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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **CALB Group Co., Ltd.**, you should at once hand this circular, together with the enclosed proxy form, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中創新航科技集團股份有限公司

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

(Stock Code: 3931)

**(1) REVISION OF ANNUAL CAP FOR THE
2025 ENTRUSTED PROCESSING FRAMEWORK AGREEMENT
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
(3) NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING**

*Independent financial adviser to the Independent Board Committee
and the Independent Shareholders*



SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 7 to 23 of this circular.

Notice convening the EGM of the Company to be held at 2:00 p.m. on Wednesday, 24 December 2025, at Conference Room VIP1, CALB Group Co., Ltd., No. 1, Jiangdong Avenue, Jintan District, Changzhou, PRC is set out on pages 55 to 57 of this circular.

Shareholders who intend to appoint a proxy to attend the EGM are requested to complete the proxy form in accordance with the instructions printed thereon. The proxy form shall be lodged with the H Share Registrar of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for holding the EGM (i.e. 2:00 p.m. on Tuesday, 23 December 2025) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not prevent you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“2025 Entrusted Processing Framework Agreement”	the 2025 entrusted processing framework agreement dated 20 November 2024 entered into between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group), pursuant to which the Group entrusts Luoyang Group to provide processing services of EV battery products for civil use and energy storage system (ESS) products to the Group for a term of one year commencing from 1 January 2025 to 31 December 2025
“2025 Sales Framework Agreement”	the 2025 sales framework agreement dated 20 November 2024 entered into between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of its associates), pursuant to which the Group sells Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) to Luoyang Company and its associates for a term of one year commencing from 1 January 2025 to 31 December 2025
“2026 Entrusted Processing Framework Agreement”	the conditional 2026 entrusted processing framework agreement entered into between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group) on 14 November 2025, pursuant to which the Group will entrust Luoyang Group to provide processing services of EV battery products for civil use and energy storage system (ESS) products to the Group for a term of one year commencing from 1 January 2026 to 31 December 2026
“2026 Sales Framework Agreement”	the conditional 2026 sales framework agreement entered into between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of its associates) on 14 November 2025, pursuant to which the Group will sell Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) to Luoyang Company and its associates for a term of one year commencing from 1 January 2026 to 31 December 2026

DEFINITIONS

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Changjin New Energy”	Changzhou Changjin New Energy Partnership (Limited Partnership)* (常州常金新能源合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 21 November 2023 and controlled by Jintan Holding. Changjin New Energy is a connected person of the Company
“Company”	CALB Group Co., Ltd. (中創新航科技集團股份有限公司), H Shares of which are listed on the Stock Exchange with stock code of 3931
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the 2025 third extraordinary general meeting of the Company to be held on Wednesday, 24 December 2025, at 2:00 p.m., at Conference Room VIP1, CALB Group Co., Ltd., No. 1, Jiangdong Avenue, Jintan District, Changzhou, the People’s Republic of China or any adjournment thereof
“ESS”	A device that can store and output power, consists of multiple subsystems such as battery system and energy management system
“ESS products”	batteries applied to energy storage scenarios
“EV” or “electric vehicle”	the battery electric vehicle (BEV) used for the carriage of passengers

DEFINITIONS

“EV batteries”	batteries that provide power to new energy vehicles (NEV)
“Group”, “we” or “us”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huake Engineering”	Changzhou Huake Engineering Construction Co., Ltd.* (常州華科工程建設有限公司), a company established under the laws of the PRC with limited liability on 14 April 2015 and wholly owned by Jintan Hualuogeng
“Huake Investment”	Changzhou Huake Technology Investment Co., Ltd.* (常州華科科技投資有限公司), a company established under the laws of the PRC with limited liability on 5 August 2015 and wholly owned by Jintan Hualuogeng
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the revision of the annual cap to the 2025 Entrusted Processing Framework Agreement, the renewal of 2026 Sales Framework Agreement, 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps)
“Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to revision of the annual cap to the 2025 Entrusted Processing Framework Agreement, the renewal of 2026 Sales Framework Agreement, 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholder(s)”	the independent shareholders of the Company
“Independent Third Party(ies)”	any entity(ies) or person(s) who, to the best of the knowledge, information and belief of the Directors, is/are not a connected person(s) of the Company (as defined under the Hong Kong Listing Rules)
“Jincheng Technology”	Jiangsu Jintan Jincheng Technology Industry Development Co., Ltd.* (江蘇金壇金城科技產業發展有限公司), a company established under the laws of the PRC with limited liability on 7 December 2015 and wholly owned by Jintan Holding, a connected person of the Company
“Jinhang Holding”	Jiangsu Jinhang Holding Co., Ltd.* (江蘇金航控股有限公司), a company established under the laws of the PRC with limited liability on 2 March 2022, which is owned as to 40% by Jincheng Technology, 30% by Changzhou Shenghai Intelligent Technology Co., Ltd.* (常州市昇海智能科技有限公司), an Independent Third Party, 12.5% by Nanjing Ruiguan Enterprise Management Centre (Limited Partnership)* (南京瑞冠企業管理中心(有限合夥)), 12.5% by Wuxi Fengshenghui Enterprise Management Partnership Business (Limited Partnership)* (無錫豐晟匯企業管理合夥企業(有限合夥)) and 5% by Jiangsu Fengchuang Environmental Energy Co., Ltd.* (江蘇楓創環保能源有限公司), an Independent Third Party. Jinhang Holding is a connected person of the Company
“Jinsha Investment”	Changzhou Jinsha Technology Investment Co., Ltd.* (常州金沙科技投資有限公司), a company established under the laws of the PRC with limited liability on 4 May 2008 and wholly owned by Jintan Holding. Jinsha Investment is a connected person of the Company
“Jintan Group”	namely Jinsha Investment, Huake Engineering, Huake Investment, Jintan International, Jintan Hualuogeng, Changjin New Energy and Jintan Holding

