2028 shall not exceed the caps set out below:

	Proposed annual caps (RMB in million) for the year ending December 31,		
	2026	2027	2028
Procurement amounts to be paid by our Group	10	11	13

In arriving at the above annual caps, the Directors have considered, among other things,

- (a) the historical transaction amounts during the Track Record Period;
- (b) the estimated transaction amounts based on the existing contracts or arrangements between our Group and Shandong Ruisi to meet the needs of our Group’s future business development; and
- (c) other factors including but not limited to the expected unit prices of our products, taking into account the costs and expenses relating to raw materials as well as market trends.

Listing Rules implications

As the highest applicable percentage ratio in respect of the transactions under the Structural Products Procurement Framework Agreement is expected to be more than 0.1% but less than 5% on an annual basis, such transactions will, upon [REDACTED], constitute our continuing connected transactions and be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but will be exempted from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

INTERNAL CONTROL PROCEDURES ADOPTED BY OUR COMPANY IN RESPECT OF THE IMPLEMENTATION OF CONTINUING CONNECTED TRANSACTION 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 Structural Components Procurement Framework 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 Structural Products Procurement from Shandong Ruisi and/or their respective associates, if quotations from Independent Third Parties are available, the operation department of the relevant business sector of our Group will compare the quotations offered by Shandong Ruisi and/or their respective associates with those offered by Independent Third Parties to ensure that the quotations offered by Shandong Ruisi and/or their respective associates are no less favorable to our Group than those offered by Independent Third Parties to our Group. If there are no quotations offer by Independent Third Parties, the operation department of the relevant business sector and the finance department of our Group 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 Group shall (i) regularly examine the pricing of the transactions under the framework agreement to ensure that those transactions are conducted in accordance with the pricing terms therein, and (ii) periodically monitor the transaction amount under the Structural Components Procurement Framework Agreement to ensure that our Company complies with all the applicable requirements under the Listing Rules, including to revise the relevant annual caps when appropriate;
- the legal department of our Group has reviewed the terms of the Structural Components Procurement Framework Agreement 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, to ensure that the transactions are conducted in accordance with the terms of the framework agreements, on normal commercial terms and in accordance with the relevant pricing policies.

CONTINUING CONNECTED TRANSACTIONS

APPLICATION FOR AND CONDITIONS FOR WAIVER

As the continuing connected transaction described above is expected to continue in the ordinary and usual course of our business on a continuing and recurring basis over a period of time and have been fully disclosed in this section, our Directors are of the view that compliance with the relevant requirements under Chapter 14A of the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs to our Group. Accordingly, in accordance with Rules 14A.102 and 14A.105 of the Listing Rules, we have applied to the Stock Exchange, and the Stock Exchange [has granted], waivers from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules in respect of the continuing connected transaction as disclosed in paragraph "Partially-exempt Continuing Connected Transaction", subject to the condition that the aggregate amounts of the continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the respective annual caps as stated above.

We will comply with the applicable requirements under the Listing Rules and will immediately inform the Stock Exchange if there are any changes to the partially-exempt continuing connected transaction. If our Group enters into any new agreement with any of our connected persons, we will fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transaction set out above has 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 the transaction are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSORS' CONFIRMATION

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 at the Latest Practicable Date, (i) the aforesaid continuing connected transaction 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, on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of the Shareholders as a whole, and (ii) the proposed annual caps of the continuing connected transaction are fair and reasonable and in the interests of the Shareholders as a whole.