HONBRIDGE HOLDINGS LIMITED
洪橋集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8137)

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30 October 2026

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 51% EQUITY INTEREST IN THE TARGET COMPANY AND NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the announcements dated 21 August 2026 and 30 October 2026 in relation to, among other matters, the Acquisition and the adjustment of the consideration under the Acquisition. The purpose of this circular is to provide Shareholders with, among others, (a) further details of the Acquisition; (b) information on the Group, the Seller and the Target Group; (c) the financial information of the Group; (d) the accountants' report and

management discussion and analysis of the Target Group; (e) the unaudited pro forma financial information of the Enlarged Group; (f) the Valuation Report; (g) the letter from the Independent Board Committee; (h) the letter from the Independent Financial Adviser; (i) the notice convening the EGM; and (j) other information required under the GEM Listing Rules.

2. THE ACQUISITION

On 21 August 2026 (after trading hours), the Company entered into the Acquisition Agreement with Lianfengtai Technology, Geely Technology Group and the Target Company, pursuant to which Geely Technology Group has conditionally agreed to sell, and the Company has conditionally agreed to acquire through the WFOE Entity, 51% of the equity interest in the Target Company for the Consideration of RMB424.8 million (or its equivalent in HK$) which is subsequently amended as RMB382.5 million by the Supplementary Agreement as set out in the announcement dated 30 October 2026.

Date	21 August 2026 (after trading hours)
Parties	(i) the Company; (ii) Lianfengtai Technology; (iii) Geely Technology Group (as the "**Seller**"); and (iv) the Target Company. Under the Acquisition Agreement, the Company and Lianfengtai Technology are required to establish a wholly foreign-owned enterprise in the PRC through which the Company will acquire the Target Equity, procure such entity to complete the requisite foreign exchange registration for foreign direct investment and procure it to become a party to the Acquisition Agreement as the purchaser. As at the Latest Practicable Date, the WFOE Entity had been established and had become a party to the Acquisition Agreement as the purchaser. Accordingly, the WFOE Entity has assumed all rights and obligations of the purchaser under the Acquisition Agreement.
Target Equity	51% equity interest in the Target Company, corresponding to RMB510 million of its registered capital, which has been fully paid.

As at the Latest Practicable Date, the Seller owns 70.07% of the equity interest in the Target Company and the remaining 29.93% is owned by other shareholders who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are independent third parties.

Upon Completion, the WFOE Entity, the Seller and such other shareholders will hold 51%, 19.07% and 29.93%, respectively, of the equity interest in the Target Company. The Target Company will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. Any subsequent transfer of all or any part of the Target Equity by the WFOE Entity to a person other than an existing shareholder of the Target Company will be subject to applicable PRC laws and the articles of association of the Target Company, including the rights of first refusal of the other shareholders of the Target Company on the same terms.

Consideration (the "Consideration") and basis of Consideration

RMB382.5 million (or its equivalent in HK$), which is intended to be financed by loans from the Seller (and/or its associate(s)); as at the Latest Practicable Date, the detailed terms of the proposed loans from the Seller, including their tenure, interest rate and security arrangements, remained under negotiation and had not been finalised; the said financing arrangement, if it materialises, will constitute a connected transaction, in respect of which, the Company will comply with the reporting, announcement, circular and/or other requirements under the GEM Listing Rules (if needed) as and when appropriate. Please refer to the paragraph headed "Financing of the Consideration" below on page 58.

The Consideration represents approximately 51.0% of the RMB750.0 million, being the approximate mid-point of the appraised values of RMB629.1 million under the asset-based approach and RMB833.0 million under the market approach of the entire equity interest in the Target Company as at the Valuation Date, as set out in the Valuation Report.

The Consideration was determined after arm's length negotiations among the parties to the Acquisition Agreement with reference to, among other things, the Valuation Report.

Payment terms

The WFOE Entity shall pay the Consideration within six (6) months after both Completion and receipt of a payment notice from the Seller (or such shorter period as may be required by applicable laws and regulations).

Conditions precedent ("Conditions")

Completion is conditional upon the satisfaction or waiver (where applicable) of, among other things, the following Conditions:

(a) the WFOE Entity having been duly established under PRC laws and having obtained its business licence;

(b) the Stock Exchange having confirmed that it has no further comments on the relevant announcement(s) and/or circular(s), where applicable, and all requisite approvals and/or authorisations of the boards of directors and/or general meetings of the relevant parties in respect of the Acquisition having been obtained;

(c) all existing shareholders of the Target Company, other than the Seller, having waived their rights of first refusal in respect of the Target Equity;

(d) the registration of the transfer of the Target Equity having been completed and the Target Company having obtained its updated business licence;

(e) the representations and warranties of the Seller and the Target Company remaining true, complete and accurate, and the Seller and the Target Company having performed their respective obligations under the Acquisition Agreement without any event of default having occurred;

(f) the Target Company having obtained and maintained all approvals, licences and permits required under PRC laws in respect of its business and assets prior to Completion;

(g) the Company, Lianfengtai Technology and the WFOE Entity being satisfied with the results of their legal, financial and business due diligence on the Target Company, its shareholders, directors, supervisors, legal representative and senior management;

(h) the Seller and/or the Target Company having given all notices and obtained all third-party consents and/or approvals required under the relevant contracts as a result of the change in shareholding of the Target Company, and there being no binding contractual restriction on such change;

(i) no material adverse change having occurred in respect of the Target Group, and its core business assets and key professional and technical personnel having remained stable; and

(j) there being no legal proceeding, contract, agreement or other arrangement that would prohibit, restrict or otherwise materially adversely affect the Acquisition, or impose any material restriction or condition on it.

Completion

Completion shall take place on the fifth Business Day after the fulfilment or waiver of the Conditions, or on such other date as may be agreed. The WFOE Entity may waive any of the Conditions, providing that any such waiver will not dispense with any approval or requirement that must be obtained or complied with under applicable laws and regulations or the GEM Listing Rules.

As at the Latest Practicable Date, all the Conditions had been fulfilled, except for (i) the approval of the Acquisition by the Independent Shareholders at the EGM; (ii) the waiver by the other existing shareholders of the Target Company of their rights of first refusal in respect of the Target Equity; and (iii) the completion of the registration of the transfer of the Target Equity and the obtaining by the Target Company of its updated business licence.

Termination

The Acquisition Agreement may be terminated in any of the following circumstances:

(1) by mutual agreement of the parties;

(2) if the Conditions have not been fulfilled or waived within twelve (12) months after the date of the Acquisition Agreement and the parties have not agreed to extend such period, any party may terminate the Acquisition Agreement;

(3) if the WFOE Entity fails to pay the Consideration in accordance with the Acquisition Agreement and fails to remedy such default within 15 days following written notice from the Company, the Seller may terminate the Acquisition Agreement;

(4) if any representation or warranty of the Seller or the Target Company is untrue, inaccurate or misleading in any material respect, or if the Seller or the Target Company materially breaches its obligations under the Acquisition Agreement and fails to remedy such breach within 15 days following written notice from the Company, Lianfengtai Technology or the WFOE Entity, the Company, Lianfengtai Technology or the WFOE Entity may terminate the Acquisition Agreement;

(5) if any representation or warranty of the WFOE Entity is untrue, inaccurate or misleading in any material respect, or if the WFOE Entity materially breaches its obligations under the Acquisition Agreement and fails to remedy such breach within 15 days following written notice from the Seller or the Target Company, the Seller or the Target Company may terminate the Acquisition Agreement;

(6) prior to Completion:

(i) if force majeure or other circumstances not attributable to any party prevent the purpose of the Acquisition Agreement from being achieved for more than three (3) months, any party may terminate the Acquisition Agreement; or

(ii) if a court accepts a bankruptcy petition against any party, or if any party has its registration or business licence revoked, is ordered to cease business or otherwise loses its actual capacity to perform the Acquisition Agreement, the other parties may terminate the Acquisition Agreement.

BASIS OF CONSIDERATION

The Consideration was determined after arm's length negotiations among the parties to the Acquisition Agreement with reference to the appraised market value of the entire equity interest in the Target Company as at the Valuation Date according to the Valuation Report prepared by the Valuer, and other factors including the historical financial performance and recent development, the disposal of the high-voltage battery business, the net asset value and the original acquisition cost of the Target Company and the payment terms of the transaction.

Valuation

According to the Valuation Report prepared by the Valuer, the market value of the entire equity interest in the Target Company as at the Valuation Date was RMB833.00 million (the "**Valuation**").

The Valuation Report was prepared in accordance with the PRC asset valuation standards. In preparing the Valuation Report, the Valuer reviewed, among other things, the audited financial information of the Target Group as at the Valuation Date, its historical operating information, information relating to its assets and liabilities, relevant industry and market information, publicly available information obtained from the Hithink RoyalFlush, iFinD financial database and other information provided by the Company and the Target Company.

The Valuer

Independence: the Valuer is an independent third-party asset valuation firm. It has no any interest in the Target Company, the parties to the Acquisition, the Company or any of its connected persons.

Qualifications of the firm: the Valuer holds an asset valuation practising certificate and a certificate qualifying it to carry out valuations in connection with securities and futures related business, in each case issued by the finance department, and is professionally qualified to undertake enterprise value valuations.

Qualifications of the signing valuer: the signing valuer holds a Certified Public Valuer (CPV) professional qualification certificate issued by the China Appraisal Society, has many years of professional experience in enterprise mergers and acquisitions and in the valuation of equity interests, and has led a number of merger, acquisition and reorganisation valuation projects.

There was no limitation on the scope of the Valuer's work that would have a material effect on its valuation conclusion. The Valuer was able to obtain the principal documents and the financial and operating information required for the Valuation, and management interviews and verification of information were carried out in the ordinary course.

Valuation Methodology

According to Article 14 of the *Provisions on M&A of Domestic Enterprises by Foreign Investors* (Order No. 10 [2006] of the Six Ministries and Commissions, as amended in 2009) issued by the Ministry of Commerce of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the State Taxation Administration of the PRC, and the State Administration for Industry and Commerce of the PRC, parties to a merger or acquisition shall base the transaction price on the valuation results of the equity value to be transferred or the assets to be sold, as conducted by an asset appraisal institution. The parties may agree to select an asset appraisal institution established in accordance with the law within the territory of China. International standard appraisal methods shall be adopted for asset appraisal. Transferring equity or selling assets at a price significantly lower than the appraisal results to transfer capital overseas in a disguised form is prohibited. The Valuer engaged for this valuation is an asset appraisal institution established in accordance with the laws of the PRC, and as such, the preparation of the Valuation Report must comply with the requirements of relevant domestic laws, standards, and guidelines in the PRC.

Further, pursuant to the relevant provisions of the *Asset Appraisal Law of the People's Republic of China* and the *Asset Valuation Practice Standards — Enterprise Value*, where the subject of valuation satisfies the conditions for the application of multiple valuation methods, it is a requirement under such legal provisions and practice standards common industry practice within the asset valuation profession to adopt two or more valuation methods, so that the results derived under different valuation approaches may be cross-verified and the differences between the calculation results may be comprehensively analyzed to arrive at a reasonable valuation conclusion.

The Valuer considered the applicability of the asset-based approach, the market approach and the income approach, and adopted both the asset-based approach and the market approach.

The income approach was not adopted, principally because the Target Company had recorded negative operating cash flows in recent years. Although its production capacity had gradually resumed and its operations had improved since September 2025, its proposed expansion of production lines and development of new battery cells, battery packs, electric drive systems and electronic control systems remained at an early planning stage. The management of the Target Company was therefore unable to prepare

sufficiently supported and reliable forecasts of its future revenue, costs, capital expenditure and cash flows. Therefore, the income approach was not applicable to this valuation.

Under the asset-based approach, the Valuer referred to the standalone balance sheet of the Target Company as at the Valuation Date and arrived at a reasonable value for its on-balance sheet assets and liabilities and for its identifiable off-balance sheet assets and liabilities. The Valuer considered the asset-based approach as appropriate since the various assets and liabilities of the Target Company can be reasonably identified based on its accounting policies and business operations, it is feasible to select appropriate and specific valuation methods for each asset and liability, and the conditions for implementing these valuation methods are fulfilled.

Under the market approach, the Valuer adopted the guideline public company method rather than the comparable transaction method, principally because sufficient information regarding comparable transactions was not available in the market and it could not be determined whether the relevant transaction prices had been affected by non-market factors. The Valuer assessed the value of the Target Company by analysing the operating and financial information of comparable listed companies and comparing and adjusting the relevant valuation multiples, having regard to the differences between the comparable companies and the Target Company.

The Valuer adopted the price-to-book ratio ("**P/B**") as the applicable valuation multiple. The P/B multiple was considered appropriate because the Target Company operates a capital-intensive manufacturing business and its principal assets comprise production facilities, machinery, equipment and inventories. Revenue-based multiples were not adopted, principally because the Target Company's historically low capacity utilisation, and the differences in product mix and pricing between the Target Company and the comparable companies, would result in substantial dispersion in the adjusted multiples. Earnings-based multiples were not adopted because the Target Company had been loss-making and had recorded negative operating cash flows. The enterprise value to capacity ratio ("**EV/GWh**") was also not adopted because differences in battery specifications and downstream applications could result in significant differences in value among companies with similar production capacity.