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“Jintan Holding”	Jiangsu Jintan Investment Holding Co., Ltd.* (江蘇金壇投資控股有限公司), a company established under the laws of the PRC with limited liability on 16 September 2014 and wholly owned by the Government of Jintan District, a connected person of the Company
“Jintan Hualuogeng”	Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.* (江蘇金壇華羅庚科技產業發展有限公司), a company established under the laws of the PRC with limited liability on 12 December 2014 and owned as to 90% by Jintan Holding and 10% by Changzhou Investment Group Co., Ltd.* (常州投資集團有限公司), respectively, a connected person of the Company
“Jintan International”	Jiangsu Jintan National Development International Investment Development Co., Ltd.* (江蘇金壇國發國際投資發展有限公司), a company established under the laws of the PRC with limited liability on 16 December 2010 and exercising its voting rights attaching to the Shares in accordance with the instructions of Jintan Holding, a connected person of the Company
“Latest Practicable Date”	28 November 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its printing
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Luoyang Company”	China Lithium Battery Technology (Luoyang) Co., Ltd.* (中航鋰電(洛陽)有限公司), a company established under the laws of the PRC with limited liability on 14 September 2009, which is owned as to 51% by Jincheng Technology and 49% by Jinhang Holding, and a connected person of the Company
“Luoyang Group”	Luoyang Company and its subsidiaries
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement”	a conditional supplemental agreement to the 2025 Entrusted Processing Framework Agreement entered into between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group) on 14 November 2025, in relation to the revision of the annual cap to the 2025 Entrusted Processing Framework Agreement
“%”	per cent

* *for identification purposes only*

LETTER FROM THE BOARD



CALB Group Co., Ltd.

中創新航科技集團股份有限公司

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

(Stock Code: 3931)

Executive Directors:

Liu Jingyu (*Chairwoman of the Board
and General Manager*)

Dai Ying

Non-executive Directors:

Hu Jing

Li Jiancun

Xie Jieping

Independent Non-executive Directors:

Dr Wang Susheng

Dr Chen Zetong

Dr Xiao Wen

*Registered Office, Headquarters
and Principal Place of Business
in the PRC:*

No. 1

Jiangdong Avenue

Jintan District

Changzhou City

Jiangsu Province

PRC

*Principal place of business
in Hong Kong:*

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

4 December 2025

To the Shareholders,

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAP FOR THE
2025 ENTRUSTED PROCESSING FRAMEWORK AGREEMENT
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
AND
(3) NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

References are made to the announcements of the Company dated 12 November 2025 and 15 November 2024 and the circular dated 9 December 2024 in relation to, among others, the 2025 Sales Framework Agreement and the 2025 Entrusted Processing Framework Agreement entered into between the Company and Luoyang Company. The Company estimates that the existing annual caps under these agreements will not be sufficient to satisfy the demand of relevant business development needs. Furthermore, as both the 2025 Sales Framework Agreement and the 2025 Entrusted Processing Framework Agreement will expire on 31 December 2025, the Company expects such transactions to continue thereafter.

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On 14 November 2025, the Company entered into the conditional Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the conditional 2026 Sales Framework Agreement and the conditional 2026 Entrusted Processing Framework Agreement with Luoyang Company, which are still subject to the approval from the Independent Shareholders at the EGM. The Company will make a poll results announcement in due course in accordance with the requirements under the Listing Rules.

The purpose of this circular is to provide you with the notice of EGM and information on the resolutions to be put forward at the EGM for, among others, (i) details of the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the revised annual caps); (ii) details of the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); (iii) details of the 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps); (iv) a letter of advice from the Independent Board Committee to the Independent Shareholders; and (v) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

II. RESOLUTIONS TO BE CONSIDERED AT THE EGM

1. Revision of Annual Cap For the 2025 Entrusted Processing Framework Agreement

On 12 November 2025, the Board agreed to enter into the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group) to revise the annual cap under the 2025 Entrusted Processing Framework Agreement. Save for the revision of the annual cap, the other principal terms of the 2025 Entrusted Processing Framework Agreement remain unchanged.

(1) Existing Annual Cap and Historical Amount

In accordance with the 2025 Entrusted Processing Framework Agreement, the maximum aggregate fees to be incurred from processing service of Lithium Batteries provided by Luoyang Group to the Group will not exceed RMB3,000 million for the year ending 31 December 2025.

For the ten months ended 31 October 2025, the total service fees incurred from entrusted processing services provided by Luoyang Group to the Group under the 2025 Entrusted Processing Framework Agreement were approximately RMB2,668.42 million, with the utilisation rate of approximately 89% of the existing annual cap.

(2) Revised Annual Cap and Basis for Determination

In accordance with the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the aggregate revised annual cap for fees to be incurred from processing services provided by Luoyang Group to the Group under such agreement will not exceed RMB3,800 million for the year ending 31 December 2025.

LETTER FROM THE BOARD

The above revised annual cap is determined based on the following factors: (i) the historical service fees incurred from entrusted processing services provided by Luoyang Group for the ten months ended 31 October 2025; (ii) the significant increase by 73% year-on-year in the sales volume of EV batteries and ESS products of the Group for the ten months ended 31 October 2025. It is expected that the market demand for related products will continue to grow significantly from November to December 2025, and accordingly, the demand for entrusted processing business will rise to meet the delivery requirements.

