BALLAS
CAPITAL

Room 1005, Jubilee Centre
46 Gloucester Road
Wanchai, Hong Kong

20 October 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

(1) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO 2026 SALES FRAMEWORK AGREEMENT; AND (2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO 2026 PURCHASE FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2026 Sales Framework Agreement, the 2026 Purchase Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company (the "**Circular**") to the Shareholders dated 20 October 2026, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is also made to the announcement of the Company dated 31 August 2026. On 31 August 2026, the Company entered into the 2026 Sales Framework Agreement with Jiangsu Yaoning, pursuant to which the Group will supply lithium-ion battery packs and related products to Jiangsu Yaoning Group in accordance with the terms and conditions thereunder.

On 31 August 2026, the Company entered into the 2026 Purchase Framework Agreement with Jianhu Yaoning, pursuant to which the Group will purchase lithium-ion battery cells, modules and related products from Jianhu Yaoning Group in accordance with the terms and conditions thereunder.

As at the Latest Practicable Date, Mr. Li, the controlling shareholder of the Company, holds approximately 91.08% equity interest in Zhejiang Geely. Mr. Li indirectly controls Zhejiang Jiyaotongxing Energy Technology Co., Ltd., which in turn is interested in approximately 66.33% of the equity interest in Jiangsu Yaoning. Jianhu Yaoning is wholly-owned by Jiangsu Yaoning. Therefore, Jiangsu Yaoning and Jianhu Yaoning are associates of Mr. Li, and therefore connected persons of the Company pursuant to Rule 20.07 of the GEM Listing Rules. Accordingly, the transaction contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement constitutes continuing connected transactions of the Company.

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement are more than 5%, the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement (including the Annual Caps).

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparties of the continuing connected transactions or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, we were appointed as the independent financial adviser of the Company in relation to certain continuing connected transactions as disclosed in its circular dated 28 February 2025 and this appointment in relation to the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement (collectively, the "**IFA Engagements**"). We were also appointed as the independent financial adviser of Geely Automobile Holdings Limited ("**Geely Automobile**"), a company ultimately controlled by Mr. Li and listed on the main board of the Stock Exchange (Stock Code: 0175) in relation to (i) certain continuing connected transactions as disclosed in the circular of Geely Automobile dated 24 September 2024; (ii) a disclosable and connected transaction regarding the privatisation of ZEEKR by Geely Automobile as disclosed in the circular of Geely Automobile dated 18 August 2025; (iii) certain continuing connected transactions as disclosed in the circular of Geely Automobile dated 28 November 2025; and (iv) certain continuing connected transactions as disclosed in the announcement of Geely Automobile dated 23 September 2026 (collectively, the "**Other IFA Engagements**"). Save for the IFA Engagements and the Other IFA Engagements, we did not have any other relationship with or interests in the Company, the counterparties of the continuing connected transactions or their respective core connected persons or associates nor had we acted as an independent financial adviser to other transactions of the Company that could reasonably be

regarded as hindrance to our independence as defined under the GEM Listing Rules. Furthermore, our remuneration (i) for each of the IFA Engagements and the Other IFA Engagements represented normal professional fees; and (ii) for the IFA Engagements and the Other IFA Engagements did not represent a significant percentage of our revenue in the relevant financial years and did not affect our independence. Accordingly, we consider we are eligible to give independent advice on the continuing connected transactions.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. The documents we reviewed included (i) the annual report of the Company for the year ended 31 December 2025 ("**2025 Annual Report**"); (ii) the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement; (iii) the calculation of the Annual Caps; and (iv) the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, the counterparties of the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Information on the parties

1.1 The Group

The Group is principally engaged in (i) research & development and production of lithium-ion power batteries for new energy vehicles; and (ii) investment in the field of resources and resources exploration and trading and exploitation.

1.2 Zhejiang Geely

Zhejiang Geely Group is principally engaged in the sale of automobiles and related parts and components wholesale and retail business. Mr. Li is the controlling shareholder, founder, chairman of the board of directors of Zhejiang Geely. He has over 38 years of experience in the investment and management of the automobile manufacturing business in the PRC. Mr. Li is a member of the Chinese People's Political Consultative Conference and was accredited as one of the "50 Most Influential Persons in China's Automotive Industry in the 50 Years" by China Automotive News. Mr. Li is also a controlling shareholder of the Company.

1.3 Jiangsu Yaoning

Jiangsu Yaoning is a limited company incorporated in the PRC and is principally engaged in the research and development, manufacture, and sales of new energy equipment, batteries, motors, and automotive components, as well as providing related technical and testing services in the PRC. Mr. Li indirectly controls Zhejiang Jiyaotongxing Energy Technology Co., Ltd., which in turn is interested in approximately 66.33% of the equity interest in Jiangsu Yaoning.