Application of the Asset-based Approach

The valuation results under the asset-based approach as at the Valuation Date were as follows (all in RMB'0,000):

Item	Book Value A	Appraised Value B	Increase/ (Decrease) C=B−A	Rate of increase/ (decrease) (%) D=C/ A×100
I. Current assets	29,302.06	29,302.06	0.00	0.00
II. Non-current assets	34,595.36	59,815.54	25,220.18	72.90
of which: Long-term equity investment	89.96	(3,316.07)	(3,406.03)	(3,786.16)
Fixed assets	26,335.39	48,853.60	22,518.21	85.51
Construction in progress	402.48	327.43	(75.05)	(18.65)
Right-of-use assets	6,943.72	10,046.49	3,102.77	44.68
Intangible assets	229.63	3,821.53	3,591.90	1,564.21
of which: other intangible assets	229.63	3,821.53	3,591.90	1,564.21
Long-term deferred expenses	511.63	0.00	(511.63)	(100.00)
Other non-current assets	82.56	82.56	0.00	0.00
Total Assets	**63,897.42**	**89,117.60**	**25,220.18**	**39.47**
III. Current liabilities	25,070.07	25,070.07	0.00	0.00
IV. Non-current liabilities	1,219.37	1,141.04	(78.33)	(6.42)
Total Liabilities	**26,289.44**	**26,211.11**	**(78.33)**	**(0.30)**
Total Shareholders' Equity	**37,607.98**	**62,906.49**	**25,298.51**	**67.27**

Under the asset-based approach, the appraised value of the entire equity interest in the Target Company was approximately RMB629.06 million, representing an increase of approximately RMB252.99 million, or approximately 67.27%, over its book value of approximately RMB376.08 million as at the Valuation Date.

Key quantitative parameters and calculation process for major assets

The asset-based approach determines the value of the entity being valued by arriving at a reasonable value for its on-balance sheet assets and liabilities and for its identifiable off-balance sheet assets and liabilities, by reference to the standalone balance

sheet of that entity as at the Valuation Date. It proceeds on the premise that all factors of production are replaced: an appropriate method is selected for each individual asset within the scope of the valuation according to its particular circumstances, the value of each such asset is assessed separately, those values are then aggregated and the appraised value of the relevant liabilities is deducted to arrive at the appraised value of total shareholders' equity. The formula is as follows:

Appraised value of total shareholders' equity = ∑ Appraised value of each individual asset – ∑ Appraised value of each individual liability

The valuation methods adopted for the major categories of assets were as follows:

(i) Cash and cash equivalents

The appraised value of Renminbi bank deposits is their verified book value. The appraised value of foreign currency bank deposits is the amount arrived at by converting the verified foreign currency deposit balances into Renminbi at the middle exchange rate announced by the People's Bank of China on the Valuation Date. The appraised value of other cash and cash equivalents is their verified book value.

(ii) Receivable-type current assets

Receivable-type current assets comprise trade receivables, receivables financing, prepayments, other receivables and similar items. Their appraised value is determined, following an analysis of ageing and verification of the underlying rights, by reference to the estimated recoverable amount or the estimated realisable value of the corresponding rights. Provisions for bad debts made by the Target Company in accordance with applicable regulations are valued at nil.

(iii) Inventories

Inventories comprise raw materials, finished goods, revolving materials in stock, work in progress and similar items. An appropriate valuation method is adopted for each type of inventory according to its characteristics.

The appraised value of raw materials and revolving materials in stock is their verified book value.

The appraised value of finished goods with a longer inventory age is their net realisable value. As externally purchased accessories and similar items were acquired recently and their market prices have not changed significantly, their appraised value is their verified book value.

The appraised value of work in progress that has been held for a long time or that is unsuitable for use in production is its net realisable value. For other work in progress, book value comprises the materials invested together with allocable labour and

manufacturing costs; as the accounting treatment of materials, labour and expenses was verified to be broadly reasonable, and as any potential profit is uncertain given the low degree of completion, the appraised value of such work in progress is its verified book value.

Provisions for inventory write-down made by the Target Company in accordance with applicable regulations are valued at nil.

(iv) Other current assets

Other current assets comprise value-added tax input tax credits available for deduction. Their appraised value is their verified book value.

(v) Long-term equity investment

The appraised value of the equity investment in the wholly-owned subsidiary is the share of the appraised shareholders' equity of that subsidiary attributable to the entity being valued.

(vi) Building-type fixed assets

The building-type fixed assets within the scope of the valuation comprise industrial plants, ancillary buildings and similar assets. Having regard to the purpose of the valuation, the cost approach was adopted. The appraised value of these buildings does not include the appraised value of the corresponding land use rights.

Under the cost approach, the appraised value is arrived at by taking the total cost that would be required, under current conditions, to re-acquire or construct a new building identical to the building being valued, and deducting all depreciation suffered by that building. In this valuation, the condition rate method was used to determine the various forms of depreciation suffered. The formula is as follows:

Appraised value = Replacement cost × Comprehensive condition rate

1) Determination of replacement cost

Replacement cost comprises construction and installation costs, preliminary and other expenses, construction fees, accrued interest and development profit, with individual items included or excluded according to the particular circumstances of the asset being valued.

2) Determination of condition rate

For buildings, the condition rate is determined using both the age-life method and the condition grading scoring method, and a weighted average of the two is taken to arrive at the comprehensive condition rate. The formula is as follows:

Comprehensive condition rate $K = A_1 \times K_1 + A_2 \times K_2$

where A_1 and A_2 are the weighting factors, K_1 is the condition rate derived under the age-life method, and K_2 is the condition rate derived under the condition grading assessment.

(vii) Equipment-type fixed assets

Having regard to the purpose of the valuation, the relevant conditions, the characteristics of the equipment being valued and the information collected, the cost approach was adopted. Under the cost approach, the value of an asset is determined on the basis of reconstructing or replacing it: the reconstruction or replacement cost of the asset being valued is taken as the starting point, from which the relevant depreciation (comprising physical deterioration, functional obsolescence and economic obsolescence) is deducted. In this valuation, the condition rate method was used to determine the physical deterioration suffered by the equipment being valued. The formula is as follows:

Appraised value = Replacement cost – Physical deterioration – Functional obsolescence – Economic obsolescence = Replacement cost × Condition rate – Functional obsolescence – Economic obsolescence

In addition, the appraised value of idle equipment and equipment pending disposal is its orderly liquidation value. Components, parts, installation materials and similar items that form part of a single item of equipment but are listed separately in the detailed schedule are taken into account in valuing the corresponding equipment.

Provisions for impairment made by the Target Company in accordance with applicable regulations are valued at nil.

(viii) Construction in progress

The cost approach was adopted. On verification, the secondary fit-out and decoration of the research institute were disposed of after the Valuation Date and have been included in the valuation of equipment. Save for those items, the market prices of the remaining equipment have not changed significantly and their appraised value is their verified book value.

(ix) Right-of-use assets

A. The appraised value of right-of-use assets in respect of leased plants and vehicles is their verified book value.

B. Land use rights were valued as follows.

As recent transactions in comparable types of land in the area in which the land parcel being valued is located were available, and as the market approach directly reflects local land price levels, the market approach was adopted.

C. The valuation methodology adopted and the selection of parameters were as follows.

Under the market approach, the price of the land parcel being valued is determined by applying the principle of substitution: the land parcel being valued is compared with recent transactions in comparable land, and the known prices of those transactions are adjusted for differences in transaction circumstances, transaction date, term of use and property conditions in order to arrive at the price of the land parcel being valued as at the Valuation Date. The formula is as follows:

Appraised land price $V = V_1 \times A \times B \times C \times D$

Where:

V — value of the land use right of the parcel being valued

V_1 — price of the comparable transaction

A — transaction condition index of the parcel being valued divided by that of the comparable transaction

B — transaction date index of the parcel being valued divided by the transaction date adjustment index of the comparable transaction

C — term of use index of the parcel being valued divided by that of the comparable transaction

D — property condition index of the parcel being valued divided by that of the comparable transaction

D. Determination of appraised value

Land unit price = Appraised land price

Appraised value of land = Land unit price × Land area × (1 + Deed tax rate)

(x) Intangible assets — other intangible assets

In the case of purchased software recorded in the books, as the software is in normal use and under maintenance and market prices for such software were available as at the Valuation Date, its appraised value is determined by reference to its purchase price, having regard to its technical condition.

In the case of patent rights not recorded in the books, the prevailing asset valuation standards and related regulations provide that the basic methods for valuing intangible assets are the cost approach, the market approach and the income approach. As the future revenue to be generated by the products to which the patents relate can be reasonably forecast, and as the discount rate corresponding to the level of revenue risk can be reasonably estimated, the income approach was adopted, having regard to the asset being valued, the purpose of the valuation and the information collected. The formula is as follows:

$$V = \sum_{i=1}^{n} \frac{A_i}{(1+r)^i}$$

Where:

V — value of the intangible asset being valued

A_i — net income of the intangible asset in year i

r — discount rate

n — income-producing period

Having regard to the purpose of the valuation and the particular circumstances of the asset being valued, the valuer selected the relief-from-royalty method in order to determine the appraised value of the asset by reference to the contribution made by the intangible assets. Under the relief-from-royalty method, the future expected income of the asset being valued is determined by reference to the contribution of the intangible asset to profits, taking revenue as the base and applying an appropriate royalty rate. In this valuation, the income-producing period was determined by analysing the technical and economic performance of the intangible assets together with their legal life and other factors, and the discount rate was determined by analysis using the risk build-up method.

In the case of trademark rights not recorded in the books, as they carry no well-known trademark premium and generate no independent brand premium income, and as they are used principally for business filing purposes, their appraised value is determined by reference to the trademark registration fee.

(xi) Long-term deferred expenses

Long-term deferred expenses represent the unamortised balance of expenditure on plant purification facility works, power works and similar items. On verification, all of the related assets were disposed of after the Valuation Date and have been included in the valuation of equipment; their appraised value is accordingly nil.

(xii) Other non-current assets

Other non-current assets comprise prepayments for equipment. As each of these assets carries a corresponding value or right after the Valuation Date, their appraised value is their verified book value.

(xiii) Liabilities

Liabilities comprise current liabilities and non-current liabilities. Current liabilities comprise accounts payable, receipts in advance, contract liabilities, employee benefits payable, other payables, non-current liabilities due within one year and other current liabilities. Non-current liabilities comprise lease liabilities and deferred revenue. Verification was carried out by reconciling the subsidiary ledgers to the general ledger, circularising confirmations in respect of larger balances and examining original vouchers and other supporting documents. On verification, all liabilities other than deferred revenue represent actual liabilities to be borne, and their appraised value is their verified book value. Income-related deferred revenue was found not to require payment after the Valuation Date and is accordingly valued at nil; the appraised value of the remaining asset-related deferred revenue is its verified book value.

Analysis of the valuation adjustments under the asset-based approach

(i) The long-term equity investment was written down by RMB34.0603 million, a decrease of 3,786.16%, mainly because the Company uses the cost approach for measurement, and thus the operating losses have not been reflected in the book value of the relevant long-term equity investments.

(ii) Building-type fixed assets were revalued upwards by RMB72.3423 million, an increase of 35.86%, because the economic useful life of the buildings is longer than the depreciation period adopted for accounting purposes.

(iii) Equipment-type fixed assets were revalued upwards by RMB152.8398 million, an increase of 247.99%. This was because based on the cost approach adopted against the equipment-type fixed assets in this valuation, the upward revaluation objectively reflects the current replacement market conditions for similar assets having considered that such assets remain in normal use and are within their economic useful lives and that the management of the Target Company had no current replacement plans.

The Valuer is aware that full impairment provisions had been made against certain equipment-type fixed assets purchased before July 2022 (the time when the management of the Target Company first noticed indications of impairment of the equipment-type fixed assets currently in use) in respect of which indications of impairment had arisen due to their calculated recoverable amount being lower than their carrying amount at that time, no reversal of impairment had been recognized in relation to the aforesaid equipment-type fixed assets by the management of the Target Company.

Notwithstanding the above, having considered that (i) the equipment-type fixed assets are currently in normal and continuous use, with all functional indicators operating normally and continuing to deliver their intended operating efficiency, they are still being able to meet the Target Company's existing needs of business operation; (ii) the Target Company currently has no plans for equipment renewal, technological upgrade or replacement within the remaining reasonable period of use of such assets; (iii) the operating performance and business prospects of the Target Company have improved in view of the expansion of the electric two-wheeler market as driven jointly by the replacement cycle arising from the new national standards and natural growth of the industry and the recovery of the Target Company's production capacity to normal levels and the Target Company's broadened customer coverage following its completion of supplier qualification with leading domestic enterprises in the small-power battery sector; and (iv) following completion of the Acquisition, the Target Company's existing solutions can be integrated with the Group's technological capabilities and supply chain resources to jointly develop a broader product portfolio covering multiple application scenarios, including passenger vehicles and light electric vehicles, and to further expand into the domestic three-wheeler market and overseas markets such as Southeast Asia, thereby further enhancing the production efficiency of such equipment, the Valuer considered that there is a solid economic basis for continuing stable use of such assets within the remaining reasonable period of use, based on which the cost approach was adopted as the valuation method and upward revaluation was justified.

