
CONNECTED TRANSACTIONS

ONE-OFF CONNECTED TRANSACTION

Jiangsu Shuangdeng Lease

Background

As of the Latest Practicable Date, Jiangsu Shuangdeng was controlled by Mr. Yang, one of our Controlling Shareholders. As such, Jiangsu Shuangdeng is an associate of Mr. Yang and therefore a connected person of our Company under the Listing Rules.

We have entered into a series of lease agreements dated October 1, 2021, August 1, 2023 and December 20, 2023 (the “**Jiangsu Shuangdeng Lease(s)**”) with Jiangsu Shuangdeng, respectively, which constituted one-off connected transactions of our Company (the leased premises set out below are referred to as the “**Premises**”).

Principal terms

(a) Lease dated October 1, 2024

Pursuant to the Jiangsu Shuangdeng Lease dated October 1, 2024, our Company has agreed to lease from Jiangsu Shuangdeng certain premises for our office uses for a fixed term commencing from October 1, 2024 to September 30, 2027 at a rental of RMB1,518,254 per year. Such rentals are determined by the Company and Jiangsu Shuangdeng through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC. The leased premises are located at Room 2001-2008, No. 19, Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, the PRC, with an gross floor area of 1,039.90 square meters.

(b) Lease dated August 1, 2023

Pursuant to the Jiangsu Shuangdeng Lease, our Company has agreed to lease from Jiangsu Shuangdeng certain premises for our office uses for a fixed term commencing from August 1, 2023 to July 31, 2025 at a rental of RMB3,440,423.57 per year. Such rentals are determined by the Company and Jiangsu Shuangdeng through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC. The leased premises are located at 1st Floor (partial), 4th Floor, 6th Floor, 10th-11th Floor, Building 4, District 16, ABP, No. 188 West Fourth Ring Road, Fengtai District, Beijing, the PRC, with an gross floor area of 2,298.98 square meters.

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(c) Lease dated December 20, 2023

Pursuant to the Jiangsu Shuangdeng Lease, our Company has agreed to lease from Jiangsu Shuangdeng certain premises for our office uses for a fixed term commencing from December 20, 2023 to December 19, 2026 at a rental of RMB108,968 per year. Such rentals are determined by the Company and Jiangsu Shuangdeng through arm’s length negotiation with reference to prevailing market rates for properties of similar size situated in the locality that are used for similar purposes in the PRC. The leased premises are located at Room 801, No. 1518 Zhangyang Road, Pudong New Area, Shanghai, the PRC, with an gross floor area of 68.47 square meters.

Reasons and benefits of the transaction

Our Company leased the Premises throughout the Track Record Period and up to the Latest Practicable Date, and any relocation may cause unnecessary disruption to our business operations and incur unnecessary costs. The Jiangsu Shuangdeng Leases have been entered into in the ordinary and usual course of business of our Company and on normal commercial terms.

Accounting treatment and Listing Rules implications

In accordance with IFRS 16 applicable to our Group and pursuant to the guidance issued by the Stock Exchange, when an issuer enters into a lease transaction as a lessee and where the lease is subject to an agreement with fixed terms, it is treated as a one-off transaction (i.e., an acquisition of capital assets). As such, each transaction under the Jiangsu Shuangdeng Leases will be recognized as acquisition of right-of-use assets and constitutes a one-off transaction of our Company before the [REDACTED] and will not be classified as continuing connected transactions under Chapter 14A of the Listing Rules. Accordingly, the reporting, annual review, announcement, circular and independent shareholders’ approval requirements with regard to continuing connected transactions in Chapter 14A of the Listing Rules will not be applicable to the Jiangsu Shuangdeng Leases.

The value of right-of-use assets we recognized on our balance sheet arising from leasing the Premises were RMB2.4 million, RMB6.6 million, RMB2.1 million, RMB4.0 million as of December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Provision of raw materials by connected persons

During the Track Record Period, we purchased certain raw materials from our connected persons in the ordinary course of our business (the connected persons set out below are referred to as the “**Connected Suppliers**”).