1.4 Jianhu Yaoning

Jianhu Yaoning is a limited company incorporated in the PRC and is principally engaged in the research and development, manufacture, and sales of batteries, auto parts, and components, as well as the sales and import/export of vehicles (including new energy vehicles) and related products in the PRC. Jianhu Yaoning is wholly-owned by Jiangsu Yaoning.

2. Background and Reasons for and benefits of entering into the 2026 Sales Framework Agreement

According to annual reports of the Company, the revenue of lithium battery production has been the major source of revenue of the Group since 2021, which accounted for 99%, 79%, 77%, and 100% for the years ended 31 December 2021, 2022, 2023, and 2024, respectively. However, the revenue of lithium battery production accounted for only 11% of the group's revenue for the year ended 31 December 2025 due to the decrease in the number of orders from a major customer and the shift of market demand to higher-grade products. With reference to 2025 Annual Report, the Group has been constantly negotiating and promoting products matching with automobile, commercial vehicle or electric bicycle manufacturers and also with potential new customers in the energy storage field and manufacturers which are planning to make a switch from lead acid battery to lithium battery for their vehicles. Zhejiang Geely Group, the holding company of Jiangsu Yaoning, is one of the existing key customers where the Group has been supplying with lithium-ion battery packs and related products since 2017. As set out in the Letter from the Board, it is expected that the Group will continue to do so in its ordinary and usual course of business upon expiry of the 2023 Sales Agreement. The Directors are of the view that securing such renowned customers can effectively improve the Group's financial performance and deliver a stable income to the Group given there will be different vehicle brands under Zhejiang Geely Group using the powered batteries. Furthermore, the Directors consider that entering into of the 2026 Sales Framework Agreement which sets out the proposed Sales Annual Caps is constructive for the Group to sell the products thereunder, thereby benefiting the Group.

Taking into account the fact that (i) the 2026 Sales Framework Agreement allows the Group to secure a stable income and accordingly improve the lithium batteries sales and the Group's financial performance; and (ii) our analysis and view on the major terms of the 2026 Sales Framework Agreement (as explained below), we concur with the Directors that the entering into of the 2026 Sales Framework Agreement is within the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole.

3. The 2026 Sales Framework Agreement

3.1 Principal terms of the 2026 Sales Framework Agreement

Major terms of the 2026 Sales Framework Agreement are summarised below:

Subject matter

Pursuant to the 2026 Sales Framework Agreement, the Group shall supply lithium-ion battery packs and related products to Jiangsu Yaoning Group. The exact model and volume of goods purchased by Jiangsu Yaoning Group from the Group and the dates of delivery will be provided in separate purchase orders.

Term

The 2026 Sales Framework Agreement has a term of commencing from 23 October 2026 to 31 December 2028.

Payment terms

Payments for the products under the 2026 Sales Framework Agreement shall be settled within 30 days from the date of receipt of the invoice.

Conditions

The 2026 Sales Framework Agreement shall only become effective upon the Company having completed all necessary internal procedures (including obtaining approval of the Shareholders and/or the Board in accordance with the GEM Listing Rules), and having obtained all necessary approvals and consents from the Stock Exchange and other third parties (including relevant regulatory authorities, government or official authorities).

Pricing basis

The price of goods under the 2026 Sales Framework Agreement will be negotiated on an arm's length basis with reference to either: (i) the prevailing market price and determined in the ordinary course of business on normal commercial terms or on terms no less favourable to the Company than those offered or available to independent third parties and will be specified in separate purchase orders; or (ii) on a cost-plus basis if there is no prevailing market price, calculated with reference to the actual manufacturing costs incurred plus a margin rate, with reference to the range between the lower and the upper quartiles of the three-year weighted average cost-plus margin rates of the comparable companies providing similar services as stated in a transfer pricing analysis report prepared by an independent certified public accountant or a similarly qualified institution. The Company would then select margin rate within the lower-to-upper quartile range that is not less than 1% and best reflects the actual functions performed, assets used, risks assumed, transaction characteristics and prevailing commercial conditions of the relevant sales order, to ensure that the selected rate is no less favourable to the Company than those offered to independent third parties.