The above improvements and expected synergies provide a more solid economic basis for the continued stable use of such assets within the remaining reasonable period of use, based on which the cost approach was adopted as the valuation method for the valuation. The valuation parameters were determined comprehensively by reference to the actual condition of the assets, their age limit and the market conditions. The valuation assumptions are appropriate, the calculation logic is clear, and the valuation inputs and the resulting valuation conclusion bears reasonableness and fairness.

There were a total of 2,337 items of equipment-type fixed assets for which full provision for impairment was made, with a total original book value of RMB699.42 million, mainly being equipment related to the 3GWh square small LFP battery cell

production line. The aforesaid production equipment was mainly purchased between 2016 and 2018, which is all currently in normal and continuous use, with overall good condition, and is capable of meeting production and operational needs.

As the Target Company is still in a state of normal operations, and the aforesaid equipment is currently in normal use and still within its economic life, the Company has no plans for equipment replacement. Therefore, the cost approach was adopted to value the aforesaid equipment. The reconstruction or replacement cost of the valuation subject was used as the basis for determining the asset value, and the appraised value was determined after deducting relevant depreciation (including physical deterioration, functional obsolescence, and economic obsolescence).

1. Determination of replacement cost

For replacement cost, the replacement cost approach has been adopted, which has fully considered the impact of external economic factors and equipment functional updates. The replacement cost of the dedicated equipment for the 3GWh square small LFP battery cell production line has decreased significantly compared to its original book value.

2. Determination of condition rate

Mainly based on the age-life method, the condition rate is determined by combining the maintenance condition and physical appearance of the equipment. The calculation formula is as follows:

Condition rate = Remaining useful life/Economic useful life × 100%

Economic useful life of major equipment: Office equipment 5–8 years; Instruments and meters 10 years; Production lines 12–14 years; Equipment for power distribution and dehumidification 16 years.

3. Determination of functional obsolescence

As the replacement cost new was used for the main specialised production equipment, it is not necessary to consider functional obsolescence.

4. Determination of economic obsolescence

As the main specialised production equipment was valued using the replacement cost in this valuation, the current purchase price has already fully considered the impact of external economic factors, so it is not necessary to consider economic obsolescence.

The valuation details are as follows:

Unit: RMB'0,000

Category	Original book value	Accumulated depreciation	Provision for impairment	Book value	Replacement cost	Appraised value
Equipment with full provision for impairment	69,942	31,274	38,668	0	30,306	13,102

(iv) Right-of-use assets were revalued upwards by RMB31.0277 million, an increase of 44.68%, as a result of the rise in land market prices.

(v) Other intangible assets were revalued upwards by RMB35.9191 million, an increase of 1,564.25%, because patents and trademarks not recorded in the books were brought within the scope of the valuation.

(vi) Long-term deferred expenses were written down by RMB5.1163 million, a decrease of 100.00%, because the related assets were subsequently disposed of and included in the valuation of equipment.

(vii) Deferred revenue was written down by RMB0.7833 million, a decrease of 6.52%, because the income-related government grants included in deferred revenue are not repayable and are accordingly valued at nil.

Application of the market approach

1. Comparable company selection process

The selection criteria for the 32 listed companies chosen were: listed companies with their main place of business in the PRC, listed on A-shares, and engaged in the lithium battery production and sales business according to the Shenwan industry classification. An exhaustive list of all such listed companies was identified through database searches and manual review, forming a candidate list of comparable companies.

2. Reasons for limiting the initial search scope to companies listed within the PRC

This selection focuses on domestically listed companies based on business and valuation rationality considerations, such as consistency of business environment, comparability of financial and valuation metrics, and uniform information disclosure

rules. It does not subjectively exclude overseas listed companies. The specific reasons are:

(1) Highly consistent operating environment: The main assets, business, customers, and revenue of the Group and the valuation subject are all located in Chinese Mainland, and are subject to the PRC's legal and regulatory systems for finance and taxation, industry supervision, land, and labor. Domestically listed companies also operate under the same macroeconomic environment, industrial policies, and cost structure, making fundamental comparisons more valuable for reference; For companies listed outside of the PRC, due to differences in the legal place of registration of the listed entity, applicable accounting standards, investor structure, capital pricing systems, trading mechanisms, listing rules, and corporate governance requirements, the valuations are affected by global liquidity, US dollar interest rates, and overseas industry sentiment, which significantly weakens comparability;

(2) Comparable capital market valuation environment: The stock liquidity, investor structure, and valuation logic of domestically listed companies are influenced by the domestic capital market pricing system, which is consistent with the market environment of the target; Valuations in overseas markets are disturbed by additional factors such as overseas funds, interest rates, and cross-border risk premiums, and the underlying drivers of valuation multiples differ significantly;

(3) Stable quality of information access: Domestically listed companies are required to continuously disclose detailed annual reports, interim reports, and ad-hoc announcements in accordance with the rules of the CSRC and stock exchanges. The information in Chinese is complete and easily accessible, facilitating the verification of business details and major events on a case-by-case basis; The disclosure documents of overseas listed entities are mostly in foreign languages, with different disclosure focuses. The granularity of information disclosure for certain business segments is insufficient, and the cost of manual verification is high while the completeness of information cannot be guaranteed.

3. Explanation on whether to consider overseas listed companies

In the early stage of screening, we conducted a preliminary review of overseas listed companies in the same industry, but they were not included in the initial list of 32 candidates. It does not mean that overseas listed companies were not considered at all. The specific situation is as follows:

(1) At the database search stage, we have also searched for listed companies in the same industry in overseas markets such as Hong Kong and the US, as a broader background reference;

(2) Upon preliminary screening, only three companies listed on the Stock Exchange were found, namely Zenergy (3677.HK, listed on the Stock Exchange on 14 April 2025), CATL (3750.HK, listed on the Stock Exchange on 20 May 2025) and CALB (3931.HK, listed on the Stock Exchange on 6 October 2022); Considering that there are three companies listed on the Stock Exchange in total, two of which were listed in 2025 and therefore do not meet the selection criteria for comparable public companies, while the main business of the remaining company is the production of energy storage batteries, which differs from the Target Company, thus no comparable Hong Kong companies were selected.

(3) Upon checking US-listed overseas companies in the same industry, most of them have the following issues: (1) the actual place of operation is not in Chinese Mainland; (2) different accounting standards; (3) significant differences in business structure; (4) high proportion of overseas revenue; (5) lack of separate, carved-out financial data for domestic business segments that can be directly benchmarked;

(4) Based on a comprehensive judgment, the inclusion of overseas listed companies in the initial screening pool would introduce many uncontrollable adjustment items, thereby reducing the quality of the comparable sample. Therefore, the initial screening sample used for the core comparable analysis was limited to domestically listed companies; Overseas listed companies were only used as an auxiliary reference and were not included in the aforementioned list of 32 companies.

Therefore, based on the above analysis, the Valuer finally selected five comparable companies from listed companies in the PRC, on the criteria that each comparable company: (i) had been listed for at least three years; and (ii) was principally engaged in the production and sales of lithium batteries.

By reference to the relevant national economic industry classification and the Shenwan Industry Classification, the Valuer initially identified 32 listed companies, representing all listed companies engaged in the production and sale of lithium batteries under such classifications. Considering the short-term share price volatility after the IPO, to ensure that comparable companies have complete multi-year public financial data, to guarantee the stability and reliability of the P/B multiple, and to avoid interference in the valuation multiple from abnormal share price fluctuations of newly-listed targets, the Valuer then excluded companies listed for less than three years, as well as companies whose main business differs significantly from the Target Company, including companies principally engaged in the battery accessories or disposable batteries business, companies whose battery business accounts for less than 80% of their overall business, companies whose downstream industries are mainly consumer electronics or energy storage business, and companies with significant differences in operating scale or other relevant

indicators. Following this screening, the Valuer selected five comparable companies, referred to in the Valuation Report as Tianneng, Zhuhai CosMX, EVE Energ, Greenway and Great Power, respectively.

The details of the five comparable companies selected are set out below:

Company Name	Stock Code	Location	Market capitalisation *(RMB'0,000)*	Original P/B ratio	Proportion of principal business
Tianneng	688819.SH	Huzhou City, Zhejiang Province	3,307,029.16	1.93	Battery industry 94.2018%; Other businesses 5.7982%
Zhuhai CosMX	688772.SH	Zhuhai City, Guangdong Province	1,857,461.02	2.58	Lithium battery industry 95.4196%; Other businesses 4.5804%
EVE Energy	300014.SZ	Huizhou City, Guangdong Province	15,104,163.10	3.46	Lithium battery industry 99.8444%; Other businesses 0.1556%
Greenway	688345.SH	Dongguan City, Guangdong Province	519,188.80	4.41	Lithium battery industry 91.1408%; Other businesses 8.8592%
Great Power	300438.SZ	Guangzhou City, Guangdong Province	3,268,962.50	5.74	Lithium battery industry 93.0766%; Other 4.1146%; Disposable lithium batteries 2.8088%

The financial information of the five comparable companies is set out below:

Unit: RMB'0,000

Company Name	Tianneng	Zhuhai CosMX	EVE Energy	Greenway	Great Power	Target Company
Revenue	4,579,235.62	1,441,040.54	6,146,963.08	273,523.30	1,194,395.81	10,998.42
Net profit	162,003.15	39,368.36	430,214.14	5,449.61	19,918.64	–15,393.81
Total assets	4,629,449.17	2,570,613.37	13,276,468.35	315,837.72	2,346,887.57	62,190.85
Total equity attributable to owners of the parent	1,713,978.87	759,437.90	4,396,757.60	117,668.06	569,683.09	34,176.05
Other equity instruments	—	38,945.23	29,456.86	—	—	0
Equity attributable to owners of the parent excluding other equity instruments	1,713,978.87	720,492.67	4,367,300.75	117,668.06	569,683.09	34,176.05
Return on total assets (%)	4.0489	1.1105	4.4618	2.2086	1.4464	–7.9193

Unit: RMB'0,000

Company Name	Tianneng	Zhuhai CosMX	EVE Energy	Greenway	Great Power	Target Company
Net profit margin on sales (%)	3.5378	2.7319	6.9988	1.9924	1.6677	–141.6963
Inventory turnover ratio	6.4897	4.6729	7.6388	4.6888	2.9179	2.3738
Receivables turnover ratio	28.5816	3.9127	4.3972	4.8072	3.8162	1.8695
Liabilities to assets ratio	60.99%	68.19%	64.18%	61.18%	74.19%	42.22%
Quick ratio	99.83%	59.46%	81.13%	73.24%	58.92%	89.71%
Current ratio	124.33%	83.45%	102.72%	108.98%	97.26%	105.17%

Note: the figures for the comparable public companies in respect of total assets, total equity attributable to owners of the parent, other equity instruments and equity attributable to owners of the parent excluding other equity instruments are extracted from their financial reports for the first quarter of 2026. The corresponding figures for the Target Company are extracted from the accountants' report as at the Valuation Date. The remaining financial information is extracted from the annual reports for 2025.

Revenue comprises revenue from principal operations and revenue from other operations.

The P/B multiples of the five comparable companies as at the Valuation Date ranged from 1.93 times to 5.74 times. The Valuer adjusted the P/B multiple of each comparable company to take into account the differences between the comparable companies and the Target Company in terms of:

(i) financial factors, comprising profitability, operating efficiency and solvency, as measured by return on total assets, net profit margin, inventory turnover, trade receivables turnover, gearing ratio, quick ratio and current ratio; and

(ii) non-financial factors, comprising operating scale, growth prospects, product mix and operating model.

The valuation multiples, as adjusted for financial and non-financial factors, were determined as follows:

Comparable public company	Ratio on valuation date	Financial adjustment coefficient	Non-financial adjustment coefficient	Adjusted P/B
Tianneng	1.93	1.1063	1.1025	1.58
Zhuhai CosMX	2.58	1.0000	1.1025	2.34
EVE Energy	3.46	1.0564	1.1550	2.83
Greenway	4.41	1.0383	1.1025	3.85
Great Power	5.74	0.9962	1.1025	5.22
Average value				**3.17**

The five comparable companies all recorded profits, while the Target Company is in a loss-making state, but they still have core comparability. The basis is as follows:

1. Highly similar main business and business model

The five comparable companies and the Target Company are all engaged in the R&D, production, and sales of batteries; Their source of revenue is the sale of battery products, and their core cost structure, customer types, capital expenditure models, technology iteration risks, and industry cyclical drivers are basically consistent. The business risks, product pricing logic, and customer bargaining mechanisms of the comparable companies and the Target Company belong to the same industry paradigm, which is the primary criterion for selecting comparables under the market approach.

2. Being in the same regulatory, macroeconomic, and industrial environment

All comparable companies and the Target Company are operating entities within the PRC, subject to China Accounting Standards for Business Enterprises (CAS), domestic battery industry policies, and environmental protection and production safety regulations. They face the same domestic downstream demand environment for new energy and have a consistent capital market valuation and pricing system, which eliminates the incomparability caused by cross-border accounting standards, tax systems, and market risk premiums.