CONNECTED TRANSACTIONS

A. Provision of products by Jiangsu Fushanda New Energy Technology Co., Ltd. (江蘇福善達新能源科技有限公司) (“Jiangsu Fushanda”)

Background

As of the Latest Practicable Date, Jiangsu Fushanda was wholly owned by Shuangdeng Cable Co., Ltd. (雙登電纜股份有限公司) (“**Shuangdeng Cable**”) which was owned as to 90% by Jiangsu Haifu Investment Co., Ltd. (江蘇海富投資有限公司), a company owned as to 51% by Dr. Yang, our executive Director and chairman of the Board. As such, Jiangsu Fushanda is an associate of Dr. Yang and therefore a connected person of our Company under the Listing Rules.

We have been purchasing raw materials from Jiangsu Fushanda including inter cell connectors during the Track Record Period as part of our ordinary and usual course of business.

Historical Transaction Amounts

For the years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025, the total expenses incurred by us in relation to the provision of raw materials by Jiangsu Fushanda was approximately RMB15.5 million, RMB16.5 million, RMB20.2 million, RMB12.7 million, respectively.

Framework Purchase Agreement

On [•], 2025, we entered into a framework purchase agreement with Jiangsu Fushanda to govern the terms and conditions of the transactions between the Group on one hand and Jiangsu Fushanda on the other hand in connection with the provision of raw materials (the “**Jiangsu Fushanda Framework Purchase Agreement**”). Pursuant to the Jiangsu Fushanda Framework Purchase Agreement, Jiangsu Fushanda has agreed to provide raw materials, including inter cell connectors to the Group according to the purchase agreements or orders to be entered into by the Group with Jiangsu Fushanda from time to time. The Jiangsu Fushanda Framework Purchase Agreement will take effect upon [REDACTED] and will be valid until December 31, 2027, renewable by mutual agreement of the parties, subject to compliance with the requirement under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

CONNECTED TRANSACTIONS

Pricing Policies

Fees charged for our purchase of inter cell connectors shall be primarily determined based on the general guide on the sales price of the goods as provided by the seller from time to time to the purchasers of such goods (including independent purchasers), with certain adjustment determined from time to time by the parties on an arm’s length basis with reference to the market prices of such goods. We and Jiangsu Fushanda determine, the sales price provided to us based on arm’s length negotiation taking into account of primarily (i) the guide sales price for the types of connectors it provided to its purchasers (including independent purchasers) and market price of copper for the corresponding year; (ii) the total sales volume we agreed to purchase; and (iii) our sales capacity and industry-leading position. Jiangsu Fushanda agrees to provide product quality insurance in certain period after delivery of the products to us. Specific price, payment and insurance policy will be made according to the respective purchase agreements or orders as further entered into between Jiangsu Fushanda and us pursuant to the Jiangsu Fushanda Framework Purchase Agreement.

Annual Caps

The estimated maximum amount payable by us to Jiangsu Fushanda for each of the three years ending December 31, 2025, 2026 and 2027 in relation to their provision of raw materials to the Group shall not exceed RMB25.2 million, RMB26.5 million and RMB27.8 million, respectively.

The proposed annual caps for the three years ending December 31, 2027, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

- (a) our estimation on the demand for the relevant raw materials with reference to our estimated sales development and sales volume;
- (b) the historical purchase amounts paid to Jiangsu Fushanda by our Group for purchasing raw materials during the Track Record Period; and
- (c) a reasonable increment of the purchase price payable to Jiangsu Fushanda taking into account the expected inflation rate and increases in costs for the three years ending December 31, 2027, in particular, the annual cap for the years of 2025, 2026 and 2027 were determined with reference to the transaction amount with Jiangsu Fushanda already incurred in 2024 with 5% increase in each year.