Our view on pricing basis

To ascertain whether the sale price of lithium-ion battery pack was determined with reference to either the prevailing market price or on a cost-plus basis if there is no prevailing market price according to the pricing basis, we have obtained from the Company and reviewed the transaction documents of the two largest transactions in terms of transaction amounts for each of the three financial years ended 31

December 2023 ("**FY2023**"), 2024 ("**FY2024**") and 2025 ("**FY2025**"), being a total of six selected samples, relating to the Company's historical transactions with Zhejiang Geely under the 2023 Sales Agreement for FY2023, FY2024 and FY2025 (together, the "**Review Period**"). We consider that the selected samples are fair and representative for the purpose of our assessment, given that they represented the largest transactions for each of the relevant years during the Review Period and were selected by us independently from the historical transaction list for the 2023 Sales Agreement during the Review Period. Based on our review of the selected samples, we noted that the sale price of lithium-ion battery pack was determined with reference to the prevailing market price and on terms no less favourable to the Company than those offered to the independent third parties.

Based on the above, we concur with the view of the Directors that the terms of the 2026 Sales Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

3.2 Fairness and reasonableness of the 2026 Sales Framework Agreement Annual Caps

Historical transaction amounts

The table below sets out (i) the approved annual caps (excluding value-added tax); and (ii) the historical actual amounts under the 2023 Sales Agreement for the following periods:

	For the period from 23 October 2023 to 31 December 2023	**For the year ended 31 December 2024**	**For the year ended 31 December 2025**	**For the period from 1 January 2026 to 22 October 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Approved annual caps	50,000	235,000	155,000	97,000
Historical actual amounts	18,900	61,900	12,200	7,300*(Note)*

Note: The historical amount was unaudited and calculated for the period from 1 January 2026 to 30 June 2026.

As stated in the Letter from the Board, the low historical utilisation of the annual caps under the 2023 Sales Agreement was primarily attributable to a significant decline in orders for the relevant new energy vehicle model due to the

challenging market conditions in new energy vehicle market at the time and the need for additional time for Zhejiang Geely Group to identify potential new market(s) and adapt its business and new energy vehicle towards the new market(s). As a result of the foregoing factors, the actual amounts were lower than the historical annual caps under the 2023 Sales Agreement. In mid-2025, Zhejiang Geely Group began to develop the Indonesian market. The period from the second half of 2025 to the first half of 2026 represented the initial development stage of the Indonesian business, during which sales volumes including orders made to the Group began to increase gradually.

Proposed Sales Annual Caps for the 2026 Sales Framework Agreement

It is expected that, for the period from 23 October 2026 to 31 December 2026 ("**Oct-PE2026**") and for the two years ending 31 December 2027 ("**FY2027**") and 2028 ("**FY2028**"), the aggregate actual sales amounts of lithium-ion battery packs and related products to be supplied by the Group to Jiangsu Yaoning Group will not exceed the respective amounts set out below. These amounts have accordingly been set as the proposed caps for the relevant continuing connected transactions contemplated under the 2026 Sales Framework Agreement:

	For the period from 23 October 2026 to 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Sales Annual Caps	25,000	71,000	107,000

As set out in the Letter from the Board, the proposed Sales Annual Caps were determined based on (i) the historical sales volume of lithium-ion powered battery packs for recent years under the 2023 Sales Agreement; (ii) an expected increase in the sales volume of lithium-ion powered battery packs for Oct-PE2026, FY2027 and FY2028, respectively; (iii) an expected increase in the demand for the products to be provided by the Group pursuant to the 2026 Sales Framework Agreement with reference to indicative sales demand from Jiangsu Yaoning Group. As the sales volume and market share of Zhejiang Geely Group's new energy vehicle products in the Indonesian market are expected to grow, and as the Group plans to expand and further develop its lithium-ion battery pack sales business, it is expected that its demand for the Group's lithium-ion powered battery packs, which are required in the new energy vehicle produced by Zhejiang Geely Group, will increase correspondingly; (iv) the current market price of lithium-ion powered battery packs in the market for Oct-PE2026 and expect to remain stable for FY2027 and FY2028;

and (v) buffer of 10% to the expected transaction amounts to cater for any possible increase in demand from Jiangsu Yaoning Group and/or fluctuation in the market price of lithium-ion battery packs.

In our assessment of the fairness and reasonableness of the proposed Sales Annual Caps, we have reviewed and discussed with management of the Company on the underlying calculation. From our review of the aforesaid documents and discussion with management of the Company, we have taken into consideration the following:

- *Oct-PE2026*: We noted that the proposed Sales Annual Cap for Oct-PE2026 amounting to RMB25 million, represents a significant increase of RMB17.7 million from the historical sales amount for the six months ended 30 June 2026. When determining the estimated sales volume of lithium-ion powered battery packs for Oct-PE2026, the Group has taken into account the historical sales orders for the six months ended 30 June 2026 and the expected demand for the products based on the sales orders or indication from, and discussion with, Jiangsu Yaoning Group. The Group has obtained demand indication from Jiangsu Yaoning Group providing the target number of lithium-ion battery packs and related products expected to be placed in Oct-PE2026 and confirmed sales orders in July and September 2026 (the "**Confirmed Sales Orders**"). We have obtained and reviewed the Confirmed Sales Orders, which are equal to the estimated sales volume of lithium-ion powered battery packs for Oct-PE2026 and are expected to be delivered during that period. As the estimated sales volume of lithium-ion powered battery packs for Oct-PE2026 is determined with reference to the historical sales orders for the six months ended 30 June 2026 and supported by the Confirmed Sales Orders for Oct-PE2026, we consider the estimated sales volume of lithium-ion powered battery packs for Oct-PE2026 is reasonable.

