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CALB Group Co., Ltd.

中創新航科技集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3931)

**CONTINUING CONNECTED TRANSACTION
PROPOSED ENTERING INTO THE 2023 ANNUAL SALES FRAMEWORK
AGREEMENT**

The Board announced that on March 28, 2023, the Board considered and approved the relevant resolution, agreeing that the Company and Luoyang Company shall enter into the 2023 Annual Sales Framework Agreement. Pursuant to which, the Group will sell lithium battery components and related products (such as battery cells) to Luoyang Company and its subsidiaries.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jintan Holding directly and indirectly held approximately 25.54% issued Shares and is one of the substantial shareholders of the Company. Luoyang Company is indirectly owned as to 51% by Jincheng Technology and Jincheng Technology is wholly owned by Jintan Holding, a substantial shareholder of the Company, and hence Luoyang Company is an associate of Jintan Holding and a connected person of the Company. The transactions contemplated under the 2023 Annual Sales Framework Agreement will constitute continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. Reference is made to the 2023 Sales Framework Agreement (the "**Previous Transaction**") entered into between the Company and CALB USA on November 10, 2022. In the Previous Transaction and the 2023 Annual Sales Framework Agreement, the counterparties of the Company were all associates of Jintan Holding and the transactions were of the same nature. Therefore, the Previous Transaction and the 2023 Annual Sales Framework Agreement shall be aggregated. As the highest applicable percentage ratio of the aggregated annual caps is expected to be higher than 0.1% but lower than 5%, therefore, the transactions contemplated under the 2023 Annual Sales Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2023 ANNUAL SALES FRAMEWORK AGREEMENT

The principal terms of the 2023 Annual Sales Framework Agreement to be entered into are set out below:

- Parties** (a) the Company (for itself and on behalf of the Group); and
(b) Luoyang Company (for itself and on behalf of its subsidiaries)
- Term of the agreement** The agreement will take effect from the date of signing by both parties until December 31, 2023.
- Subject** The Group will sell lithium battery components and related products (such as battery cells) to the Luoyang Company and its subsidiaries. Details of the scope of the relevant products, the calculation of fees, payment methods and other service arrangements will be separately agreed by the relevant parties.
- Terms of payment** 30% of the consideration shall be prepaid before the delivery and the remaining 70% of the consideration shall be paid within 90 days upon completion of the delivery.

Pricing Policy

The prices of lithium batteries components and related products supplied by the Group to the Luoyang Company and its subsidiaries will be determined after arm's length negotiations mainly by reference to market prices and the sales prices of similar products supplied by the Group to other Independent Third Party customers, having taken into account the costs plus a reasonable profit margin. Specifically, the prices of lithium batteries components and related products are determined after arm's length negotiations based on the manufacturing costs of the Group's lithium batteries and related products and a profit margin of approximately 3% to 15%. In addition, the Group will implement internal controls sufficient to ensure that the price under continuing connected transactions are fair and reasonable. For details of the internal control measures, please refer to "- Internal Control Measures" in this announcement.

HISTORICAL AMOUNT

Prior to the date of this announcement, the transactions under the 2023 Annual Sales Framework Agreement have not accrued historical amount.

ANNUAL CAP AND BASIS OF ANNUAL CAP

The Directors estimate that the maximum aggregate annual amounts of fees to be received by the Company from the transactions with Luoyang Company and its subsidiaries under the 2023 Annual Sales Framework Agreement will not exceed RMB200 million for the year ending December 31, 2023.

In determining the above proposed annual caps, the Directors have, on a consolidated basis, considered Luoyang Company's estimates on the demands of lithium batteries components and related products in 2023 and the expected selling prices of lithium batteries components and related products under the 2023 Annual Sales Framework Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2023 ANNUAL SALES FRAMEWORK AGREEMENT

The Directors are of the view that the transactions under the 2023 Annual Sales Framework Agreement will benefit the Company, mainly because the Company's principal business includes the sale of lithium battery components and related products. The sale of lithium battery components and related products to Luoyang Company and its subsidiaries at fair, reasonable and competitive prices is part of the Company's ordinary and usual course of business, which helps to enhance the Group's revenue in the sale of lithium battery components and promote the Group's business development. Luoyang Company has a thorough understanding of the Company's product range, product quality and cooperation model, and it is cost effective and mutually beneficial for both parties to continue the cooperation.

OPINION OF THE BOARD

The Directors (including independent non-executive Directors) are of the view that (i) the 2023 Annual Sales Framework Agreement and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group on normal commercial terms that are fair and reasonable and in the interests of the Group and its Shareholders as a whole. Specifically, the prices of the lithium batteries components and related products sold by the Group to Luoyang Company and its subsidiaries are not lower than the prices of similar products sold by the Group to other Independent Third Parties; and (ii) the proposed annual cap for the 2023 Annual Sales Framework Agreement is fair and reasonable and in the interests of the Group and its Shareholders as a whole.