3. *The comparable companies are in a mature stage of the industry, while the Target Company is in a business expansion and ramp-up period. They belong to the same life cycle chain and do not differ in the nature of their business. After excluded the factor of scale difference, the remaining operating risk characteristics of the Target Company are basically consistent with those of the comparable public companies, and there are no additional unique specific risks.*

The five comparable companies have completed capacity construction, achieved large-scale mass production, and passed the break-even point; The Target Company is still in the stage of capacity rollout and market expansion, with low capacity utilisation and high pressure from fixed cost allocation, resulting in a temporary loss. This difference represents a variance in operating results due to different development stages under the same business model, and is not a fundamental difference in business fundamentals, technology roadmap, or asset attributes. When pricing growth companies in the battery industry, market investors also refer to the valuation multiples of mature listed companies in the same track, and then make separate adjustments for growth stage, scale, and profitability status, which is also the logical basis for this valuation adjustment.

4. *The selection of comparable companies does not require similar scale and profitability, but allows for the correction of differences through quantitative adjustments*

The market approach allows for the selection of comparable public companies with the same business origin but at different development stages. For differences in scale and profitability, quantitative corrections are made through valuation adjustment coefficients, which is a conventional technical path recognized by enterprise value appraisal standards. The Valuer did not directly use the unadjusted multiples of comparable companies, but instead introduced a profitability adjustment coefficient and an operating scale adjustment coefficient to adjust the original market multiples upwards, to reflect the due discount effect for the Target Company's disadvantages in scale and its non-profitable status.

The adjustment has fully reflected the significant differences in profitability and revenue scale between the five selected comparable companies and the Target Company. The specific explanation is as follows:

1. Correction for profitability difference

The profitability adjustment coefficient is an upward adjustment to the P/B multiple of the comparable companies. Essentially, this means that because the comparable companies have stable profits and saturated capacity, the market affords them a higher profitability premium; the Target Company is in a

loss-making stage and its profitability has not yet been realized, so an upward adjustment is needed on the basis of the comparable companies' multiples (equivalent to applying a corresponding discount to the target's value).

(1) Logic for calculating the profitability adjustment coefficient

The Valuer compared the target enterprise and the comparable public companies, combined with the actual operating indicators of the enterprises, and standardized the profitability, operating capability, and solvency to confirm the profitability adjustment coefficient. Secondary indicators including return on total assets and net profit margin on sales as extracted from the annual reports of the year 2025 of the comparable public companies were selected. After standardizing the indicators, they were benchmarked against Jiangsu Juneng by dividing such indicators of each comparable company by the corresponding indicators of Jiangsu Juneng, and then multiplied to obtain the adjustment coefficient for the valuation multiple. The valuation multiple needs to be adjusted upwards by 1.0467–1.0546.

(2) Explanation for the limited magnitude of the coefficient

The magnitude of the coefficient is not high, which does not mean underestimating the risk of loss. The profitability adjustment coefficient only reflects the difference in profitability status. The product structure, customer structure, and technology roadmap of the Target Company are consistent with those of the comparable companies, and there is no risk of technological obsolescence; The Target Company has completed the construction of its core production lines, the core technology has been verified, and the order framework is in place; it is not a pure R&D stage enterprise with no revenue.

2. Correction for operating scale difference

(1) Underlying principle of operating scale adjustment: economies of scale premium

The battery manufacturing industry has significant economies of scale: companies with larger revenue scales have stronger bargaining power in raw material procurement, lower unit manufacturing overheads, and greater supply chain stability. The capital market usually gives a valuation premium to mature large enterprises. Conversely, small-scale enterprises have disadvantages in procurement costs, customer concentration risks, and weak ability to withstand cycles. Therefore, the

multiples of comparable companies need to be adjusted upwards (discounted). The operating scale adjustment coefficient of 1.05~1.10 quantitatively reflects the scale disadvantage.

(2) Basis for coefficient calculation

The Valuer compared the Target Company and the comparable public companies, and after classifying and confirming the companies according to the relevant standards of the Notice by the National Bureau of Statistics of Issuing the Measures for the Classification of Large, Medium, Small and Micro Enterprises in Statistics (2017) (《國家統計局關於印發〈統計上大中小微型企業劃分辦法(2017)〉的通知》), scored and corrected them. In the revenue volume range where the target is located, for large comparable companies with a relative revenue scale of 24.9–558.9 times, the corresponding scale adjustment coefficient range is 1.05–1.10.

(3) The large difference in revenue multiples corresponds to an adjustment coefficient range of only 1.05–1.10

The impact of economies of scale on valuation multiples is non-linear. The scale premium is mainly reflected rapidly when an enterprise grows from a very small size to a medium scale; Once an enterprise crosses a certain scale threshold, the marginal valuation premium from continued, multiple-fold revenue growth will decrease significantly. The five comparable companies this time have all passed the inflection point of economies of scale and are mature leading enterprises in the industry; If their revenue were to increase several-fold, their market valuation multiple would not rise proportionally. Therefore, although the revenue of comparable companies is tens to hundreds of times that of the target, the corresponding marginal valuation premium gap is not large, and thus the scale adjustment coefficient will not be adjusted by a factor of several times.

The adjustment coefficient reflects the differential pricing of valuation multiples by the capital market, not a proportional conversion of revenue differences. Valuation is not simply scaled proportionally to revenue; The market looks at the asset investment, growth potential, and risk corresponding to unit revenue, rather than simply the total revenue size.

In summary, the five comparable companies and the Target Company are fundamentally comparable in terms of their main business, business model, and industry risks. The differences between them in profitability and revenue scale are stage-specific differences arising from their different capacity ramp-up phases within the same industry segment,

rather than fundamental business differences. The Valuer quantifies the valuation differences brought by profitability status and operating scale through independent profitability adjustment coefficients and operating scale adjustment coefficients, respectively; Among them, the limited magnitude of the scale adjustment coefficient is due to the non-linear impact of economies of scale in the battery industry on valuation multiples, and the diminishing marginal valuation premium brought by the continued expansion of revenue of large enterprises. In combination, the two adjustments has fully reflected the operating risk discount of the Target Company relative to the comparable companies, and the adjustment method complies with relevant asset valuation standards and market practices.

Following these adjustments, the adjusted P/B multiples of the five comparable companies ranged from 1.58 times to 5.22 times. The Valuer assigned equal weighting to each comparable company and adopted an average adjusted P/B multiple of approximately 3.17 times.

Discount for lack of marketability

As the comparable companies are listed companies whereas the Target Company is unlisted, the Valuer considered that a discount for lack of marketability (the "**DLOM**") should be applied. The Valuer determined the applicable discount by reference to the price-to-earnings ratios observed in acquisitions of unlisted companies in 2026. As lithium battery manufacturing falls within the computer, communications and electronic equipment manufacturing industry, the Valuer adopted the DLOM of 33.1% applicable to that industry.

The DLOM was derived using the price-to-earnings ratio comparison method, which compares the price-to-earnings ratios observed in acquisitions of unlisted companies with the average price-to-earnings ratios of listed companies in the same industry. This is one of the principal methods used in PRC valuation practice to estimate a DLOM. The price-to-earnings ratios implied in acquisitions of private companies in the same industry, which represent the pricing of illiquid equity in the primary market, are collected and compared with the price-to-earnings ratios of listed companies in the same industry in the secondary market over the same period, which represent the pricing of readily marketable equity. The difference between the two average ratios isolates the valuation premium attributable to marketability, from which the DLOM is derived as follows:

DLOM = 1 − (average price-to-earnings ratio in acquisitions of unlisted companies ÷ average price-to-earnings ratio of listed companies in the same industry)

Comparison and Calculation of P/E Ratios for M&A of Unlisted Companies and Listed Companies Discount for Lack of Marketability Table (2026)

Industry Name	M&A of Unlisted Companies Number of Sample Points	M&A of Unlisted Companies Average P/E Ratio	Listed Companies Number of Sample Points	Listed Companies Average P/E Ratio	Discount for Lack of Marketability
Computer, Communication and Electronic Equipment Manufacturing Industry	23	42.27	353	63.22	33.1%

Source of raw data: Wind Information, CVSource

Analysis of the reasonableness of using the P/E ratio to measure the discount for lack of marketability:

1. The P/E ratio reflects the pricing of shareholders' equity relative to net profit after tax, directly corresponding to the return on investment generated by the equity for shareholders. The pricing logic for earnings returns is consistent between primary and secondary market investors. Relevant sample data is readily available, and the industry sample size is sufficient. This is a commonly used method in domestic valuation practice for calculating the discount for lack of marketability.

2. The industry statistical samples used in this valuation are derived from a large number of actual M&A transactions and public market data of listed companies. The samples have been screened to exclude abnormal transactions, ST companies, and entities undergoing major reorganizations. The sample base is sufficient, and the conclusions are representative of the industry, making this method widely applied in domestic major asset reorganization valuation projects.

3. The discount for lack of marketability arises from the difference in the tradability of equity, not from differences in company fundamentals. The P/E ratio comparison method can offset operational differences between samples, focusing on quantifying the systematic price spread caused by liquidity, making it suitable for calculating the liquidity discount at the equity level.

Although the price-to-book (P/B) ratio was selected as the primary valuation multiple for the market approach in this valuation, the discount for lack of marketability is an adjustment factor at the equity level. It reflects the discount for the inability to publicly trade the equity and is not dependent on any specific valuation multiple.

The liquidity of equity is an inherent attribute of the equity itself and does not change with the use of P/E or P/B multipliers. In practice, it is permissible to use the P/E ratio comparison method to calculate the discount rate and then apply this rate to the equity value derived from the P/B ratio calculation. This is a common practice in the valuation industry.

Control premium

For the control premium in this valuation, the Valuer collected market M&A cases for each year and separately calculated the average P/E ratios for minority interest transactions and controlling interest transactions.

The formula for calculating the control premium percentage is:

(Average P/E ratio of controlling interest transactions ÷ Average P/E ratio of minority interest transactions) – 1

At the aggregate sample level, the average P/E ratio for all minority interest transactions was 19.08x, and the average P/E ratio for all controlling interest transactions was 21.95x. Based on this, the overall control premium was calculated to be 15.04%. This control premium was determined with reference to the average control premium derived from equity acquisition transactions collected from property and equity exchanges, Wind and CVSource as of the end of 2025.

The specific data is as follows:

		Minority Interest Transactions		Controlling Interest Transactions			
No.	Year	Number of M&A Cases	P/E Ratio	Number of M&A Cases	P/E Ratio	Control Premium Percentage	Minority Interest Discount Percentage
1	2025	954	25.76	487	29.34	13.90%	12.20%
2	2024	667	22.52	312	26.59	18.07%	15.31%
3	2023	641	33.45	290	37.84	13.12%	11.60%
4	2022	578	24.59	356	28.97	17.81%	15.12%
5	2021	465	21.90	585	25.47	16.30%	14.02%
6	2020	523	19.43	468	22.98	18.27%	15.45%
7	2019	435	18.77	286	21.35	13.75%	12.09%
8	2018	286	22.78	389	25.12	10.28%	9.32%
9	2017	527	15.47	547	18.04	16.63%	14.26%
10	2016	471	19.91	452	21.85	9.77%	8.90%
11	2015	290	18.18	309	20.26	11.46%	10.28%
12	2014	444	16.31	421	18.35	12.55%	11.15%

No.	Year	Minority Interest Transactions		Controlling Interest Transactions			
		Number of M&A Cases	P/E Ratio	Number of M&A Cases	P/E Ratio	Control Premium Percentage	Minority Interest Discount Percentage
13	2013	377	15.18	266	16.47	8.46%	7.80%
14	2012	456	13.16	266	14.8	12.49%	11.10%
15	2011	498	19.36	408	21.35	10.26%	9.31%
16	2010	461	16.67	346	18.54	11.22%	10.09%
17	2009	470	13.82	251	17.32	25.37%	20.24%
18	2008	450	14.82	257	17.31	16.75%	14.34%
19	2007	408	15.81	244	20.23	27.91%	21.82%
20	2006	130	15.01	83	19.49	29.89%	23.01%
21	2005 and before	231	17.73	119	19.22	8.40%	7.75%
22	**Total/Average**	**9,762**	**19.08**	**7,142**	**21.95**	**15.04%**	**13.08%**

I. The transaction samples selected by the Valuer were not limited to the same specific industry as the Target Company, primarily for the following reasons:

1. Underlying definition of control premium: A control premium reflects the incremental consideration paid by an acquirer to obtain control of a company. It stems from the various rights associated with control, including the ability to direct operating decisions, allocate resources, replace management, implement business integration, and capture private benefits of control. The economic attributes of these control rights are common across industries, and the nature of the premium is not solely determined by the business model or profitability characteristics of the Target Company's industry.

2. Reasonableness of the statistical sample scope: The Valuer selected samples of market-based equity acquisition transactions from property rights exchanges, Wind, and CVSource, covering multiple years and industries. The average P/E ratios for minority interest transactions and controlling interest transactions were calculated separately. The 15.04% control premium was calculated based on the aggregate average P/E ratios of all samples, not the arithmetic average of the premium percentages for each year. The sample transactions are all actual, market-based M&A deals with a wide distribution of transaction dates and a sufficient sample size, which can objectively reflect the premium level that market participants are generally willing to pay to acquire control of a company.

3. Limitations of industry-specific samples: Selecting transaction samples only from the sub-industry in which the Target Company operates would result in a small sample size, high transaction-specific idiosyncrasies, and susceptibility to distortions from industry-specific cyclical events. The statistical results would therefore lack market representativeness. A large, market-wide sample can smooth out anomalies caused by single-industry cycles and special terms in individual cases, yielding more robust and reliable statistical results.