  FY2027 and FY2028: The proposed Sales Annual Cap for FY2027 represents a significant increase of approximately RMB22.6 million, or 47%, when compared to the annualised amount based on the aggregate of historical sales amount for the six months ended 30 June 2026 and the proposed Sales Annual Cap for Oct-PE2026. The proposed Sales Annual Cap for FY2028 further increases by approximately RMB36 million, or 51%, when compared to the proposed Sales Annual Cap for FY2027. We understand from the management of the Company that the proposed Sales Annual Caps for FY2027 and FY2028 were determined based on discussion with Jiangsu Yaoning Group, which indicates that demand for lithium-ion powered battery packs will increase by 62% and 50% in FY2027 and FY2028 on a year-on-year basis, representing a CAGR of approximately 56% from 2026 to 2028.

We understand from the management of the Company that the lithium-ion battery packs will be mainly supplied to the electric vehicle manufacturers in the Indonesian market to produce electric vehicles through the Jiangsu Yaoning Group since Zhejiang Geely Group began to develop the Indonesian market in mid-2025. In light of the fact that the demand of the lithium-ion battery packs supplied by the Group is primarily driven by the Indonesian market, we have performed research from the public domain on the electric vehicles market in Indonesia. Based on the Association of Indonesian Automotive Industries (Gaikindo) ("**Gaikindo**"), which is a national association representing Indonesia's automotive manufacturers and industry stakeholders, providing market data, industry insights and policy advocacy *(https://www.gaikindo.or.id/en/electric-car-sales-in-indonesia-improving-byd-achieves-threefold-increase-since-2023/#)*, the sales of Indonesia's electric vehicle jumped from approximately 17,000 units in 2023 to approximately 43,000 units in 2024, representing a growth of approximately 153% and further surged approximately 142% to 103,900 units in 2025. Furthermore, an independent market research company, Research and Markets ("**Research and Markets**"), forecasts the electric vehicles market in Indonesia to grow at a CAGR of 69.2% from 2026 to 2030 in terms of value *(https://www.researchandmarkets.com/reports/6241789/indonesia-electric-vehicle-market-size-and#tag-pos-401)*. In view of the positive outlook of electric vehicles market in Indonesia, we consider that there is sufficient market demand to support the Group's estimated sales volume of lithium-ion powered battery packs for FY2027 and FY2028. We consider that both Gaikindo and Research and Markets provide reliable source of data for understanding the Indonesian electric vehicle market as (i) Gaikindo has over 20 years of experience in providing online market data for Indonesian automative sector and is regarded as a strategic partner by the Indonesian government in providing comprehensive data as a basis for formulating regulation; and (ii) Research and Markets being one of the world's largest market research store possesses over 20 years of experience.

- In assessing the fairness and reasonableness of the current and forecast transaction prices of lithium-ion powered battery pack, we noted that the Group estimated the transaction price of lithium-ion powered battery pack for the proposed Sales Annual Caps for Oct-PE2026, FY2027 and FY2028 based on prevailing market prices of lithium-ion powered battery pack from the website of TrendForce (Shenzhen) Consultant Co., Ltd. ("**TrendForce**"), which is an independent global high-tech industry research institution providing industry-related information including market quotes, latest development, insight and analysis of the technology industry. TrendForce is widely regarded as an industry platform for monitoring market dynamics and industry trends. We consider that the

website of TrendForce is a reputable source for the Group to estimate the transaction price of lithium-ion powered battery pack for the purpose of determining proposed Sales Annual Caps.

Given the above, we consider the estimated transaction price of lithium-ion powered battery pack, which is determined based on the public information extracted from TrendForce, used in estimating the proposed Sales Annual Caps for Oct-PE2026, FY2027 and FY2028 is fair and reasonable.