(3) Reasons for and Benefits of Entering into the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement

Due to a substantial increase in market demand for the Group's products, the demand for entrusted processing services of Lithium Batteries and related products entrusted by the Group to Luoyang Company has also risen accordingly. The Board expects that, for the year ending 31 December 2025, the fees to be incurred from processing services of Lithium Batteries entrusted by the Group to Luoyang Group will exceed the existing annual cap amount under the 2025 Entrusted Processing Framework Agreement. Based on the previous transactions, both the Group and Luoyang Company have a thorough understanding of each other's product and service quality, and cooperation model, and it is cost effective and mutually beneficial for both parties to leverage their respective strengths to engage in cooperation. The revision of the annual cap will enable the Group to leverage the mature and stable production line of Luoyang Company, which can ensure the stability of products of relevant models while allowing the Group to continuously provide customers with high-quality products, so as to further increase the Group's revenue and support its long-term business growth.

The Board believes that the revision of the annual cap under the 2025 Entrusted Processing Framework Agreement and the entering into of the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement are in the interest of the Company and the Shareholders as a whole.

The above resolution was considered and approved by the Board on 12 November 2025 and is hereby proposed at the EGM for consideration and approval.

2. Renewal of 2026 Sales Framework Agreement

On 12 November 2025, the Board agreed to enter into the 2026 Sales Framework Agreement between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of its associates), pursuant to which, the Group will sell Lithium Batteries (as defined below) and related products (such as raw materials, semi-finished products, finished products) to Luoyang Company and its associates, for a term for one year commencing from 1 January 2026 to 31 December 2026 (both days inclusive).

LETTER FROM THE BOARD

(1) Principal terms of the 2026 Sales Framework Agreement

Parties	<p>(a) the Company (for itself and on behalf of the Group); and</p> <p>(b) Luoyang Company (for itself and on behalf of its associates)</p>
Term of the agreement	From 1 January 2026 to 31 December 2026 (both days inclusive)
Subject	The Group will sell Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) to Luoyang Company and its associates.
Payment methods and others	<p>Details of the scope of the relevant products, the calculation of fees, payment methods and other service arrangements will be separately agreed by the relevant parties.</p> <p>The standard payment methods are as follows: payment shall be made by Luoyang Company and its associates to the Group within 90 days after product delivery, either via wire transfer or bank acceptance bill.</p>
Conditions	<p>The 2026 Sales Framework Agreement will take effect upon the fulfillment of the following conditions:</p> <p>(i) The 2026 Sales Framework Agreement has been executed with the seals of both Parties and approved through their respective internal decision-making procedures;</p> <p>(ii) The Company has complied with the relevant requirements of the Listing Rules in relation to the 2026 Sales Framework Agreement and the transactions contemplated thereunder, including but not limited to reporting to the Stock Exchange, publishing announcements and obtaining the Board's and Independent Shareholders' approval with respect to the 2026 Sales Framework Agreement.</p>

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(2) Pricing Policy

The prices of Lithium Batteries and related products sold by the Group to Luoyang Company and its associates will be determined after arm's length negotiations mainly by reference to market prices and the sales prices of similar products supplied by the Group to other Independent Third Party customers, having taken into account the costs plus a reasonable profit margin. Specifically, the prices of Lithium Batteries and related products are determined after arm's length negotiations based on the manufacturing costs of the Group's Lithium Batteries and related products and a profit margin of approximately 2% to 10%. In addition, the Group will implement internal controls sufficient to ensure that the price under continuing connected transactions is fair and reasonable. For details of the internal control measures, please refer to "Internal Control Measures" in this circular.

(3) Historical Amount

For the ten months ended 31 October 2025, the total transaction amount generated from the sales of Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) by the Group to Luoyang Company and its associates under the 2025 Sales Framework Agreement was approximately RMB879.79 million, with the utilisation rate of approximately 98% of the existing annual cap.

(4) Proposed Annual Cap and Basis for Determination

It is estimated that the maximum aggregate transaction amount to be generated from the sales of Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) by the Group to Luoyang Company and its associates under the 2026 Sales Framework Agreement will not exceed RMB3,000 million for the year ending 31 December 2026.

The above proposed annual cap is determined based on the following factors: (i) the historical transaction amount of the sales of Lithium Batteries and related products by the Group to Luoyang Company and its associates for the ten months ended 31 October 2025; (ii) the demand of Lithium Batteries and related products in 2026 as estimated and provided by Luoyang Company, such as their demand for raw materials and electrode rolls are expected to increase by approximately 40% compared to 2025, and the demand for battery cell are expected to grow by over 100%; (iii) the selling prices of the Lithium Batteries and related products are expected to increase from 2% to 8% compared to 2025, primarily due to rising material costs; and (iv) an approximate 5% to 10% buffer set for price changes of related products, which is set in consideration of the continued growth in global demand for EV batteries and energy storage in 2025 and the expected expansion in 2026, as well as to address potential market uncertainties.

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(5) Reasons for and Benefits of Entering into the 2026 Sales Framework Agreement

The Directors are of the view that the transactions under the 2026 Sales Framework Agreement will benefit the Company, mainly because the Company's principal business includes the sale of Lithium Batteries and related products. The sale of Lithium Batteries and related products to Luoyang Company and its associates at fair, reasonable and competitive prices is part of the Company's ordinary and usual course of business, which helps enhance the Group's revenue in the sale of Lithium Batteries and related products and promotes the Group's business development. Luoyang Company has a thorough understanding of the Company's product range and product quality, and it is cost effective and mutually beneficial for both parties to continue the cooperation.

The above resolution was considered and approved by the Board on 12 November 2025 and is hereby proposed at the EGM for consideration and approval.