II. Explanation of the reasonableness of determining the value of the target equity by applying the 51% shareholding ratio to the valuation of the total equity of the Target Company after including a control premium, with the following considerations:

1. Reasonableness of applying a control premium when assessing the total shareholders' equity of the Target Company

A control premium reflects the additional value derived from obtaining full control benefits, such as business operation and management, making major decisions, dividend distributions, and disposing of assets. It originates from the rights associated with control, including the ability to direct corporate business strategy, major investment and financing activities, profit distribution, and the appointment and removal of management. It is an objective phenomenon in market M&A transactions. It is appropriate to include a control premium in the calculation of the value of 100% of the total shareholders' equity for the following reasons:

(1) Evidence from M&A market transactions supports the objective existence of a control premium.

Publicly disclosed transaction cases of domestic listed companies acquiring controlling interests in unlisted companies show that the transaction prices for acquiring control are generally higher than the value of corresponding minority interests. Counterparties are willing to pay additional consideration to control the operating decisions of a company. This valuation determines the control premium level by referencing statistical data from public M&A transactions in China, which is supported by factual market transaction evidence.

(2) Considering the transaction plan, this acquisition is for a 51% controlling interest. The valuation subject is the entire equity interest, which already includes a control premium. Applying the 51% shareholding ratio directly provides a convenient reference for pricing the target of this transaction.

2. *The Valuer's consideration of the difference between acquiring a 51% controlling interest and a 100% entire equity interest*

A 51% shareholding ratio allows for control over material matters at the shareholders' meeting of the target company, including the ability to appoint and remove the board of directors and management, direct business strategy, investment, and profit distribution, thereby realizing the benefits of control. This has already secured the primary control value sought in this M&A transaction. The core purpose of applying the control premium in this case is to acquire these control benefits. A 51% equity interest already secures all of these benefits, making it fundamentally equivalent to a 100% controlling interest in this regard.

The main differences between a 51% and a 100% interest are the share of economic returns and the risk of governance friction from remaining minority shareholders. The difference in the share of economic returns is directly accounted for by the 51% pro-rata calculation, which fully reflects the difference in the proportion of economic interests.

The Valuer considered that the control premium is appropriate and suitable for this valuation, as the Company intends to acquire a controlling interest in the Target Company. The primary difference between a 51% and a 100% interest is the share of economic returns. As the valuation subject is 100% of the equity, the value of the 51% controlling interest can be directly calculated on a pro-rata basis.

The Valuer applied the average adjusted P/B multiple to the audited consolidated net asset value attributable to owners of the Target Company of approximately RMB341.95 million as at the Valuation Date, together with the DLOM and the control premium, as follows:

RMB341.95 million × approximately 3.17 times × (1 − 33.1%) × (1 + 15.04%) = approximately RMB833.00 million

Selection of the valuation conclusion

The Valuer has applied both the asset-based approach and the market approach in its valuation and eventually adopted the result derived under the market approach as the appraised value for two reasons.

First, the asset-based approach is subject to inherent limitations: its valuation result covers identifiable tangible assets and identifiable intangible assets, primarily comprising tangible resources such as fixed assets and working capital, as well as unrecorded identifiable intangible assets such as patents. It does not cover elements such as human capital, management efficiency, customer resources and brand influence that fail to meet the identifiability criteria under the relevant standards, the understanding of which were gained on-site by the valuation professionals during the valuation process. Nevertheless,

as such elements cannot be separated and transferred independently from the entity and do not give rise to separately enforceable rights, they do not satisfy the identifiability criteria for intangible assets.

Pursuant to Accounting Standards for Business Enterprises No. 20 — Business Combinations and Article 13 of Accounting Standards for Business Enterprises No. 6 — Intangible Assets, the value attributable to the aforementioned elements is generally recognized under goodwill. As this portion of value cannot be reflected through the asset-based approach, the difference between the valuation results under the asset-based approach and the market approach is reasonable.

In respect of the aforementioned elements, the valuation professionals primarily performed the following on-site procedures:

(1) Interviews with key management personnel: interviews were conducted with eight relevant persons in charge of core management positions, comprising the general manager and the respective heads of the production, sales, quality, procurement, finance, human resources, and research and development departments, representing 100% coverage of management positions;

(2) Employee roster: the Company's employee roster was obtained and verified, covering all 585 employees, representing 100% of the total registered employees across all departments and production lines;

(3) Sales ledgers: the completed top ten customer orders as of 30 April 2026 and the major outstanding orders in progress were obtained;

(4) Customer and supplier cooperation records: covering more than 10 major customers and suppliers;

(5) Brand promotional materials: promotional materials provided by the enterprise were obtained, covering details such as the company's principal products, number of production lines, major project experience, and future industrial development direction.

In summary, the valuation professionals confirmed the existence and reasonableness of the goodwill value. For detailed analysis, please refer to pages 38 to 42 of the circular regarding the analysis of the relevant value of, among others, human capital, management efficiency, customer relationships, brand influence, etc.

Secondly, the purpose of the Valuation is an acquisition of equity, and an acquirer in a market transaction would typically price a comparable business by reference to past acquisitions in the same industry and to the market valuation multiples of listed

companies, together with an overall assessment of profitability and competitiveness — an approach closely aligned with the guideline public company method under the market approach.

The market approach evaluates the current fair market value of the subject of valuation by reference to comparable subjects in the actual market. The market approach is characterized by a direct valuation perspective and approach, an intuitive valuation process, data sourced directly from the market and highly persuasive results. Moreover, after more than two decades of development, the PRC stock market has established its basic market functions; in both domestic and overseas equity transaction markets, various types of investors frequently adopt the market approach for pricing or verification purposes.

The comparable public companies selected for the market approach valuation are principally engaged in the research and development, production, and sales of lithium batteries, demonstrating strong business comparability with the appraised entity. The market value of the comparable public companies represents the entire enterprise value, encompassing the value of all tangible assets as well as the value attributable to all identifiable and unidentifiable intangible assets of the subject entities, thereby more comprehensively reflecting the total shareholders' equity value of the appraised entity. Meanwhile, as public financial and transaction data of the comparable public companies are readily available, the valuation is supported by reliable data sources and a sufficient basis. The valuation professionals therefore consider that the valuation result derived under the market approach is more suitable for the purpose of this valuation.

The Valuer therefore considered the market approach to be more appropriate for the purpose of the Valuation.

Under the market approach, the appraised value of the total shareholders' equity of the Target Company was RMB833.00 million, approximately RMB203.94 million or 32.42% higher than the result derived under the asset-based approach.

I. Reasons for the material premium of the market approach over the asset-based approach:

1. Reasons for the premium of the market approach over the asset-based approach

The premium of approximately 32.42% did not arise from an overvaluation of the comparable companies or valuation multiples, but principally from the different bases of value under the two valuation approaches:

The asset-based approach reflects the replacement value of the existing assets and includes only identifiable assets and liabilities recorded in the books. It generally does not include unquantifiable intangible assets such as human capital,

management efficiency, customer relationships and brand influence. The market approach is based on the going-concern assumption and reflects the market's pricing of the overall going-concern value of an enterprise, naturally encompassing the aforesaid intangible assets and future growth value. For a battery manufacturer with completed production lines, technological and customer reserves and operations at the ramp-up stage, it is common in the industry for the valuation under the market approach to exceed that under the asset-based approach.

The premium represents going-concern value and was not caused by an inappropriate selection of comparable multiples or the omission of adjustment items.

2. Comparable companies and valuation multiples

The comparable companies are PRC-listed battery enterprises whose shares were trading normally. Their share prices as at the Valuation Date were reviewed and abnormal trading events were excluded. The original comparable multiples were adjusted for profitability and scale of operations, thereby applying a discount to reflect the Target Company's smaller scale and risk of losses at its current stage. Accordingly, no further adjustments to the comparable companies or the original valuation multiples were required.

3. Discount for lack of marketability

The market approach in this Valuation adopted comparable trading multiples of listed companies, which correspond to the market value of readily marketable equity interests in listed companies, whereas the Target Company is unlisted. In carrying out the Valuation, the Valuer considered that the subject of the Valuation was a controlling interest, which carries a control premium, while the unlisted equity interest is subject to a DLOM. The Valuer considered the adjustments already made to be sufficient and that no further adjustment was required.

II. Specific circumstances of the Target Company that render the valuation result under the asset-based approach relatively less appropriate or reliable:

1. The core value of the Target Company is reflected not only in tangible assets such as factory premises and production equipment, but also in patented technologies accumulated through years of continuous research and development, mature product solutions, stable customer resources, industry reputation, management systems and its core research and development and business teams. Human capital, management efficiency, customer relationships and brand influence are not identifiable intangible assets, are difficult to quantify and cannot be separately valued and recognised under the asset-based approach. As the asset-based approach values only identifiable assets and liabilities recorded in the books on an item-by-item basis, it cannot fully

measure the aforesaid off-balance-sheet technological and operating soft assets and would materially undervalue the overall enterprise value of Jiangsu Juneng as a going concern.

2. The principal considerations in respect of the Target Company's human capital, management efficiency, customer relationships and brand influence are as follows:

   (1) Human capital: the Company currently has 220 registered employees, approximately 26% of whom hold a bachelor's degree or above, providing an increasingly solid talent base. As a core driver, its research and development system comprises a professional team of 32 employees, representing 15% of the total workforce. Of these employees, 78% hold a bachelor's degree or above and seven hold doctoral or master's degrees, giving the research and development team a materially higher concentration of knowledge and depth of expertise than the Company as a whole. In support of its future business strategy, the Company has commenced forward-looking workforce planning and is actively establishing two research and development teams for sodium-ion batteries and electric tricycles, respectively, focusing on emerging areas of new energy and building core research and development capabilities for next-generation technologies and products. The Company also places talent development at the forefront of organisational capability building and has systematically developed a learning organisation. Through dedicated initiatives such as the University Graduate Development Programme and the Leadership Development Programme, it has established a two-tier talent development system covering entry-level reserves and succession pools for middle and senior management, and continues to unlock the benefits of its workforce through systematic and regular development measures.

   As individual employees do not satisfy the recognition criteria for identifiable intangible assets, they cannot be separately valued under the asset-based approach. The value of human capital is reflected in the organisational synergies created by the core and research and development teams and the talent pipeline, which support existing business operations and the development and commercialisation of next-generation products and technologies. Such value is not separately presented in the financial statements but is reflected collectively in the overall enterprise value under the market approach.

   (2) Management efficiency: the Company has deployed information systems commonly used in the lithium battery manufacturing industry, including SAP, MES, WMS, PLM, OA and the Maycur expense reimbursement

system, achieving basic digitalisation of production, warehousing, quality control and other processes. These systems provide comprehensive basic functions, meet the Company's current needs in respect of production and operations, compliance management and capacity expansion, and are in line with industry standards.

The management systems and information systems established by the Company connect its various business processes, improve operational efficiency, control operating risks and support business and capacity expansion, thereby creating value through organisational and operational synergies. Such value is not an identifiable intangible asset and is not recorded in the books, but forms an important component of the enterprise's overall soft-asset value.

(3) Customer relationships: the Company has established a stable customer cooperation system and enjoys strong customer loyalty. The Company worked with a total of 80 customers in 2025 and maintained contact with 79 of them in 2026, representing a customer retention rate of 98.7%. In 2026, 69 customers continued to conduct business with the Company, representing a repeat purchase rate of 86.2%, demonstrating that the Company maintains sound business relationships with existing customers and enjoys a high level of customer recognition. In terms of customer revenue concentration, the top five customers contributed sales of nearly RMB50 million in 2024, accounting for 51.65% of total sales for that year, and nearly RMB63 million in 2025, accounting for 61.29% of total sales for that year. The year-on-year increase in sales to the top five customers indicates a solid core customer base.

The high retention and repeat purchase rates demonstrate strong loyalty among existing customers, which can contribute recurring cash flows and reduce the cost of acquiring new customers. The Company's long-standing customer resources provide an important foundation for sustainable profitability and constitute significant intangible value.

(4) Brand influence: the Company has gained broad recognition from government authorities, the industry and the market. The Administrative Committee of Zhenjiang New Area has designated it as a benchmark enterprise in the new energy industry for overseas expansion, while industry organisations and media, including Gaogong Lithium Battery and Battery China, have continued to report on its technological achievements, capacity expansion and breakthroughs in overseas markets. The Company has participated in major domestic industry exhibitions on numerous occasions and received significant exposure. It has received various industry honours, including the Industry Electric Mobility Pioneer Brand,

Best Energy Storage Battery Supplier of the Year and Best Application Award for Battery Integration of the Year. It has also obtained various domestic and overseas product certifications, including TÜV, SGS and CB certifications, as well as corporate qualifications and recognitions such as High and New Technology Enterprise, Jiangsu Advanced Smart Factory and Jiangsu Innovative Small and Medium-sized Enterprise. The market reputation, industry profile, brand standing and product certifications accumulated over time help the Company reduce customer acquisition costs, strengthen customer confidence and enhance the market competitiveness of its products, thereby constituting significant brand value.