- The Company also applied a buffer of 10% to the expected transaction amounts to cater for any possible increase in demand from Jiangsu Yaoning Group and/or fluctuation in the market price of lithium-ion battery packs for the proposed Sales Annual Caps for Oct-PE2026, FY2027 and FY2028. To ascertain if the buffer is fair and reasonable, we have performed research, on best effort basis, on the market price of lithium-ion battery pack for 2024 to 2026 as available from the website of TrendForce and Shanghai Metals Market ("**SMM**") and noted that the annual fluctuation of such price was approximately 7% to 19%, we consider the buffer of 10% under the 2026 Sales Framework Agreement is within the range and is fair and reasonable. We consider TrendForce to be a reliable source, as explained above. We also regard SMM as a reliable source to provide market price data as it is a globally recognised integrated service portal for the non-ferrous metal industry, providing benchmark prices, analysis and industry information, and has served as an industry benchmark for over 20 years.

Our view

Having considered the above, in particular, (i) the fact that the estimated sales volume of lithium-ion powered battery packs for Oct-PE2026 is mainly determined with reference to the historical sales orders and the Confirmed Sales Orders; and (ii) the estimated sales volume of lithium-ion powered battery packs for FY2027 and FY2028 are estimated with reference to the historical sales orders and the potential for the electric vehicles market in Indonesia, we concur with the Directors' view that it is fair and reasonable and in the interests of both the Company and the Shareholders to set the proposed Sales Annual Caps at the proposed levels. However, as the Sales Annual Caps relate to future events and are based on assumptions that may or may not remain valid for the whole period up to 31 December 2028, we express no opinion as to how closely the transactions contemplated under the 2026 Sales Framework Agreement shall correspond to the Sales Annual Caps.

4. Background and Reasons for and benefits of entering into the 2026 Purchase Framework Agreement

As stated in the Letter from the Board, Jiangsu Yaoning and its subsidiaries are specialised in lithium battery production and has built up a good reputation in the industry. Since 1 January 2023, Jiangsu Yaoning and its subsidiaries had supplied lithium-ion battery cells, modules and related products to the Company under the purchase framework agreement dated 11 September 2023 entered into between the Company and Zhejiang Yaoning. On 27 October 2025, Zhejiang Yaoning transferred all its holding of 66.33% equity interest in Jiangsu Yaoning to Zhejiang Geely, and Jiangsu Yaoning and its subsidiaries, inter alios, Jianhu Yaoning Group, have become members of Zhejiang Geely Group. It is expected that the Group will continue to procure lithium-ion battery cells, modules and related products from them and subsequently assembles them into battery products suitable for various types of vehicles before selling them to customers. The products purchased from Zhejiang Geely Group are a component part of the lithium-ion battery pack, and through the 2026 Purchase Framework Agreement, the Group will be able to leverage on this advantage and utilise these supply chain resources to secure a sizable and stable supply of lithium-ion battery cells, modules and related products. The 2026 Purchase Framework Agreements will also allow the Group to capture the synergy between Jianhu Yaoning Group and the Group, and contribute to the operational and business development of the Group.

Taking into account the fact that (i) the 2026 Purchase Framework Agreement allows the Group to secure a sizable and stable supply of lithium-ion battery cells, modules and related products; and (ii) our analysis and view on the major terms of the 2026 Purchase Framework Agreement (as explained below), we concur with the Directors that the entering into of the 2026 Purchase Framework Agreement is within the ordinary and usual course of the Group's business and in the interests of the Company and the Shareholders as a whole.

5. The 2026 Purchase Framework Agreement

5.1 Principal terms of the 2026 Purchase Framework Agreement

Major terms of the 2026 Purchase Framework Agreement are summarised below:

Subject matter

Pursuant to the 2026 Purchase Framework Agreement, the Group shall purchase lithium-ion battery cells, modules and related products from Jianhu Yaoning Group. The exact model and volume of goods sold by Jianhu Yaoning Group to the Group and the dates of delivery will be provided in separate purchase orders.

Term

The 2026 Purchase Framework Agreement has a term of commencing from the 31 August 2026 to 31 December 2028.

Payment terms

Payments for the products under the 2026 Purchase Framework Agreement shall be settled within 30 days from the date of receipt of the invoice.

Conditions

The 2026 Purchase Framework Agreement shall only become effective upon the Company having completed all necessary internal procedures (including obtaining approval of the Shareholders and/or the Board in accordance with the GEM Listing Rules), and having obtained all necessary approvals and consents from the Stock Exchange and other third parties (including relevant regulatory authorities, government or official authorities).

Pricing basis

The price of goods under the 2026 Purchase Framework Agreement will be negotiated on an arm's length basis with reference to the prevailing market price and determined in the ordinary course of business on normal commercial terms or on terms no less favourable than those offered by independent third parties and will be specified in separate purchase orders.

