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**CONTINUING CONNECTED TRANSACTIONS**

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We have entered into a raw materials procurement agreement with our connected person (as defined under Chapter 14A of the Listing Rules) in our ordinary and usual course of our business. Upon [REDACTED], the transactions disclosed under this section will constitute continuing connected transaction pursuant to Chapter 14A of the Listing Rules.

**CONNECTED PERSONS**

EVE Energy is a Controlling Shareholder of our Company and hence our connected person upon [REDACTED].

**NON-EXEMPT CONTINUING CONNECTED TRANSACTION**

**Procurement Framework Agreement with EVE Energy**

**Parties:** the Company, for itself and on behalf of its subsidiaries (as the customer); and

EVE Energy, for itself and on behalf of its subsidiaries (as the supplier)

**Principal terms:** We entered into a procurement framework agreement (“**Procurement Framework Agreement**”) on [●] with EVE Energy, pursuant to which EVE Energy manufactures battery products for us.

The Procurement Framework Agreement will terminate on [December 31, 2022] unless renewed otherwise.

**Pricing policy:** The procurement prices are determined with reference to the prevailing market price. To ascertain the prevailing market price and batteries provided by EVE Energy are no less favorable to us than those available from independent third parties, we obtain quotations for comparable batteries from other independent third party suppliers shortlisted and approved by us, in order to determine whether viable alternatives of comparable quality are available. In addition, we also compare quotations from EVE Energy with the price we agreed with other independent third party supplier for similar product to ensure the terms with EVE Energy are no less favorable to us than independent third party suppliers. Our Directors are of the view that the transactions will be conducted on normal commercial or better terms and not prejudicial to the interest of the Company’s minority Shareholders.

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**Reasons for the transaction:** EVE Energy has good reputation for its battery products which can meet the quality standards required by us and our customers. In addition, some of our customers also designate us to procure batteries from EVE Energy for its battery products. EVE Energy has been a long term and reliable supplier of our Group since 2011.

**Historical figures:** The historical figures of the procurement from EVE Energy are set out below:

	Year ended December 31,		
	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)
Total procurement amount	25,183	71,691	114,453

**Annual Caps:** The maximum aggregate annual procurement amount from EVE Energy for the years ending December 31, 2019, 2020 and 2021 respectively shall not exceed the caps set out below:

	Proposed Annual Cap for the Year ending December 31,		
	2019	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)
Total procurement amount	266,230	320,000	384,000

**Basis of Annual Caps:** In determining the above annual caps, our Directors have considered the historical figures and the potential increase in procurement volume due to our business expansion plan.

### LISTING RULES IMPLICATIONS

In respect of the transactions under the Procurement Framework Agreement, as the highest applicable percentage ratio for each of the proposed annual caps for the three years ending December 31, 2021 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis, such transactions will, upon [REDACTED], constitute a continuing connected transaction of our Company subject to the annual reporting requirements under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

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### THE DIRECTORS’ VIEWS

Our Directors (including independent non-executive Directors) are of the view that it is in the interests of our Group to continue with the continuing connected transaction described in this section after the [REDACTED], and that the transactions contemplated under the Procurement Framework Agreement have been and will continue to be conducted on normal commercial terms that are fair and reasonable and are in the interests of our Company and the Shareholders as a whole and carried out in the ordinary and usual course of business of our Group. In addition, the proposed annual caps for the non-exempt continuing connected transaction described above are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

### CONFIRMATION FROM THE SOLE SPONSOR

Based on the data and information provided by the Company, having made reasonable inquiries and after due and careful consideration, the Sole Sponsor is of the view that as of the date of this document, the non-exempt continuing connected transaction described above, and for which waivers have been sought, have been and will continue to be carried out in the ordinary and usual course of business of our Group, on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole, and that the respective proposed annual caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

### APPLICATION FOR WAIVER

As described above, we expect the transactions described in “— Non-exempt Continuing Connected Transaction” to be carried out on a continuing basis and to extend over a period of time. Our Directors therefore consider that strict compliance with the annual reporting, announcement and independent Shareholders’ approval requirements under the Listing Rules would be impractical and such requirement will lead to unnecessary administrative costs and create an onerous burden on the Company.

Accordingly, we have applied to the Stock Exchange for[, and the Stock Exchange has granted us], pursuant to Rule 14A.105 of the Listing Rules, a waiver from strict compliance with the annual reporting, announcement and independent Shareholders’ approval requirements relating to the continuing connected transaction contemplated under the Procurement Framework Agreement and as described in “— Non-exempt Continuing Connected Transaction.”

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 continuing connected transaction.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those as of the date of this document on the continuing connected transaction referred to in this section, we will take immediate steps to ensure compliance with such new requirements.