In summary, the difference of approximately RMB204 million principally represents going-concern synergy value that is not captured under the asset-based approach. The asset-based approach measures only individual assets recorded in the books, whereas the market approach refers to actual market-based transactions involving controlling interests, the consideration for which already reflects the market's pricing of soft assets such as customers, teams and brands. The Valuer reviewed the supporting materials for the aforesaid soft assets and confirmed their commercial substance. The samples and parameters used under the market approach were prudently verified, and parameter variation analyses were performed to confirm the robustness of the results, consistent with the transaction purpose of acquiring a going concern. No separate subjective premium was added for any individual soft asset. On this basis, the Valuer considered that the result under the market approach fairly reflects the value of the equity interest in the Target Company.

III. Explanation of how the Target Group's historical financial performance was considered in the selection and adjustment of comparable companies, the determination of the P/B ratio under the market approach and the Valuer's adoption of the market approach as the final valuation conclusion

1. Selection of comparable companies

The Target Group's historical losses and negative operating cash flows were principally attributable to its current low capacity utilisation and the fact that its new products have not yet been launched. These are characteristics of a new energy manufacturer at its growth stage and do not indicate a loss of its ability to continue as a going concern.

The underlying rationale for selecting comparable companies under the market approach is to identify listed companies operating in the same sector, with consistent business models and the same risk drivers, in order to derive the industry capital-pricing rationale implied by their secondary-market trading prices. The comparable companies are not required to be identical to the Target Company in terms of profitability or revenue scale. The five comparable companies selected in

this Valuation have principal businesses and business models highly similar to those of the Target Company and operate in the same domestic regulatory and industry environment.

2. Analysis and adjustment of multiples

The comparable companies are at a mature and profitable stage, whereas the Target Company is at an adjustment stage. Its temporary losses represent differences in operating results arising from different stages of development within the same life cycle and do not indicate a fundamentally different business. In valuation practice, adjustment coefficients may be applied to comparable companies with similar businesses but at different stages of development in order to account for such differences. The Valuer did not directly adopt the unadjusted multiples. Having considered the Target Company's smaller scale and its current loss-making position, the Valuer adjusted the original multiples downwards using profitability and operating scale adjustment coefficients, thereby reflecting a discount and accounting for the differences in profitability and scale.

3. P/B ratio

The calculation basis for the P/B valuation was the audited net asset value attributable to owners of the parent as at the Valuation Date. The accumulated losses arising from the Target Group's historical losses have already reduced its net asset value as recorded in the books, and that lower net asset value was used directly as an input in the market approach model. With the P/B multiple remaining unchanged, the historical losses objectively reduced the equity value derived under the market approach.

In summary, the Acquisition involves the acquisition of a complete going-concern business, with particular value placed on its technological reserves, research and development team, customer base and growth opportunities in its market segment. Although the Target Group has historically recorded losses and negative operating cash flows, the existence and value of these soft assets are supported by objective evidence.

Accordingly, after fully considering the risks arising from historical losses and negative operating cash flows, the Valuer considered the valuation result under the market approach to be fairer than those under the other approaches and therefore adopted the market approach as the final valuation conclusion.

IV. Explanation as to whether sensitivity analyses and other cross-checks were performed to assess the reasonableness and robustness of the valuation result under the market approach

1. Sensitivity analysis

The sensitivity analysis selected the key parameters of the P/B-based market approach, namely the range of P/B ratios of the comparable companies, the profitability adjustment coefficient and the operating scale adjustment coefficient, as sensitivity variables. Each variable was changed independently within a reasonable range to calculate the corresponding change in the equity value of the Target Company.

(1) Change in the benchmark P/B multiple of the comparable companies

If the benchmark P/B multiple of the comparable companies decreases by 5%: the equity value of the Target Company would be approximately RMB791 million, representing a decrease of RMB42 million (–5.04%) from the benchmark value.

If the benchmark P/B multiple of the comparable companies increases by 5%: the equity value of the Target Company would be approximately RMB875 million, representing an increase of RMB42 million (+5.04%) from the benchmark value.

(2) Change in the profitability adjustment coefficient

If the profitability adjustment coefficient increases by 5%: the equity value would be approximately RMB793 million, representing a decrease of RMB40 million (–4.80%) from the benchmark value.

If the profitability adjustment coefficient decreases by 5%: the equity value would be approximately RMB877 million, representing an increase of RMB44 million (+5.28%) from the benchmark value.

(3) Change in the operating scale adjustment coefficient

If the operating scale adjustment coefficient increases by 5%: the equity value would be approximately RMB793 million, representing a decrease of RMB40 million (–4.80%) from the benchmark value.

If the operating scale adjustment coefficient decreases by 5%: the equity value would be approximately RMB877 million, representing an increase of RMB44 million (+5.28%) from the benchmark value.

Sensitivity conclusion: the valuation result under the market approach has broadly consistent sensitivity to the original P/B multiples of the comparable companies, the profitability adjustment coefficient and the operating scale adjustment coefficient. When these parameters were varied within the aforesaid reasonable industry ranges, the valuation result did not exhibit any extreme fluctuation and remained robust overall.

2. Other cross-checks

1. Transaction cases in the same industry over the past three years were collected and their P/B multiples were calculated as follows:

No.	Listed companies	Latest announcement date	Transaction	M&A amount *(RMB0'000)*	Calculated P/B
1	Seven Colour Chemical (300758.SZ)	2026–07–15	Sale by Seven Colour Chemical of a 7.5% equity interest in Liaoning Xingkong Sodium-ion Battery Co., Ltd.	6,250.00	4.40
2	Baichuan High-tech New Materials (002455.SZ)	2026–04–01	Asset transaction involving a 2.51% equity interest in Ningxia Baichuan New Materials Co., Ltd.	9,000.00	2.88
3	Sacred Sun Power Sources (002580.SZ)	2026–03–10	Acquisition by Sacred Sun Power Sources of a 51% equity interest in Shenzhen Daren High-Tech Electronics Co., Ltd.	7,447.08	2.00
4	Changhong New Energy (920239.BJ)	2025–01–21	Capital increase by Changhong New Energy and others in respect of part of the equity interest in Shenzhen Changhong Juheyuan Technology Co., Ltd.	6,266.32	2.83

No.	Listed companies	Latest announcement date	Transaction	M&A amount *(RMB0'000)*	Calculated P/B
5	Narada Power Source (300068.SZ)	2024–12–04	Capital increase by Narada Power Source in respect of a 1.95% equity interest in Anhui Narada Huatuo New Energy Technology Co., Ltd., among others	60,000.00	2.91

The statistical data show that the actual P/B multiples in completed market transactions ranged from 2.00 times to 4.40 times. The actual P/B multiple of 2.44 times for the Target Company in this Valuation is below the average. Accordingly, the result under the market approach is considered to have fully taken into account the circumstances of the Target Company and to fall within a reasonable range.

In summary, having performed sensitivity analyses of the key P/B parameters and various cross-checks, including verification against comparable P/B ratios, a review of net asset quality, comparison with the range of industry P/B ratios and cross-validation against the asset-based approach, the Valuer considered that the valuation result under the P/B-based market approach was reasonable and robust and did not constitute an overvaluation.

Principal assumptions and limitations

The Valuation was principally based on the assumptions that:

(i) the Target Group would continue to operate its existing businesses as a going concern and to use its assets for their existing purposes;

(ii) the relevant transaction would take place in an open market;

(iii) the information and documents provided to the Valuer were true, complete, lawful and reliable;

(iv) there would be no material change in the relevant macroeconomic, political, legal, taxation, interest rate, foreign exchange or industry conditions; and

(v) there would be no material adverse change in the operating environment of the Target Group.

Factors other than the Valuation taken into account by the management in determining the Consideration

In determining the Consideration of RMB382.5 million for the acquisition of 51% of the equity interest in the Target Company, the Company took into account, in addition to the Valuation Report, the following factors in the course of arm's length negotiations.

1. Historical financial performance and recent developments

The Target Group recorded operating losses in each of the three years ended 31 December 2025 and the four months ended 30 April 2026. It recorded losses before taxation of approximately RMB204,698,000 for the year ended 31 December 2023, RMB117,608,000 for the year ended 31 December 2024 and RMB155,841,000 for the year ended 31 December 2025, and a further loss before taxation of approximately RMB10,130,000 for the four months ended 30 April 2026.

The Board is fully aware of the Target Group's history of losses. Those results reflect uncertainty as to the Target Group's profitability at its current level of operations and, upon Completion, the consolidation of its results into the financial statements of the Group may have a short-term adverse effect on the profitability of the Enlarged Group. In assessing whether any downward adjustment should be made to the Consideration, the Board therefore considered the Target Group's historical financial performance together with the more recent developments described below.

The Board did not rely solely on the improvement in the Target Group's revenue and performance during the four months ended 30 April 2026. It also took into account the factors affecting the Target Group's historical performance, the recovery of its production capacity, the progress of its customer development and its more recent operating information.

The Board noted that the Target Group operates in the electric two-wheeler and three-wheeler sectors, where market demand has continued to expand, and that its production capacity was progressively ramping up.

The Target Group's production capacity was temporarily constrained in February and March 2026 due to the Chinese New Year holidays. Production resumed normal operations in April 2026 and capacity has since continued to increase.

In terms of business development, the Target Group has continued to optimise its sales model. While maintaining the scale of sales to its existing major customers, it has also been actively developing business relationships with the five leading enterprises in the domestic small-power sector. It has completed the supplier qualification procedures of such customers and commenced small-batch supplies to them.

According to the unaudited management accounts of the Target Group, its revenue for the eight months ended 31 August 2026 was approximately RMB250.0 million, representing an increase of approximately 190.7% as compared with the corresponding period in 2025. Its revenue for the four months from May to August 2026 increased by approximately 29.6% as compared with that for the four months from January to April 2026.

The Board considered that the Target Group's historical financial performance had been affected by factors including its previously constrained production capacity and fluctuations in raw material prices and therefore did not fully reflect its current operating potential. At the same time, the Board remained mindful of the uncertainty as to profitability reflected in the Target Group's historical financial information.

Having considered the Target Group's historical losses together with the growth prospects of the relevant industries, the progressive release of production capacity, the commercialisation progress of new customers and its more recent operating performance, the Board considered that it is prudent to make a downward adjustment to the appraised value derived from the market approach (being the high end of the appraised value) in the determination of the Consideration.

2. Disposal of the high-voltage battery business

The disposal of the Target Group's high-voltage battery business in 2025 formed part of a reorganisation and business focus strategy implemented at the level of the controlling shareholder group. Following the disposal, the relevant high-voltage battery business was operated by other entities within the controlling shareholder group that were more closely aligned with its vehicle-related businesses.

The Target Group retained and focused on its low-voltage small-power battery business for applications including electric two-wheelers, three-wheelers, low-speed vehicles and intelligent robots.

The Board took into account that the disposal reduced the scope of the Target Group's business and its historical revenue base. However, the high-voltage battery business is highly competitive and requires substantial capital expenditure. The disposal is expected to enable the Target Group to focus its management and financial resources on its low-voltage battery business, reduce its future capital expenditure and working capital requirements relating to the high-voltage battery business, and avoid the duplication of resources within the controlling shareholder group.

The disposal was not treated as a separate quantitative adjustment to the Consideration. Rather, it was taken into account as a qualitative factor in assessing the Target Group's future business focus, capital requirements and growth prospects.

3. Net asset value of the Target Group as at the Valuation Date

As at the Valuation Date, the audited consolidated net asset value of the Target Group was approximately RMB342.0 million. The corresponding net book value attributable to the 51% equity interest was approximately RMB174.4 million, which is lower than the Consideration of RMB382.5 million.

Net book value represents no more than the value derived from historical accounting records, being the result of deducting liabilities from recorded tangible assets. It does not capture the core value of the Target Company, including the intangible assets and growth potential that are not reflected in its financial statements, such as its self-developed low-voltage three-electric technology, its complete product delivery capability, its customer relationships in the industry, its core management and technical teams and the potential for future expansion of its business.

In summary, the net asset value served only as background information for the negotiations and was not used as a quantitative basis for adjusting the Consideration. The Consideration is based principally on the valuation results.

4. The Seller's original acquisition cost attributable to the Target Equity

The original acquisition cost incurred by the Seller attributable to the Target Equity was approximately RMB504.6 million, which is higher than the Consideration of RMB382.5 million.

That cost represents the Seller's historical investment arising from earlier acquisitions from third parties and served only as background information for the negotiations.

The cost was incurred by reference to the scope of the Target Company's business at that time. The Target Company has since refocused its business, disposed of the related assets and changed the direction of its business. Accordingly, the historical cost was not used as a quantitative parameter for adjusting the Consideration, whether upwards or downwards.

In summary, the Consideration is not benchmarked against the Seller's historical investment; the parties to the Acquisition relied principally on the valuation conclusion reached by an independent third-party valuation firm.

5. Payment terms

Under the Acquisition Agreement, the Consideration is payable within six months after both Completion and receipt of a payment notice from the Seller (or such shorter period as may be required by applicable laws and regulations).

Following negotiations among the parties, no adjustment was made to the Consideration of RMB382.5 million to reflect the deferred payment terms.

6. Conclusion

In summary, the Consideration is determined taken into account the respective strengths and limitations of the valuation approaches.