3. Renewal of 2026 Entrusted Processing Framework Agreement

On 12 November 2025, the Board agreed to enter into the 2026 Entrusted Processing Framework Agreement between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group), pursuant to which, the Group will entrust Luoyang Group to provide processing services of EV battery products for civil use and energy storage system (ESS) products (collectively the "**Lithium Batteries**") to the Group, for a term for one year commencing from 1 January 2026 to 31 December 2026 (both days inclusive).

(1) Principal terms of the 2026 Entrusted Processing Framework Agreement

Parties	(a) the Company (for itself and on behalf of the Group); and (b) Luoyang Company (for itself and on behalf of Luoyang Group)
Term of the agreement	From 1 January 2026 to 31 December 2026 (both days inclusive)
Nature of transaction	The Company entrusts Luoyang Group for the provision of processing service of Lithium Batteries. Luoyang Group will be responsible for the raw materials, front line workers and technicians whose licences and qualifications are approved by us and completing the production and processing.

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Payment methods and others	<p>Details of the payment methods and other service arrangements will be separately agreed by the relevant parties.</p> <p>The standard payment methods are as follows: the Group will prepay a certain percentage of the processing fee, and the remaining balance shall be settled after assessing the actual quantity of qualified finished products after delivery by Luoyang Group, either via wire transfer or bank acceptance bill.</p>
Quality control	<p>Luoyang Group has the obligation to conduct strict inspections of the processed finished goods according to the quality control standards requirements, and the Company will carry out re-inspections based on the quality situation.</p>
Licensing of patent	<p>The Company grants Luoyang Group the right to use certain specified patents of the Company (“Authorised Patents”) which are necessary for its provision of Lithium Batteries processing services. In this connection, Luoyang Group undertakes to only use the Authorised Patents for the purpose of the Lithium Batteries processing services under the 2026 Entrusted Processing Framework Agreement and that it shall not be entitled to use the Authorised Patents for other purposes or to license any other third party to use the Authorised Patents of the Company unless prior written consent is obtained from us.</p>
Ownership of intellectual property rights	<p>The intellectual property right(s) and the right(s) to apply for patents in relation to all documents, certificates, drawings and information provided by the Company and arising from performing the specific entrusted processing agreement shall belong to the Company.</p>

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Conditions

The 2026 Entrusted Processing Framework Agreement will take effect upon the fulfillment of the following conditions:

- (i) The 2026 Entrusted Processing Framework Agreement has been executed with the seals of both parties and approved through their respective internal decision-making procedures;
- (ii) The Company has complied with the relevant requirements of the Listing Rules in relation to the 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder, including but not limited to reporting to the Stock Exchange, publishing announcements and obtaining the Board's and Independent Shareholders' approval with respect to the 2026 Entrusted Processing Framework Agreement.

(2) Pricing Policy

The prices of processing service of Lithium Batteries entrusted by the Group to Luoyang Group are determined with reference to the cost of processing and producing Lithium Batteries and the prevailing market price of processing services in the same or proximity areas charged by Independent Third Parties, which mainly comprise (i) the costs to be incurred by Luoyang Group for processing and producing Lithium Batteries; and (ii) a reasonable profit of around 2%-3% of the above mentioned costs for the entrusted processing services. The Company would normally review at least two quotations from and/or agreements entered into with the Independent Third Parties for providing similar services as comparison in determining the fees to be paid for processing services under the 2026 Entrusted Processing Framework Agreement.

The Board had reviewed internal control report prepared by the internal control department and examined at least two quotations from Independent Third Parties providing similar services. After considering the profit stipulated in above quotations, the Board considers that a cost-plus margin of approximately 2% to 3% incurred from the processing services of Lithium Batteries entrusted by the Group to Luoyang Company under the 2026 Entrusted Processing Framework Agreement represents a reasonable profit. The Board is of the view that such arrangement is no less favourable to the Group than terms offered by Independent Third Parties and is fair and reasonable for the Company.

LETTER FROM THE BOARD

(3) *Historical Amount*

For the ten months ended 31 October 2025, the total service fees incurred from entrusted processing services provided by Luoyang Group under the 2025 Entrusted Processing Framework Agreement were approximately RMB2,668.42 million.

(4) *Proposed Annual Cap and Basis for Determination*

It is estimated that the fees to be incurred under the 2026 Entrusted Processing Framework Agreement will not exceed RMB6,000 million for the year ending 31 December 2026.

The above proposed annual cap is determined based on the following factors: (i) the historical service fees incurred from entrusted processing services provided by Luoyang Group for the ten months ended 31 October 2025; (ii) the unit cost of processing and producing the Lithium Batteries; (iii) the prevailing market price for the provision of processing service in the same or proximity areas; (iv) the compound annual growth rate of 89% from 2021 to 2024 of sales volume of EV batteries and ESS products of the Group. The Group expects that the market demand for related products will continue to grow significantly in 2026, and accordingly, the demand for entrusted processing service of Lithium Batteries will rise to meet the delivery requirements; (v) in light of the increasing demand from the Group for entrusted processing service of Lithium Batteries, the production capacity of Luoyang Group for processing relevant Lithium Batteries models in 2026 is expected to increase by approximately 50% compared to 2025; (vi) the expected annual production capacity of Luoyang Company; and (vii) an approximate 5%-10% buffer set for price changes of related products and services, and possible market changes. Due to non-compete undertakings, all the civil use production lines of Luoyang Group will be used for meeting the demands of the Company.