Our view on pricing basis

To ascertain whether the purchase price of lithium-ion battery cells, modules and related products was determined with reference to the prevailing market price according to the pricing basis, we have obtained from the Company and reviewed the transaction documents of the two largest transactions in terms of transaction amounts for each of FY2023, FY2024 and FY2025, being a total of six selected samples, relating to the Company's historical transactions with Zhejiang Yaoning under the 2023 Purchase Framework Agreement for the Review Period. We consider that the selected samples are fair and representative for the purpose of our assessment, given that they represented the largest transactions for each of the relevant years during the Review Period and were selected by us independently from the historical transaction list for the 2023 Purchase Framework Agreement during Review Period. Based on our review of the selected samples, we noted that the purchase price of lithium-ion battery cells, modules and related products was determined with reference to the prevailing market price and on terms no less favourable to the Company than those offered by the independent third parties.

Based on the above, we concur with the view of the Directors that the terms of the 2026 Purchase Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

5.2 Fairness and reasonableness of the 2026 Purchase Framework Agreement Annual Caps

The table below sets out (i) the approved annual caps (excluding value-added tax); and (ii) the historical actual amounts in respect of the 2023 Purchase Framework Agreement for the following periods:

	For the period from 11 September 2023 to 31 December 2023	**For the year ended 31 December 2024**	**For the year ended 31 December 2025**	**For the period from 1 January 2026 to 10 September 2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Approved annual caps	42,000	103,000	129,000	72,000
Historical actual amounts	3,600	2,500	23,100	—*Note*

Note: On 27 October 2025, Zhejiang Yaoning transferred all its holding of 66.33% equity interest in Jiangsu Yaoning to Zhejiang Geely, and Jiangsu Yaoning and its subsidiaries, *inter alios*, Jianhu Yaoning Group, have become members of Zhejiang Geely Group. As such, the transaction amount between the Group and Zhejiang Yaoning in early 2026 is nil. The unaudited historical transaction amounts with Jianhu Yaoning Group were approximately RMB761,000 for the period from 1 January 2026 to 30 June 2026.

As stated in the Letter from the Board, the low historical utilisation of the annual caps under the 2023 Purchase Framework Agreement was primarily attributable to a significant decline in orders for the relevant new energy vehicle models. Due to lower-than-expected customer demand for new energy vehicles, the challenging market environment at the time, and a decrease in the production volumes of Zhejiang Geely Group, the Group's purchases of lithium-ion battery packs and related products declined substantially in 2024. Accordingly, the actual transaction amounts remained below the historical annual caps under the 2023 Purchase Framework Agreement. In mid-2025, Zhejiang Geely Group commenced expanding its business in Indonesia. As a result, purchase volumes of lithium-ion battery-packs from Zhejiang Geely Group gradually increased from the second half of 2025 through the first half of 2026.

It is expected that for the period from 31 August 2026 ending 31 December 2026 ("**Sep-PE2026**"), FY2027 and FY2028, the aggregate transaction amounts of lithium-ion battery cells, modules and related products to be purchased by the Group from Jianhu Yaoning Group will not exceed the following respective amounts and such amounts have been set as the proposed caps for the relevant continuing connected transactions contemplated under the 2026 Purchase Framework Agreement accordingly:

	For the period from 31 August 2026 to 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
	RMB'000	*RMB'000*	*RMB'000*
Proposed Purchase Annual Caps	25,000	54,000	80,000

As set out in the Letter from the Board, the proposed Purchase Annual Caps were determined based on (i) the historical purchase volume of lithium-ion powered battery cells, modules and related products for recent years under the 2023 Purchase Framework Agreement; (ii) an expected increase in the purchase volume of lithium-ion powered battery cells, modules and related products for Sep-PE2026, FY2027 and FY2028, respectively, with reference to the estimated sales volume of lithium-ion powered battery packs from Jiangsu Yaoning Group; (iii) the current market price of lithium-ion powered battery cells, modules and related products in the market for Sep-PE2026 and expect to remain stable for FY2027 and FY2028; and (iv) buffer of 10% to the expected transaction amounts to cater for any possible increase in demand from Jiangsu Yaoning Group and/or fluctuation in the market price of lithium-ion battery cells, modules and related products for the proposed Purchase Annual Caps of Sep-PE2026, FY2027 and FY2028.

In our assessment of the fairness and reasonableness of the proposed Purchase Annual Caps, we have reviewed and discussed with management of the Company on the underlying calculation. From our review of the aforesaid documents and discussion with management of the Company, we have taken into consideration the following:

- The estimated purchase volume of lithium-ion powered battery cells, modules and related products for Sep-PE2026, FY2027 and FY2028 are mainly determined based on the estimated sales volumes of lithium-ion powered battery packs for the respective periods as discussed in the above section headed "*3.2 Fairness and reasonableness of the 2026 Sales Framework Agreement Annual Caps*".