On the one hand, while the asset-based approach properly reflects the value of identifiable assets and liabilities, it does not capture the value of unidentifiable intangible assets, and does not reflect the Target Group's improving production capacity and financial performance. The Target Group recorded 14% increase in revenue and 24% narrowing in net loss for the year ended 2025 compared with the year ended 2023; more recently, the Target Group's revenue for the eight months ended 31 August 2026 significantly increased by 190.7% compared with the corresponding period in 2025. These demonstrated improvements in the Target Group's operations and financial performance are not able to be properly materialized in the asset-based approach, being the low end of the appraised value.

On the other hand, it would not be prudent to determine the Consideration solely by reference to the market approach, being the high end of the appraised value, since the Target Group's improvements do not indicate guaranteed profitability and turnaround time given its historical losses.

The parties to the Acquisition also considered other factors, including the disposal of Target Company's high-voltage battery business, its net asset value, the Seller's original acquisition cost and the payment terms.

Having considered these factors as a whole, the parties considered it reasonable to adopt the Consideration of RMB382.5 million, representing approximately 51% of the approximate mid-point between the appraised values derived under the asset-based approach and the market approach for the purposes of the Acquisition.

Information on the parties and the target Group

Information on the Group and Lianfengtai Technology

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

Lianfengtai Technology is a company incorporated in Hong Kong with limited liability, an investment holding company and a wholly-owned subsidiary of the Company.

Information on the Seller

The Seller is a company incorporated in the PRC with limited liability and a diversified industrial group principally engaged in new materials and resources, intelligent motorcycle manufacturing and the low-altitude economy. It also makes strategic investments in businesses including power semiconductors and commercial aerospace.

As at the Latest Practicable Date, the Seller is interested in approximately 66.65% of the total issued Shares and is ultimately controlled by Mr. Li, who is interested in approximately 67.70% of the total issued Shares. The Seller and Mr. Li are therefore connected persons of the Company under Chapter 20 of the GEM Listing Rules.

Information on the Target Group

The Target Company is a provider of integrated low-voltage three-electric (battery, motor and electric control) system solutions, and has concurrently developed a dual-core business model comprising such solutions and the research and development, production and sale of new energy lithium-ion batteries. The Target Company possesses full delivery capabilities in respect of low-voltage three-electric supporting systems, and is able to provide customers with integrated powertrain system solutions incorporating battery cells, battery modules and battery management systems ("**BMS**"). Its self-developed and self-manufactured prismatic aluminium-shell lithium iron phosphate ("**LFP**") battery cells serve as the core supporting product of such solutions. The relevant systems and battery products are currently mainly applied to small low-voltage powered vehicles such as electric two-wheelers and tricycles.

The Target Company plans to extend the application of its products and solutions to commercial vehicles, small-power vehicles, battery swapping and intelligent robotics, with a view to expanding its product and customer coverage.

The Target Company also plans to expand into overseas markets, including the research and development of, and business development in relation to, solutions for converting fuel-powered micro-mobility vehicles to electric power and solar-powered range-extension solutions for new energy micro-mobility vehicles. In addition, the Target Company is developing sodium-ion battery related technologies (including cathode materials and battery cells) as a potential new business direction in addition to its existing lithium battery business.

The audited consolidated financial information of the Target Company prepared in accordance with the Hong Kong Financial Reporting Standards for the two financial years ended 31 December 2024 and 2025 is as follows.

	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*
Revenue	96,678	103,296
Loss before taxation	117,608	155,841
Loss after taxation	117,611	155,843

The audited consolidated net asset value of the Target Group as at 30 April 2026 was approximately RMB342.0 million.

Please refer to Appendix II for more detail in respect of the financial information of the Target Group.

The Seller has not provided any guarantee in respect of the profits, net tangible assets or other financial performance of the Target Group. The Group has not been granted any option to sell the Target Company back to the Seller or any other similar right in connection with the Acquisition.

As advised by the Seller, based on the weighted average acquisition cost of the equity interests in the Target Company acquired by it, the original acquisition cost attributable to the Target Equity was approximately RMB504.6 million.

Reasons for and benefits of the Acquisition

The Group is principally engaged in (i) the research and development and production of lithium-ion power batteries for new energy vehicles; and (ii) investment in resources and the exploration, trading and exploitation of resources. The Acquisition will enable the Group to expand its lithium battery business and is consistent with the Group's business development strategy for the following reasons:

(1) The Acquisition will increase the scale of the Group's lithium battery operations. Upon Completion, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into those of the Group. This will allow the Group to further develop its lithium battery business alongside its existing resources business.

(2) The Target Company has expanded its product offering from individual battery cells to integrated system solutions comprising batteries, motors, electronic control systems and battery management systems. The Acquisition will therefore broaden the Group's product and service offering and provide the Group with more direct access to the markets for two-wheeled and three-wheeled vehicles. The differences between the products of the two groups and the commercial rationale for entering these markets are described below.

The Target Group's prismatic aluminium-shell lithium iron phosphate power battery cells differ from the Group's existing lithium-ion power battery cells in terms of product specifications, market positioning and manufacturing processes.

In terms of product specifications, the Target Group principally produces 50Ah to 100Ah prismatic aluminium-shell lithium iron phosphate battery cells. These products are positioned as cost-effective solutions for small-power applications such as electric three-wheelers. By comparison, the Group focuses on 30Ah and 34Ah high-rate pouch-type ternary lithium battery cells, which are positioned as high-performance products primarily for the high-voltage power battery market for passenger vehicles.

In terms of market application, although both products are subject to common industry requirements relating to battery-pack integration and safety verification, the requirements of their respective market segments differ significantly. The small-power battery market is relatively cost-sensitive, generally uses lithium iron phosphate battery cells with a capacity of more than 50Ah and has relatively limited requirements for high-rate performance. Pouch-type battery solutions are not commonly used in this market because they require greater investment in supporting PACK integration. The Group's existing pouch-type ternary lithium battery cells have relatively lower capacity and involve more complex and costly pack integration and are therefore not well suited to the small-power battery market. By contrast, the Target Group's prismatic aluminium-shell lithium iron phosphate battery cells are easier to integrate and more cost-effective and are therefore well suited to the requirements of that market.

In terms of manufacturing processes, both products involve core lithium-ion battery-cell production processes, including electrode preparation, electrolyte filling and formation, and certain testing equipment and quality-control standards may be shared or applied by both groups. However, their respective production processes and equipment systems have different focuses. The Group adopts a patented stacking-and-winding composite process originally developed by LG. The relevant equipment and production system are relatively complex and have limited interchangeability, making them difficult to apply to the development of other products. The Target Group, on the other hand, adopts the winding process commonly used in the industry, which offers higher production efficiency and more controllable manufacturing costs and is therefore suitable for the cost-control requirements of the small-power battery market.

Notwithstanding the above differences, the products of the Target Group and the Group are both lithium-ion electrochemical energy-storage power battery cells and share certain underlying technical capabilities relating to battery-material selection, battery-cell safety design, electrochemical simulation and BMS matching. There is therefore scope for the two groups to share technical experience, quality-control systems and supply-chain resources. Accordingly, while the two groups have distinct product forms, manufacturing processes and target customer bases, their respective technologies and products are complementary and may give rise to business synergies.

The electric two-wheeler and three-wheeler markets in the PRC have generally maintained steady growth. According to relevant information, sales of electric two-wheelers in the PRC amounted to approximately 56.8 million units in 2025, representing a year-on-year increase of approximately 18.1%. Driven by the continuing replacement cycle arising from the implementation of the new national standards and the organic growth of the industry, sales in the PRC electric two-wheeler market are expected to maintain annual growth of more than 5% from 2026 to 2030 and reach approximately 76.0 million units by 2030.

With increasing consumer demand for vehicles offering greater stability and all-weather usability, leisure electric three-wheelers have gradually emerged as a new area of growth in the electric mobility market. According to Frost & Sullivan, sales of leisure electric three-wheelers increased from approximately 2.2 million units in 2021 to approximately 5.7 million units in 2025, representing an increase of approximately 159% and a compound annual growth rate of approximately 26.2%. Sales are expected to reach approximately 6.7 million units in 2026, representing year-on-year growth of approximately 17.5%. From 2026 to 2030, sales of leisure electric three-wheelers are expected to grow at a compound annual growth rate of approximately 13.2% and exceed approximately 11.0 million units by 2030, which would be nearly double the sales volume recorded in 2025.

The growth of the overseas electric two-wheeler market is expected to be supported by the continued expansion of the European electric bicycle market and the ongoing replacement of fuel-powered vehicles with electric vehicles in Southeast Asia. According to Frost & Sullivan, the size of the overseas electric two-wheeler market is expected to increase from approximately RMB132.4 billion in 2025 to approximately RMB267.4 billion in 2029, representing a compound annual growth rate of approximately 19.2%. Sales of two-wheelers in Southeast Asia are expected to increase from approximately 9.9 million units in 2025 to approximately 16.1 million units in 2029, representing a compound annual growth rate of approximately 12.9%.

Through the Acquisition, the Group will obtain direct access to the Target Group's proven and established system solutions in the two-wheeler and three-wheeler sectors, without having to develop the relevant technologies, customer relationships and market presence from the outset. This is expected to enable the Group to enter those markets more efficiently, diversify its product portfolio, broaden its downstream customer base and reduce business concentration risk.

(3) Following Completion, the Group intends to integrate the Target Group's existing solutions with the Group's technological capabilities and supply-chain resources. The combined resources are expected to support the development of a broader power battery product portfolio covering multiple application scenarios, including passenger vehicles and light electric vehicles, and the further development of the Group's lithium-ion battery business in the domestic three-wheeler market and overseas markets, including Southeast Asia.

(4) By capitalising on the growth opportunities in the domestic and overseas two-wheeler and three-wheeler markets, the Acquisition is expected to complement the Group's existing operations, create further room for business growth and support its medium- to long-term development.

Notwithstanding the above, the Directors have also taken into account that the Target Group recorded losses for the years ended 31 December 2024 and 2025 and had negative operating cash flows. If the Target Group continues to be loss-making after Completion, the consolidation of its financial results may adversely affect the earnings and cash flows of the Enlarged Group. Please refer to Appendix III for further details of the management discussion and analysis of the financial position and results of operations of the Target Group.

Basis for the expected improvement in profitability and operating cash flows

The Board's assessment was not based solely on the Target Group's recent revenue growth. In forming its view, the Board took into account the growth prospects of the electric two-wheeler and three-wheeler markets, the progressive ramp-up of the Target Group's production capacity, the progress made in developing new customers, the measures described below and the Target Group's more recent operating information.

The Target Group's production was temporarily affected by the Chinese New Year holidays in February and March 2026. Its production resumed normal operations in April 2026 and its production capacity has since continued to increase. The Target Group intends to improve its production efficiency and profitability by increasing the utilisation of its existing production capacity, thereby improving the absorption of fixed manufacturing overheads, and by optimising its raw-material procurement arrangements to mitigate the impact of fluctuations in raw-material prices.

On the sales side, while maintaining its relationships with its existing major customers, the Target Group has completed the supplier qualification procedures of customers among the five leading enterprises in the domestic small-power battery sector and has commenced small-batch supplies to such customers. It intends to convert such small-batch supplies into larger and more stable orders and to continue expanding its customer base.

According to the unaudited management accounts of the Target Group, its revenue for the eight months ended 31 August 2026 was approximately RMB250.0 million, representing an increase of approximately 190.7% as compared with the corresponding period in 2025. Its revenue for the four months from May to August 2026 increased by approximately 29.6% as compared with that for the four months from January to April 2026. The Board considered that these figures, together with the normalisation of production and the commencement of supplies to newly developed customers, demonstrated progress in the implementation of the Target Group's operating plans.

In relation to operating cash flows, for the four months ended 30 April 2026, the Target Group recorded net cash used in operating activities of approximately RMB24.8 million, as compared with its loss before taxation of approximately RMB10.1 million. The difference was principally attributable to movements in working capital, including an increase in inventories of approximately RMB36.6 million, an increase in deposits, prepayments and other receivables of approximately RMB10.8 million and a decrease in contract liabilities of approximately RMB14.7 million, partially offset by an increase in trade and bills payables of approximately RMB44.9 million. To reduce its working-capital requirements, the Target Group intends to align its production and procurement more closely with confirmed customer orders, strengthen its inventory management, improve the collection of trade receivables and negotiate appropriate payment and settlement arrangements with customers and suppliers.

The Target Group's historical financial performance was affected by factors including its previously constrained production capacity, low capacity utilisation and fluctuations in raw-material prices. Having considered the easing of the previous capacity constraints, the progressive ramp-up of production, the implementation of the above cost and working-capital management measures, the progress made in developing new customers and the recent growth in revenue, the Board considered that there was a realistic basis for a progressive and sustainable improvement in the Target Group's profitability and operating cash flows.

Remaining performance obligations

The Target Group's remaining performance obligations decreased from approximately RMB27.3 million as at 31 December 2025 to approximately RMB12.5 million as at 30 April 2026. The decrease was principally attributable to the completion

of the performance obligations relating to orders for which advance payments had been received before the beginning of 2026 and the recognition of the relevant amounts as revenue during the four months ended 30 April 2026.