(5) *Reasons for and Benefits of Entering into the 2026 Entrusted Processing Framework Agreement*

The Directors are of the view that the transactions under the 2026 Entrusted Processing Framework Agreement are to the benefit of the Company because (i) Luoyang Company has a mature and stable production line, and is able to serve the Company's customers nearby. The use of Luoyang Company's mature and stable production capacity is more economical than the construction of new production lines by the Company, which can ensure the stability of products of relevant models and the continuity of orders so as to meet the needs of the Company's customers for related products, so as to further increase the Group's revenue and support its long-term business growth; (ii) Luoyang Company as well as the shareholders of Luoyang Company have already entered into non-compete undertakings in favour of each member of the Group and undertook that Luoyang Company cannot engage in the business of manufacturing, research and development and sales of the Lithium Batteries, unless the Company's demands for entrusted processing services for the Lithium Batteries have been satisfied and an expressed consent has been obtained from the Company. Such undertakings can effectively avoid potential competition from Luoyang Company; (iii) based on the previous

LETTER FROM THE BOARD

transactions, both the Group and Luoyang Company have a thorough understanding of each other's product and service quality, and cooperation model, and it is cost effective and mutually beneficial for both parties to leverage their respective strengths to engage in cooperation; and (iv) it is not easy to find a substitute for provision of processing service of the Lithium Batteries in the market with similar quality, price, production capacity and cultivated trust and understanding.

(6) Quality control over the products of Luoyang Company

Before Luoyang Company starts production, the Company will provide Luoyang Company with the quality and technical requirements, such as the manufacturing process, examination standards on raw materials and quality standards. Before accepting Luoyang Company as an entrusted manufacturer, the Company has checked the quality assurance certificates of Luoyang Company granted by national-level qualification accretion centers and reviewed the equipment and production sites of Luoyang Company to ensure its qualifications. In addition, the Company has checked the professional certifications of front-line workers and technicians of Luoyang Company to make sure the workers maintains necessary working qualification. When accepting products, the Company will review and check the finished products. Luoyang Company is required to label each product batch with the producing factory, name, number of product, type of product, quantity, production lot, date of production and QR code so that the Company can track each product if any quality issue rises. Each time when Luoyang Company delivers the products, it should provide the labels together with a testing result that should be consistent with the goods received by the Company. Luoyang Company should also identify, confirm and control the key and special processes during manufacturing and record such processes. If Luoyang Company failed to exhibit such records, the Company can refuse to accept the relevant products. Further, Luoyang Company should retain equipment to conduct examinations of the products and keep the examination records. Such equipment should be maintained regularly to ensure good operation. If Luoyang Company cannot perform the examination on the products, the Company will designate a national examination center to examine the products at the cost of Luoyang Company.

The above resolution was considered and approved by the Board on 12 November 2025 and is hereby proposed at the EGM for consideration and approval.

4. Opinion of the Board

In relation to the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement, the internal control department of the Company has reviewed at least two quotations from and/or agreements entered into with Independent Third Parties providing similar services or purchasing similar products as comparisons and identified no material difference in major terms between them. Furthermore, the Company has reviewed the transaction amounts, pricing and annual caps under the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement. The internal control department is of the view that (a) the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) and (b) the 2026 Entrusted Processing

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Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) are entered into based on the normal business development and operational needs of the Group, and the pricing policy is fair and reasonable.

On this basis, the Board conducts a further review of the quotations from Independent Third Parties and the profit margins required in the agreements entered into with Independent Third Parties, and confirms that the prices and terms under the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement are no less favourable to the Group than those offered by Independent Third Parties and are fair and reasonable to the Company. In addition, the Company's auditors and independent non-executive Directors will conduct annual review of the transactions contemplated under the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement and provide annual confirmation in accordance with the Listing Rules.

The Board also considers that based on the previous transactions, both the Group and Luoyang Company have a thorough understanding of each other's product and service quality, and cooperation model, and it is cost effective and mutually beneficial for both parties to leverage their respective strengths to engage in cooperation. Luoyang Company possesses mature and stable production line, which can ensure the stability of products of relevant models while allowing the Group to continuously provide customers with high-quality products, so as to further increase the Group's revenue and support its long-term business growth.

Based on the above considerations, the Directors (excluding the Independent Board Committee whose view has been disclosed in the section headed "Letter from the Independent Board Committee" of this circular) are of the view that (i) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement and the transactions thereunder (including the revised annual cap thereto); (ii) the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap); and (iii) the 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

5. Internal Control Measures

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

- (1) the Company has established a comprehensive internal rule for the *Management System on Connected Transactions*, which is strictly formulated in accordance with Chapter 14A of the Listing Rules. The internal rule covers core aspects including identification procedures, disclosure requirements, and ongoing monitoring mechanisms, to ensure all connected transactions comply with the Listing Rules;

LETTER FROM THE BOARD

- (2) the Board and the various other internal departments of the Company will be responsible for controlling and managing the continuing connected transactions on a day-to-day basis: the Board and various other internal departments (including but not limited to the finance department and legal department) will be jointly responsible for evaluating the terms under the relevant agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps (if applicable) under each transaction;
- a. each related business department, as the business initiator, shall be responsible for dealing with the continuing connected transaction agreements;
 - b. the finance department assesses the reasonableness of the amounts of connected transactions and existing annual caps and monitor the historical transaction amounts;
 - c. the internal control department monitors the tendering and price comparison process to ensure that transaction terms are no less favourable than those offered by Independent Third Parties and comply with the principle of fairness; and
 - d. the legal department conducts compliance reviews of the contract terms to ensure that agreement content complies with the Listing Rules and the Company's internal rules.