Sep-PE2026: We noted that the proposed Purchase Annual Caps for Sep-PE2026 amounting to RMB25 million represents a significant increase of approximately RMB24.2 million as compared to the historical purchase amount for the six months ended 30 June 2026. We understand that the estimated purchase volume of lithium-ion powered battery cells, modules and related products for Sep-PE2026 is mainly determined based on the required quantities of lithium-ion powered battery cells, modules and related products to produce (i) a confirmed sales order, which is expected to be delivered in October 2026 under the 2023 Sales Agreement (the "**Confirmed Sales Order B**"); and (ii) the estimated sales volume of lithium-ion powered battery packs for the proposed Sales Annual Cap for Oct-PE2026. We have obtained and reviewed the Confirmed Sales Order B, which represents approximately 24% of the proposed Purchase Annual Cap for Sep-PE2026. On such basis and as the estimated purchase volume of lithium-ion powered battery cells, modules and related products is based on the estimated sales volume of lithium-ion powered battery packs for Sep-PE2026, we consider the estimated purchase volume of lithium-ion powered battery cells, modules and related products for Sep-PE2026 is fair and reasonable.

FY2027 and FY2028: The proposed Purchase Annual Cap for FY2027 represents a significant increase of approximately RMB19.7 million, or 57%, when compared to the annualised amount based on the aggregate of historical purchase amount for the six months ended 30 June 2026 and the proposed Purchase Annual Cap for Sep-PE2026. The proposed Purchase Annual Cap for FY2028 further increases by approximately RMB26 million, or 48%, when compared to the proposed Purchase Annual Cap for FY2027. We note that such increase is mainly attributable to the expected increase in purchase volumes of lithium-ion powered battery cells, modules and related products to produce the estimated sales volumes of lithium-ion powered battery packs for FY2027 and FY2028, which increase by 38% and 50% in FY2027 and FY2028 on a year-on-year basis. For the analysis of the market growth in supporting the estimated sales growth in FY2027 and FY2028, please refer to above section headed "*3.2 Fairness and reasonableness of the 2026 Sales Framework Agreement Annual Caps*".

- In assessing the fairness and reasonableness of the current and forecast transaction prices of lithium-ion powered battery cells, modules and related products, we noted that the Group estimated the purchase price of lithium-ion powered battery cells, modules and related products for the proposed Purchase Annual Caps for Sep-PE2026, FY2027 and FY2028 based on the prevailing market prices of lithium-ion powered battery cells, modules and related products from the website of TrendForce, which is an independent global high-tech industry research institution providing industry-related information including market quotes, latest development, insight and analysis of the

technology industry. TrendForce is widely regarded as an industry platform for monitoring market dynamics and industry trends. We consider that the website of TrendForce is a reputable source for the Group to estimate the transaction price of lithium-ion powered battery cells, modules and related products for the purpose of determining proposed Purchase Annual Caps.

Given the above, we consider the estimated transaction price of lithium-ion powered battery cell modules and related products, which is determined based on the public information extracted from TrendForce, used in estimating the proposed Purchase Annual caps for Sep-PE2026, FY2027 and FY2028 is fair and reasonable.

- The Company applied a buffer of 10% to the expected transaction amounts to cater for any possible increase in demand from Jiangsu Yaoning Group and/or fluctuation in the market price of lithium-ion battery cells, modules and related products for the proposed Purchase Annual Caps of Sep-PE2026, FY2027 and FY2028. To ascertain if the buffer is fair and reasonable, we have performed research, on best effort basis, on the market price of lithium-ion battery cells for 2024 to 2026 as available from the website of TrendForce and SMM and noted that the annual fluctuation of price was approximately 7% to 11%, we consider the buffer of 10% under the 2026 Purchase Framework Agreement is within the range and is fair and reasonable.

Our view

Based on the factors, reasons and our analysis explained above and our review of the underlying calculations from the Company, we concur with the Directors' view that it is fair and reasonable and in the interests of both the Company and the Shareholders to set the proposed Purchase Annual Caps at the proposed levels. However, as the Purchase Annual Caps relate to future events and are based on assumptions that may or may not remain valid for the whole period up to 31 December 2028, we express no opinion as to how closely the transactions contemplated under the 2026 Purchase Framework Agreement shall correspond to the Purchase Annual Caps.

6. Internal control measures

For details of the Group's internal control measures, please refer to the paragraph headed "*Internal Control Measures*" in the Letter from the Board.