Most of the new orders obtained during the four months ended 30 April 2026 were paid for and delivered within the same accounting period. Accordingly, such orders did not result in significant contract liabilities or remaining performance obligations at the end of the period.

The Board therefore considers that the decrease in remaining performance obligations principally reflected the timing of customer payments and product delivery and did not indicate a weakening in the Target Group's ability to obtain new orders. Accordingly, the temporary decrease in remaining performance obligations did not, by itself, adversely affect the sustainability of the Target Group's recent revenue growth. Nevertheless, the sustainability of such growth will depend on the Target Group's ability to continue securing and fulfilling customer orders.

Notwithstanding the Target Group's historical losses, recent financial performance and future funding requirements, the Board considers the Acquisition fair and reasonable because the Consideration was determined principally by reference to an independent valuation, while the Acquisition will enable the Group to expand its lithium battery business, enter the two-wheeler and three-wheeler markets and achieve potential business synergies. The Board has also taken into account the Seller's proposed financing and financial support, as well as the relevant business and financial risks. Having considered these factors as a whole, the Board considers that the Acquisition is in the interests of the Company and the Shareholders as a whole.

Financing of the Consideration

The consideration is intended to be financed by loans from the Seller (and/or its associate(s)). As of the Latest Practicable Date, the formal loan agreement had not yet been entered into, but the Group and the Seller had reached a preliminary consensus on the core commercial terms of the loan. The loan is not interest-free. The interest rate of the loan is a fixed rate, determined at 80% of the five-year loan prime rate (LPR) announced by the National Interbank Funding Center, as authorized by the People's Bank of China, on 20 September 2026, being an annual interest rate of 2.8%. The LPR is published regularly on the 20th of each month (postponed in the event of holidays), and 20 September 2026 is the publication date of the latest LPR as of the Latest Practicable Date. The loan solely refers to the published figure for that period as the basis of calculation, and the interest rate remains fixed throughout the loan tenure and will not be adjusted in accordance with any subsequent changes in the LPR. The loan is an unsecured loan, and the Group will not provide any asset pledge, charge, guarantee or other credit enhancements. Certain detailed terms of the proposed financing are subject to

further negotiation and finalisation. If there are any material changes to the core terms, the Company will make an announcement in accordance with the applicable provisions under the GEM Listing Rules.

The Seller has also provided an undertaking to the Company that it will make available sufficient financial resources to the Enlarged Group. Such financial support may be provided using the existing cash resources of the Seller and/or its subsidiaries and/or through debt financing secured by assets owned by the Seller and/or its subsidiaries. The purpose of the undertaking is to enable the Enlarged Group to discharge its debts and other liabilities as they fall due and to maintain the Enlarged Group as a going concern.

The Seller is one of the principal industrial holding platforms within the controlling shareholder group. The Seller considers that the Target Group's business is complementary to the Group's existing business and that the Acquisition will facilitate the implementation of the business reorganisation and business focus strategy at the level of the controlling shareholder group. The Seller is therefore prepared to facilitate the completion of the Acquisition by providing the proposed financing.

The proposed financing is a transaction funding arrangement established to facilitate the completion of the Acquisition. Its commercial substance is to provide the Company with the funding required to acquire the Target Equity, thereby enabling the Group to expand its business presence, obtain the Target Group's operating resources and capture the development opportunities in the relevant markets as contemplated in this circular. The Board considers that the proposed financing therefore supports the Group's long-term business development strategy and, in the long run, is expected to be in the interests of the Group and the Shareholders as a whole.

During the negotiations for the Acquisition, the Board considered various alternative sources of funding, including the Group's internal cash resources and external bank financing. Although the utilization of the Group's internal cash resources would not incur external financing interest expenses, nor does it require third-party approval, the current size of internal cash at the Group's disposal is insufficient to fully cover the consideration for the Acquisition. Moreover, allocating a substantial amount of internal cash for the Acquisition would significantly deplete the daily working capital of the Group's existing business, planned capital expenditures and business contingency reserves, which would weaken the Group's overall financial flexibility and exert pressure on its cash flow, potentially resulting in the Group being unable to cope with unforeseen future business capital needs. If financing support is provided by the Seller, the Group will be able to conserve valuable internal cash resources for its business development purposes. As for external bank financing, since it involves complete due diligence, internal credit assessment processes and other procedures, there are practical obstacles such as uncertainty in the approval cycle and difficulty in meeting the agreed closing timetable for the Acquisition. In addition, the costs and commercial terms of external

bank financing are less favorable than those of the loan provided by the Seller. Bank financing for merger and acquisitions typically carries strict financial covenants, such as requirements to maintain financial indicators, prior approval for material matters and restrictions on asset disposals, which would constrain the flexibility of the Group's future operations. In contrast, based on the current consensus, the financing provided by the Seller is an unsecured, unguaranteed fixed-rate financing without any asset credit enhancements from the Group, and the interest rate is determined at a discount to the market level. In summary, given that the financing provided by the Seller is superior to other alternative sources of funding in terms of availability, time certainty, financing costs and other terms, as well as the impact on the Group's existing business and the Acquisition, the Board considers that the financing provided by the Seller is the preferred funding option at this stage.

In determining that the Acquisition represents a genuine commercial transaction undertaken for the strategic and commercial benefits disclosed in this circular, the Board carefully reviewed the overall background of the Acquisition and the nature of the Target Group's business, and assessed the business expansion, resource integration and other strategic and commercial benefits expected to arise from the Acquisition. The Board also considered the undertaking provided by the Seller and reviewed the fairness and reasonableness of the terms of the Acquisition Agreement. The Board is of the view that (i) having reviewed the business background, industry outlook and expected synergies of the Target Group, the acquisition of the Target Group aims to expand the Company's business presence in the industrial chain and achieve business expansion and resource integration, which is a commercial decision made based on the listed company's own business development and has a clear commercial purpose and strategic value; (ii) the adoption of Seller's financing is a practical commercial choice based on the objective financing environment. The Board has carefully assessed the Group's internal funds, external bank financing and other alternative sources of funding. However, as analyzed above, since there are obvious obstacles or drawbacks in such alternatives, the Company chose the financing option provided by the Seller to ensure the completion of the acquisition on schedule and minimize the impact on the Group's business operations and financial position; and (iii) the financing terms provided by the Seller to the Group for the Acquisition are more favorable than normal commercial terms, which is beneficial to the Company, and there is no transfer of benefits to the controlling shareholder. Taking into account the above factors, the Board considers that the controlling shareholder acting as both the Seller and the financier is merely a dual role at the transaction structure level. The acquisition transaction itself and the financing arrangement are independent of each other, and the financing arrangement does not change the commercial substance of the acquisition transaction. Therefore, this acquisition is a genuine commercial transaction, and the overall terms of the transaction are fair and reasonable, and are in the interests of the Company and all Shareholders as a whole.

An Independent Board Committee has been established to advise the Independent Shareholders in respect of the Acquisition. The Independent Board Committee has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition Agreement are fair and reasonable and whether the Acquisition is in the interests of the Company and the Shareholders as a whole.

Financial Effects of the Acquisition

Upon Completion, the Target Company will become a 51%-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the financial statements of the Group.

As the Company and the Target Group are ultimately controlled by Mr. Li both before and after the Acquisition, the Acquisition will be accounted for as a business combination under common control using the principles of merger accounting in accordance with the applicable accounting standards.

Given that the Target Group recorded losses during the periods disclosed in this circular, the Acquisition may have an adverse effect on the earnings of the Enlarged Group if the Target Group continues to be loss-making after Completion. The actual effect will depend on the future financial performance of the Target Group.

Further details of the unaudited pro forma effects of the Acquisition on the assets and liabilities of the Enlarged Group are set out in Appendix IV to this circular.

GEM Listing Rules Implications

Since the relevant percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements in accordance with the GEM Listing Rules.

As at the Latest Practicable Date, all executive Directors, namely Mr. Xu Zhihao, Mr. Xu Bing, Mr. Chen Shengjie and Ms. Gu Wenting, are members of the senior management of the Seller and are therefore considered to have a material interest in the Acquisition. Accordingly, they abstained from voting on the resolutions of the Board approving the Acquisition Agreement, the Acquisition and the transactions contemplated thereunder.

As at the Latest Practicable Date, the Seller was ultimately controlled by Mr. Li, a controlling shareholder of the Company who does not hold any office in the Company. Accordingly, Mr. Li and his associates are considered to have a material interest in the Acquisition and are required to abstain from voting on the relevant resolutions at the

EGM. Mr. Xu Zhihao, being the chief executive officer of the Seller, is also considered to have a material interest in the Acquisition and is required to abstain from voting on the relevant resolutions at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Acquisition Agreement, the Acquisition or the transactions contemplated thereunder and, accordingly, no other Shareholder is required to abstain from voting on the relevant resolutions at the EGM under the GEM Listing Rules.

3. INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

In compliance with the GEM Listing Rules, the Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Wang Jiwei, Mr. Wang Baogang and Mr. Huang Yongzhong, has been established to advise the Independent Shareholders as to whether (i) the terms of the Acquisition Agreement and the transactions contemplated thereunder are fair and reasonable; (ii) the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole; and (iv) the Independent Shareholders should vote in favour of the relevant resolution to be proposed at the EGM.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The letter from the Independent Board Committee containing its opinion and recommendation is set out on pages 66 to 67 of this circular. The letter from the Independent Financial Adviser containing its advice and recommendation, together with the principal factors and reasons taken into consideration in arriving at such advice and recommendation, is set out on pages 68 to 96 of this circular.

4. EGM

A notice convening the EGM to be held at Unit 5402, 54th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Thursday, 19 November 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, the relevant ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, approve, among others, the Acquisition Agreement and the transactions contemplated thereunder.

At the EGM, any Shareholder who has a material interest in the Acquisition Agreement and the Acquisition, and such Shareholder's associates, is required to abstain from voting on the relevant resolution.

As at the Latest Practicable Date, Mr. Li is beneficially interested in 103,064,000 Shares. His associates, namely Hong Bridge Capital Limited, Geely International Technology Limited, Geely International (Hong Kong) Limited and Ms. Wang Li, the spouse of Mr. Li, hold 7,849,699,000 Shares, 1,600,000,000 Shares, 250,675,675 Shares and 50,000,000 Shares, respectively. Mr. Li and his associates therefore hold an aggregate of 9,853,438,675 Shares, representing approximately 67.70% of the total issued Shares.

In addition, Mr. Xu Zhihao, an executive Director who is a member of the senior management of the Seller and is accordingly considered to have a material interest in the Acquisition and the transactions contemplated thereunder, is beneficially interested in 422,000,000 Shares, representing approximately 2.90% of the total issued Shares. None of the other executive Directors holds any Shares.

Accordingly, the Shareholders referred to above, holding an aggregate of 10,275,438,675 Shares and representing approximately 70.60% of the total issued Shares, are required to abstain, and will abstain, from voting on the relevant resolution at the EGM.

As at the Latest Practicable Date, each of the Shareholders referred to above was entitled to exercise, or to control the exercise of, the voting rights attaching to the Shares held by him or it as disclosed above, and there is no discrepancy between the interests in the Shares of those Shareholders as disclosed in this circular and the number of Shares in respect of which they will control, or be entitled to control, the exercise of voting rights at the EGM.

None of those Shareholders has entered into any voting trust or other agreement, arrangement or understanding (other than an outright sale) in respect of the voting rights attaching to such Shares, and none of them is under any obligation, or has any entitlement, whereby control over the exercise of such voting rights has been or may be passed, whether temporarily or permanently, to any third party.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Acquisition Agreement or the transactions contemplated thereunder, and no other Shareholder is required to abstain from voting at the EGM.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. In the event that a Shareholder having lodged a proxy form attends the EGM, his/her proxy form will be deemed to have been revoked.

5. CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 16 November 2026 to Thursday, 19 November 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement of Shareholders to attend and vote at the EGM will be Thursday, 19 November 2026.

In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Friday, 13 November 2026.

6. RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee and the letter from the Independent Financial Adviser set out on pages 66 to 67 and pages 68 to 96 of this circular, respectively.

The Directors (other than the executive Directors, namely Mr. Xu Zhihao, Mr. Xu Bing, Mr. Chen Shengjie and Ms. Gu Wenting, each of whom is considered to have a material interest in the Acquisition and abstained from voting on the relevant resolutions of the Board), having considered the terms of the Acquisition Agreement and taken into account the advice

of the Independent Financial Adviser, consider that, notwithstanding that the entering into of the Acquisition Agreement and the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Acquisition Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (other than the abovementioned executive Directors) recommend that the Independent Shareholders vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

7. VOTING BY POLL

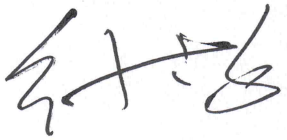
Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM will therefore put the resolution to be proposed at the EGM to be voted by way of a poll pursuant to Article 80 of the Articles of Association of the Company.

Pursuant to Article 85 of the Articles of Association, on a poll every Shareholder present (including attendance by electronic means) in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the register of members of the Company. On a poll, a Shareholder entitled to more than one vote is under no obligation to cast all his votes in the same way. An announcement on the poll results will be made by the Company after the EGM in accordance with Rule 17.47(5) of the GEM Listing Rules.

8. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Honbridge Holdings Limited



Xu Zhihao
Chairman