The Board, taking into account the actual operations of the Company, evaluates the principal terms of the agreements to ensure that the transactions meet the Company's business development needs, are lawful and compliant and are in the interest of the Company and the Shareholders as a whole.

- (3) the Board and the finance department of the Group will regularly monitor the connected transactions, including but not limited to monitoring the transaction amounts under the relevant agreements to ensure that they do not exceed the annual caps;
- a. the finance department records and monitors the actual transaction amounts on a monthly basis, and performs rolling forecasts of the future monthly transaction amounts for all continuing connected transactions; and
 - b. the Company has adopted an early warning system: when the aggregated transaction amounts of continuing connected transactions are expected to exceed 80% of the existing annual caps, the finance department will promptly notify the business initiator to evaluate the implementation of such continuing connected transactions and, where appropriate, to revise the annual cap in a timely manner and complete the internal procedures in compliance with the Listing Rules.

LETTER FROM THE BOARD

- (4) the management of the Company will review the pricing policies to ensure connected transactions to be performed in accordance with the relevant agreements through the following review procedures every half year;
 - a. they will compare the proposed price with the market price to ensure that the proposed price is equivalent to or no less favourable to us than the price offered to or by the Independent Third Parties for providing similar services or products. The Company will make enquiries from at least two Independent Third Parties for their quotations and conduct internal assessments; and
 - b. review the proposed price to ensure it is consistent with the pricing terms under the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement, and the terms offered by connected persons to the Group are no less favourable than those offered by the Independent Third Parties.
- (5) the Company shall engage auditors to, and the independent non-executive Directors will, conduct annual review of the continuing connected transactions to ensure that the transactions contemplated thereunder have been conducted in accordance with the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements;
- (6) the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions; and
- (7) when considering any revisions or renewal of the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement, the materially interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings and general meetings (as the case may be).

6. Information Relating to the Parties

The Group

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

LETTER FROM THE BOARD

Luoyang Company

Luoyang Company is a limited liability company established in the PRC, principally engaged in research, production, sales and market application development of lithium-ion motive power batteries, battery management systems (BMS), energy storage batteries and related integrated products and Lithium Battery-related materials and sales of new energy vehicles and parts. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of Luoyang Company is the People's Government of Jintan District, Changzhou.

7. Listing Rules Implications

As at the Latest Practicable Date, Jintan Holding directly and indirectly held approximately 26.02% of the total issued shares of the Company and is one of the substantial shareholders of the Company, and therefore Jintan Holding and its associates are connected persons of the Company. Luoyang Company is owned as to 49% by Jinhang Holding and 51% by Jincheng Technology, respectively, and Jincheng Technology is wholly owned by Jintan Holding. Thus, Luoyang Company is an associate of Jintan Holding and hence a connected person of the Company. Therefore, the transactions contemplated under the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, respectively.

As the highest applicable percentage ratio of the revised annual cap under the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement is more than 5%, the transactions contemplated thereunder are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the annual cap under the 2026 Sales Framework Agreement is more than 5%, the transactions contemplated thereunder are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the annual cap under the 2026 Entrusted Processing Framework Agreement is more than 5%, the transactions contemplated thereunder are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

8. Abstention from Voting on Board Resolutions and at the EGM

Hu Jing and Li Jiancun, are both non-executive Directors of the Company. Jiangsu Jintan Investment Group Co., Ltd.* (江蘇金壇投資集團有限公司) is an associate of Jintan Holding, Hu Jing serves as a member of its Party Committee and Deputy General Manager, and Li Jiancun serves as its Deputy General Manager. Therefore, they have abstained from voting on the relevant Board resolutions approving (i) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement; (ii) the 2026 Sales Framework Agreement; and (iii) the 2026 Entrusted Processing Framework Agreement and the continuing connected transactions thereunder. Save as disclosed above, none of the other Directors has material interests in the continuing connected transactions contemplated thereunder.

In accordance with the Listing Rules, any Shareholder with a material interest in (i) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the revised annual cap thereto); (ii) the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap); and (iii) the 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap), and its associates will be required to abstain from voting on the relevant resolutions approving these agreements and the continuing connected transactions contemplated thereunder at the EGM.

As at the Latest Practicable Date, Jintan Group held 461,216,157 Shares of the Company in aggregate, directly and indirectly, representing 26.02% of the total issued share capital of the Company. As such, each of the companies in Jintan Group will abstain from voting on the resolutions approving (i) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the revised annual cap thereto); (ii) the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap); and (iii) the 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) at the EGM. Save as disclosed above, and to the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder is required to abstain from voting on resolutions at the EGM.

III. THE EGM

1. Closure of Register of Members

For the purpose of ascertaining the entitlement of the H Share Shareholders to attend and vote at the EGM, the H Share register of members of the Company will be closed from Friday, 19 December 2025 to Wednesday, 24 December 2025 (both days inclusive), during which period no transfer of H Shares will be registered. To be eligible to attend and vote at the EGM,

LETTER FROM THE BOARD

all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 December 2025.

2. Notice of Extraordinary General Meeting

Set out on pages 55 to 57 of this circular is the notice of the EGM at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider and approve (1) resolution on the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement; (2) resolution on the 2026 Sales Framework Agreement; and (3) resolution on the 2026 Entrusted Processing Framework Agreement.

3. Form of Proxy

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 24 hours before the time appointed for holding the EGM (i.e. 2:00 p.m. on Tuesday, 23 December 2025) or any adjournment thereof. Completion and return of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM if they so wish and in such event the form of proxy shall be deemed to be revoked.