Our view

Based on our discussion with the management of the Company on the internal control measures that govern the transaction contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement and our review of the internal control procedures that include:

(i) the Group has formulated internal audit procedures to track, monitor and evaluate the transaction amounts under the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement on a monthly basis, so as to ensure the Annual Caps are not exceeded;

(ii) to conduct the market research on the prevailing market price, the Group will collect market information and keep track of the changes in the industry, especially the selling prices of similar lithium-ion batteries through different sources, including but not limited to quotation(s) from independent third parties (if any) or transfer pricing analysis report(s) prepared by an independent certified public accountant or a similarly qualified institution, if there is no prevailing market price to determine market rates for the products. The Group will also collect information regarding the profit margin and costs of raw materials in the market from popular websites. The finance and accounting department of the Group will also review the relevant cost items incurred by the Group for manufacturing the products, on a quarterly basis (or more frequently in the case of substantial market changes such as a material shortage of research personnel, coupled with the latest business developments of the Group), to ensure the accuracy of such costs;

(iii) if it is required to revise the selling price of the lithium-ion batteries and/or purchase price of the lithium-ion battery cells/modules, the sales and procurement and finance departments should hold a meeting to confirm and revise the selling/purchase price with reference to the market. The price should be reviewed and approved by at least two executive Directors or non-executive Director;

(iv) the above internal control measures are supervised and monitored by the management of the Company to ensure the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement are conducted on normal commercial terms, in the ordinary course of business and will not be prejudicial to the interests of the Company and the Shareholders as a whole;

(v) the Group will conduct assessment at least annually on the internal control measures for all continuing connected transactions to ensure such internal control measures have been adhered to and are effective;

(vi) the independent non-executive Directors will also conduct a review on all continuing connected transactions each year and confirm that the transactions have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(vii) the Company will also engage its independent auditors to report on transactions under the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement at the end of each financial year. The independent auditors will review and confirm in the annual report whether transactions under the 2026 Sales Framework Agreement and the 2026 Purchase Framework Agreement have been approved by the Board, are in compliance with the pricing policies of the relevant agreement governing the transactions, and have not exceeded the relevant Annual Caps. The Board will consider the results from the above reviews and take action to further strengthen the internal control measures on all continuing connected transactions of the Group, where necessary.

we consider that the Company has sufficient and effective internal control measures in place to ensure that (i) the proposed Sales Annual Caps and the proposed Purchase Annual Caps will not be exceeded (or if it is expected to be exceeded, the Company will consider measures to be taken in a timely manner, which include restricting the amount of the continuing connected transactions or re-complying with disclosure and independent shareholders' approval requirement under the GEM Listing Rules); and (ii) the selling price and purchase prices will be determined on normal commercial terms or on terms no less favourable to the Group than those offered by independent third parties (through adopting internal procedures to compare the terms offered to Jianhu Yaoning Group or by Jiangsu Yaoning Group with quotations or data on market prices).

7. Requirements by the GEM Listing Rules Regarding the Continuing Connected Transactions

Pursuant to Rules 20.53 to 20.57 of the GEM Listing Rules, the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement are subject to the following annual review requirements:

(a) each year the independent non-executive Directors must review the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement and confirm in the annual report that the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement have been entered into:

- in the ordinary and usual course of business of the Company;
- on normal commercial terms or better; and

- according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(b) each year the auditors of the Company must provide a letter to the Board confirming that the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement:

- have received the approval of the Board;
- are, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- have been entered into, in all material respects, in accordance with the relevant agreement governing the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement; and
- have not exceeded the Sales Annual Caps and Purchase Annual Caps.

(c) the Company must allow, and ensure that the relevant counterparty to the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement allows, the Company's auditors sufficient access to their records for the purpose of reporting on the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement. The Board must state in the annual report whether its auditors have confirmed the matters stated in paragraph (b) above; and

(d) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the GEM Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above respectively.

In light of the reporting requirements attached to the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement, in particular, (i) the restriction of the value of the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement by way of the Sales Annual Caps and Purchase Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement and the Sales Annual Caps and Purchase Annual Caps not being exceeded, we are of the view that appropriate measures are in place to govern the conduct of the transactions contemplated under the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement and safeguard the interests of the Company and the Shareholders as a whole.

CONCLUSION AND RECOMMENDATION

Based on our analysis and work done set out above, we consider that the entering into of the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps) are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

We advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in relation to the 2026 Sales Framework Agreement and 2026 Purchase Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Alex Lau
Managing Director

Michelle Tse
Director

Note: Mr. Alex Lau has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2003 and Miss Michelle Tse has been a licensed representative of Type 6 (advising on corporate finance) regulated activity from 2010 to 2015 and since 2019.