Mr. Zhang Guoqing and Mr. Zhou Sheng, non-executive Directors, hold significant positions in Jintan Holding and its close associates (the "**Interest Directors**") and therefore have abstained from voting on the relevant board resolutions to approve the 2023 Annual Sales Framework Agreement. Save as disclosed above, none of the other Directors has a material interest in the transactions contemplated under the relevant agreements.

INTERNAL CONTROL MEASURES

The Company will adopt the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

- (1) the Company will adopt and implement a management system on connected transactions and the Board and various internal departments of the Company will be responsible for the control and daily management in respect of the continuing connected transactions;
- (2) the Board and various other internal departments of the Company (including but not limited to the finance department and legal department) will be jointly responsible for evaluating the terms under the relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;
- (3) the Board and the finance department of the Group will regularly monitor the connected transactions (including but not limited to transaction amounts and annual caps under the relevant agreements) and management of the Company will review the pricing policies to ensure connected transactions to be performed in accordance with the relevant agreements through the following review procedures every half year:
 - (i) they will compare the proposed price with the market price to ensure the proposed price is equivalent to or not less favourable to us than the price offered by the Independent Third Parties providing similar services. The Company will make enquiries from certain Independent Third Parties for their quotations and conduct internal assessments; and
 - (ii) review the proposed price to ensure it is consistent with the pricing terms under agreements relating to non-exempt connected transactions, and the terms offered by the Group to connected persons are not less favourable than those offered to the Independent Third Parties.
- (4) the Company shall engage auditors to, and the independent non-executive Directors will, conduct annual review on the continuing connected transactions to ensure that the transactions contemplated thereunder have been conducted pursuant to the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements;
- (5) the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions; and
- (6) when considering any renewal or revisions to the 2023 Annual Sales Framework Agreement, the Interested Directors shall abstain from voting on the resolutions to approve such transactions at Board meetings.

INFORMATION RELATING TO PARTIES

The Group is a leading new energy technology company mainly engaged in the design, R&D, production and sales of EV batteries and ESS products.

Luoyang Company is a limited liability company established in the PRC, principally engaged in research, production, sales and market application development of lithium batteries, battery management systems (BMS), energy storage batteries and related integrated products and lithium battery-related materials and sales of new energy vehicles and parts. The ultimate beneficial owner is People's Government of Jintan District, Changzhou.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jintan Holding directly and indirectly held approximately 25.54% issued Shares of the Company and is one of the substantial shareholders of the Company. Luoyang Company is indirectly owned as to 51% by Jincheng Technology and Jincheng Technology is wholly owned by Jintan Holding, a substantial shareholder of the Company, and hence Luoyang Company is an associate of Jintan Holding and a connected person of the Company. The transactions contemplated under the 2023 Annual Sales Framework Agreement will constitute continuing connected transactions of the Company under the Chapter 14A of the Listing Rules.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

"2023 Annual Sales Framework Agreement" the sales framework agreement that the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of its subsidiaries) proposed to enter into, pursuant to which the Luoyang Company and its subsidiaries will purchase lithium batteries components and related products from the Group

"Board" the board of directors of the Company

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| “Company”, “we” or “us” | CALB Group Co., Ltd. (中創新航科技集團股份有限公司), H Shares of which are listed on the Stock Exchange with stock code of 3931 |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries, and their respective predecessors |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not (a) connected person(s) of the Company within the meaning of the Listing Rules |
| “Jincheng Technology” | Jiangsu Jintan Jincheng Technology Industry Development Co., Ltd.* (江蘇金壇金城科技產業發展有限公司), a company established under the laws of the PRC with limited liability on December 7, 2015 and wholly owned by Jintan Holding, a connected person of the Company |
| “Jintan Holding” | Jiangsu Jintan Investment Holding Co., Ltd.* (江蘇金壇投資控股有限公司), a company established under the laws of the PRC with limited liability on September 16, 2014 and wholly owned by the Government of Jintan District, a connected person of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Luoyang Company” | China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司), a company owned as to 49% by Jinhang Holding and 51% by Jincheng Technology. Jincheng Technology is wholly owned by Jintan Holding, being a substantial Shareholder, and hence a associate of Jintan Holding and a connected person of the Company |

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| “PRC” or “China” | the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan |
| “Share(s)” | ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent |

By order of the Board
CALB Group Co., Ltd.
Liu Jingyu

Chairwoman of the Board, executive Director and president

Changzhou, PRC
March 28, 2023

As at the date of this announcement, the Board of Directors of the Company comprises Ms. Liu Jingyu and Mr. Dai Ying as executive Directors, Mr. Zhou Sheng, Mr. Zhang Guoqing, Mr. Li Yunxiang as non-executive Directors, Mr. Wu Guangquan, Mr. Wang Susheng, Mr. Chen Zetong as independent non-executive Directors.