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B. Provision of products by Shuangdeng Cable

Background

As of the Latest Practicable Date, Shuangdeng Cable was owned as to 90% by Jiangsu Haifu Investment Co., Ltd. (江蘇海富投資有限公司), a company owned as to 51% by Dr. Yang, our executive Director and chairman of the Board. As such, Shuangdeng Cable is an associate of Dr. Yang and therefore a connected person of our Company under the Listing Rules.

We have been purchasing cables from Shuangdeng Cable primarily for our construction and capacity expansion projects as part of our ordinary and usual course of business during the Track Record Period.

Historical Transaction Amounts

For the years ended December 31, 2022, 2023 and 2024 and five months ended May 31, 2025, the total expenses incurred by us in relation to the provision of cables by Shuangdeng Cable was approximately RMB0.3 million, RMB0.4 million, RMB0.6 million, RMB0.9 million, respectively.

Framework Purchase Agreement

On [•], 2025, we entered into a framework purchase agreement with Shuangdeng Cable to govern the terms and conditions of the transactions between the Group on one hand and Shuangdeng Cable on the other hand in connection with the provision of cables (the “**Shuangdeng Cable Framework Purchase Agreement**”). Pursuant to the Shuangdeng Cable Framework Purchase Agreement, Shuangdeng Cable has agreed to provide cables to the Group according to the purchase agreements to be signed by the Group with Shuangdeng Cable from time to time. The Shuangdeng Cable Framework Purchase Agreement will take effect upon the [REDACTED] and will be valid until December 31, 2027, renewable by mutual agreement of the parties, subject to compliance with the requirement under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pricing Policies

Fees charged for our purchase of cables shall be primarily determined based on the general guide on the sales price of the goods as provided by the seller from time to time to the purchasers of such goods (including independent purchasers), with certain adjustment determined from time to time by the parties on an arm’s length basis with reference to the market prices of such goods. We and Shuangdeng Cable determine, the sales price provided to us based on arm’s length negotiation taking into account of primarily (i) the guide sales price for the types of cables it provided to its purchasers (including independent purchasers) for the corresponding year; (ii) the total sales volume we agreed to purchase; and (iii) our sales capacity and industry-leading position. Shuangdeng Cable agrees to provide product quality insurance in certain period after delivery of the products to us. Specific price, payment and insurance policy will be made according to the respective purchase agreements or orders as further entered into between Shuangdeng Cable and us pursuant to the Shuangdeng Cable Framework Purchase Agreement.

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Annual Caps

The estimated maximum amount payable by us to Shuangdeng Cable for each of the three years ending December 31, 2025, 2026 and 2027 in relation to their provision of cables to the Group will be RMB950,000, RMB998,000 and RMB1,048,000, respectively.

The proposed annual caps for the three years ending December 31, 2027, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

- (a) our estimation on the demand for the relevant cables with reference to our estimated expansion on our production capacity;
- (b) the historical purchase amounts paid to Shuangdeng Cable by our Group for purchasing raw materials during the Track Record Period; and
- (c) a reasonable increment of the purchase price payable to Shuangdeng Cable taking into account the expected inflation rate and increases in costs for the three years ending December 31, 2027, in particular, the annual cap for the years of 2025, 2026 and 2027 were determined with reference to the transaction amount with Shuangdeng Cable already incurred in 2024 with 5% increase in each year.

Implications under the Listing Rules

Since the Jiangsu Fushanda and Shuangdeng Cable are all associates of Dr. Yang, the transactions under the Jiangsu Fushanda Framework Purchase Agreement and Shuangdeng Cable Framework Purchase Agreement (together, the “**Connected Supplier’s Agreements**”) have been aggregated pursuant to Rule 14A.81 of the Listing Rules. The aggregated annual caps under the Connected Suppliers’ Agreements for each of the three years ended December 31, 2025, 2026 and 2027 will be RMB26.15 million, RMB27.50 million and RMB28.85 million, respectively.

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the purchase of raw materials pursuant to the Connected Suppliers’ Agreements exceed 0.1% but are all less than 5% on an annual basis, the transactions under the Connected Suppliers’ Agreements will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

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Reasons for and Benefits of the Transactions with the Connected Suppliers

We have continued procurement relationships with the Connected Suppliers primarily because the Connected Suppliers are all located in Taizhou, with lower transportation costs and faster response to the Company’s needs. Projects relating to the above mentioned transactions were obtained through independent tendering processes. In addition, Dr. Yang’s relationships as well as the relatively long history of business relationships lead to greater mutual trust”. We believe that it is in the interest of the Company and our Shareholders as a whole to continue to carry out connected transactions with the Connected Suppliers upon [REDACTED] having considered the following factors: (a) each Connected Supplier has a well-established quality control system and research and development capability to meet our requirements; (b) the supply channel of each Connected Supplier allows it to meet our increase in demand in the case that we plan to expand our production lines; (c) each Connected Supplier provides high quality after-sales and maintenance services to ensure quality of products provided to us; (d) we have established a stable relationship with each Connected Supplier during the course of which the relevant Connected Supplier has provided us with a steady and reliable supply of high quality products in accordance with our specifications; and (e) the prices and terms of services offered by the Connected Suppliers have been no less favorable than those offered by Independent Third Parties.

In addition to the Connected Suppliers, we have also engaged alternative third parties suppliers for the provision of the similar raw materials/services during the Track Record Period. We purchased no more than 1.0% of raw materials from Connected Suppliers during the Track Record Period, and the purchase of these raw materials was not and will not be significantly affected by the availability of Connected Suppliers as inter cell connectors and cables are common raw materials with other comparable suppliers readily available in the market. Based on our experiences in identifying alternative suppliers and also the existing relationships with the suppliers other than the Connected Suppliers, we are and will be able to source these raw materials from alternative suppliers at similar prices, quality and quantity within similar timeframe.

INTERNAL CONTROL MEASURES FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have established the following internal review procedures to ensure that the terms for the partially-exempt continuing connected transactions we have or may have in the future are on normal commercial terms and no more favorable to the counterparties than terms available to Independent Third Parties:

- If a comparable market price is available, we shall compare the proposed product price or service fee with the market price and take into account the market price of copper and steel to ensure that the proposed product price or service fee will not be higher than the selling price of product or service of a similar type or nature provided by independent third-party suppliers or providers;

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- Before selecting a product supplier or services provider, our procurement department shall obtain price quotations from certain independent third-party suppliers or providers. The factors to be considered by us in conducting internal assessments include price, quality, exclusivity of product or service, and value added to us;
- If no comparable market price is available, our procurement department shall conduct arm’s length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on trade cost of the product involved or value of the relevant service and the actual costs and expenses incurred;
- After arm’s length negotiation with the connected person, our procurement department will report to our senior management who will approve individual transactions as appropriate;
- Our internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment on whether the annual caps are exceeded; and
- Our independent non-executive Directors will also conduct annual review on the non-exempt continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable and conducted according to the terms of the relevant framework agreement. The auditor of our Company will also conduct annual review on the pricing and annual cap of the non-exempt continuing connected transactions.

CONFIRMATION OF DIRECTORS

Our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section have been and will be carried out (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better and (iii) in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

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CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view (i) that the continuing connected transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section have been and will be entered into in the ordinary and usual course of our business, on normal commercial terms or better, and in accordance with the respective terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and that the proposed annual caps of such continuing connected transactions are fair and reasonable, and in the interests of our Company and our Shareholders as a whole.

WAIVER APPLICATION FOR PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The transactions described under the sub-section entitled “— Partially-exempt Continuing Connected Transactions” in this section constitute our continuing connected transactions under the Listing Rules, which are exempt from the independent Shareholders’ approval requirements but subject to the reporting, annual review, announcement requirements of the Listing Rules.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted,] waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions as disclosed in “— Partially-exempt Continuing Connected Transactions” in this section, subject to the conditions 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).