4. Voting By Poll

Pursuant to Rule 13.39(4) of the Listing Rules and Article 82 of the Articles of Association, any resolution put to the vote of the Shareholders at a general meeting shall be decided on a poll except where the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions put to vote at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

LETTER FROM THE BOARD

IV. RECOMMENDATION

The Board considers that the above resolutions are in the interest of the Group and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board
CALB Group Co., Ltd.
Liu Jingyu
*Chairwoman of the Board,
executive Director and General Manager*



CALB Group Co., Ltd.

中創新航科技集團股份有限公司

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

(Stock Code: 3931)

4 December 2025

To the Independent Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAP FOR THE
2025 ENTRUSTED PROCESSING FRAMEWORK AGREEMENT
AND
(2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 4 December 2025 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to consider and advise the Independent Shareholders as to whether the terms of the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement, and the continuing connected transactions contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

Having considered the (a) the reasons for and benefits for entering into the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement as set out in the Circular and (b) advice given by Somerley Capital Limited, in particular the principal factors, reasons and recommendation as set out in this letter, we consider that (i) the terms of the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement and the continuing connected transactions contemplated thereunder are in ordinary and usual course of business of the Group, and are in the interest of the Company and the Shareholders as a whole; and (ii) the terms and conditions of the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement are normal commercial terms whilst the annual caps as set out in such agreements are fair and reasonable so far as the Company and

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Independent Shareholders are concerned. Accordingly, we recommend you vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement, the transactions contemplated thereunder and the annual caps as set out in such agreements.

We wish to draw your attention to the “Letter from Independent Financial Adviser” as set out on pages 26 to 46 of the Circular. We have considered the terms and conditions of the transactions, the advice of the Independent Financial Adviser and other factors contained in the “Letter from the Board” as set out on pages 7 to 23 of the Circular.

Yours faithfully,
For and on behalf of
Independent Board Committee

Dr Wang Susheng
*(Independent non-executive
Director)*

Dr Chen Zetong
*(Independent non-executive
Director)*

Dr Xiao Wen
*(Independent non-executive
Director)*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

4 December 2025

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**REVISION OF ANNUAL CAPS FOR THE
2025 ENTRUSTED PROCESSING FRAMEWORK AGREEMENT
AND
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the revision of the annual cap to the 2025 Entrusted Processing Framework Agreement; and (ii) the renewal of 2026 Sales Framework Agreement, 2026 Entrusted Processing Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap), details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 4 December 2025 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 12 November 2025, the Board agreed to enter into the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group) to revise the annual cap under the 2025 Entrusted Processing Framework Agreement. Save for the revision of the annual caps, the other principal terms of the 2025 Entrusted Processing Framework Agreement remain unchanged.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 12 November 2025, the Board agreed to enter into (i) the 2026 Sales Framework Agreement between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of its associates), pursuant to which the Group will sell Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) to Luoyang Company and its associates; and (ii) the 2026 Entrusted Processing Framework Agreement between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of Luoyang Group), pursuant to which the Group will entrust Luoyang Group to provide processing services of Lithium Batteries to the Group, both for a term of one year commencing from 1 January 2026 to 31 December 2026 (both days inclusive).

As at the Latest Practicable Date, Jintan Holding directly and indirectly held approximately 26.02% issued Shares of the Company and is one of the substantial Shareholders of the Company, and therefore Jintan Holding and its associates are connected persons of the Company. Luoyang Company is owned as to 49% by Jinhang Holding and 51% by Jincheng Technology, respectively. Jincheng Technology is wholly owned by Jintan Holding, and hence a connected person of the Company. Therefore, the transactions contemplated under the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement will constitute continuing connected transactions of the Company under the Chapter 14A of the Listing Rules. As the highest applicable percentage ratios of the revised annual cap under the Supplement Agreement to the 2025 Entrusted Processing Framework Agreement, the annual cap under the 2026 Sales Framework Agreement and the annual cap under the 2026 Entrusted Processing Framework are more than 5%, the transactions contemplated thereunder are therefore subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Wang Susheng, Dr. Chen Zetong and Dr. Xiao Wen, has been established to advise the Independent Shareholders in relation to (i) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement (including the revised annual cap thereto); (ii) the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap); and (iii) the 2026 Entrusted Processing Framework Agreement (including the proposed annual cap) and the transactions contemplated (the “**Non-exempt CCTs**”). We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated with the Company, Luoyang Company or their respective core connected persons or associates. In the past two years prior to this appointment, saved for our engagements as the independent financial adviser to the independent board committee and the Independent Shareholders in relation to the renewal of continuing connected transactions as disclosed in the circulars of the Company dated 11 January 2024 and 9 December 2024 (the “**Previous Engagements**”), there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Luoyang Company or their respective core connected persons or associates. As we were in the same role as independent financial adviser to the Company in Previous Engagements, we are of the view that they would not affect our independence and we are considered eligible to give independent advice on the Non-exempt CCTs and the proposed annual caps.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, among other things, (i) the annual reports of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”); (ii) the announcement of the Company dated 12 November 2025 in relation to, among others, the Non-exempt CCTs (the “**Announcement**”); and (iii) other information contained in the Circular. We also have sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us were not misleading in any material aspects. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Company, Luoyang Company or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the EGM, and Shareholders will be informed of any material change as soon as possible.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information of the parties

1.1. Information of the Company

The Group is an internationally leading new energy technology company mainly engaged in the design, R&D, production and sales of EV batteries and ESS products. The Company was listed on the main board of the Stock Exchange on 6 October 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the summary of the financial information of the Group for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2024 and 2025 as extracted from the 2024 Annual Report and the 2025 Interim Report, which have been prepared in accordance with IFRS Accounting Standards:

	For the six months ended 30 June		For the year ended 31 December	
	2025	2024	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue				
– Sales of EV battery	10,662,346	9,723,980	19,550,893	22,249,046
– Sales of ESS products and others	5,756,532	2,745,257	8,200,633	4,756,839
	16,418,878	12,469,237	27,751,526	27,005,885
Gross profit	2,878,880	1,948,130	4,409,894	3,511,518
Profit for the year/period attributable to owners of the Company	465,957	248,987	591,196	294,377

For the two years ended 31 December 2023 and 2024

For the years ended 31 December 2023 and 2024, the Group recorded a revenue of approximately RMB27,005.9 million and RMB27,751.5 million respectively, representing an increase of approximately 2.8%. Over 70% of the revenue are generated from sales of EV batteries. As disclosed in the 2024 Annual Report, the increase was mainly due to the gradual release of the Group's production capacity, the increase in customer demands and sustained significant growth of the ESS products business. Revenue generated from sales of EV batteries decreased by approximately 12.1% mainly attributable to the growth in sales volume coupled with the decline in battery prices. Revenue generated from the ESS products and others of the Group increased by approximately 72.4% for the year ended 31 December 2024, mainly because the ESS products business achieved sustained significant growth attributable to the Group's continuous efforts to explore the ESS segment.

The Group's gross profit for the years ended 31 December 2023 and 2024 amounted to approximately RMB3,511.5 million and RMB4,409.9 million respectively, representing an increase of approximately 25.6%. As disclosed in the 2024 Annual Report, the gross profit margin of the Group increased by 2.9 percentage points from 13.0% for the year ended 31 December 2023 to 15.9% for the year ended 31 December 2024. The growth was primarily due to increasing economies of scale resulting from the Group's business expansion and sustained growth and the continuous improvement in product performance coupled with cost reductions, enabled by the Group's leading technology and product capabilities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's profit attributable to owners of the Company for the years ended 31 December 2023 and 2024 amounted to approximately RMB294.4 million and RMB591.2 million respectively, representing an increase of approximately 100.8%. Such increase was mainly attributable to (i) the increase of gross profit as mentioned above; and (ii) the decrease of allowance for inventories, partially offset by the increase of administrative expenses and increase of research and development expenses.

For the six months ended 30 June 2024 and 2025

For the six months ended 30 June 2024 and 2025, the Group recorded a revenue of approximately RMB12,469.2 million and RMB16,418.9 million respectively, representing an increase of approximately 31.7%. As disclosed in the 2025 Interim Report, the increase was mainly due to the scale-up of leading-edge technology products across business sectors, including passenger vehicles, commercial vehicles, energy storage and marine applications.

The Group's gross profit for the six months ended 30 June 2024 and 2025 amounted to approximately RMB1,948.1 million and RMB2,878.9 million respectively, representing an increase of approximately 47.8%. As disclosed in the 2025 Interim Report, the gross profit margin of the Group increased by 1.9 percentage points from 15.6% for the six months ended 30 June 2024 to 17.5% for the six months ended 30 June 2025. As advised by the Company, the improvement is mainly attributable to the scaling of the Company's industry-leading technology products, combined with ongoing technological advancements in cost reduction. This has enabled continuous enhancement of product performance alongside sustained cost decreases. Meanwhile, the growing economies of scale have further contributed to the improvement of gross profit margin.

The Group's profit attributable to Shareholders for the six months ended 30 June 2024 and 2025 amounted to approximately RMB249.0 million and RMB466.0 million respectively, representing an increase of approximately 87.1%. Such increase was mainly attributable to increase of gross profit, partially offset by the increase of selling expenses and research and development expenses.

Set out below is the summary of the financial position of the Group as at 31 December 2023, 2024 and 30 June 2025 as extracted from the 2024 Annual Report and the 2025 Interim Report, which have been prepared in accordance with IFRS Accounting Standards:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at		
	30 June	As at 31 December	
	2025	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Total assets	130,540,141	122,473,383	105,429,025
Total liabilities	81,728,931	74,419,458	59,043,235
Net assets	48,811,210	48,053,925	46,385,790

As at 30 June 2025, the Group's total assets amounted to approximately RMB130.5 billion, mainly comprised of (i) property, plant and equipment of approximately RMB85.2 billion; (ii) trade and bills receivables of approximately RMB9.4 billion; (iii) prepayments, deposits and other receivables of approximately RMB8.5 billion; and (iv) bank and cash balances of approximately RMB8.3 billion.

As at 30 June 2025, the Group's total liabilities amounted to approximately RMB81.7 billion, mainly comprised of (i) bank borrowings of approximately RMB51.9 billion; (ii) trade and bills payable of approximately RMB20.8 billion; and (iii) accruals and other payables of approximately RMB6.0 billion.

As at 30 June 2025 and 31 December 2024, the Group's net assets amounted remained relatively stable at approximately RMB48.8 billion and RMB48.1 billion respectively. The liability-to-asset ratio (i.e. total liabilities divided by total assets) of the Group has increased from 60.8% as at 31 December 2024 to 62.6% as at 30 June 2025, and the gearing ratio (i.e. net debt divided by equity) of the Group has increased from 77.5% as at 31 December 2024 to 90.7% as at 30 June 2025, mainly due to the increased bank borrowings to address the funding needs for the Company's sustainable business growth and investment in significant projects.

We also noted that the Company has released unaudited financial results for the nine months ended 30 September 2025, prepared in accordance with China Accounting Standards. For the nine months ended 30 September 2024 and 2025, the Group recorded operating revenue of approximately RMB19,036.1 million and RMB28,538.2 million respectively, representing an increase of approximately 49.9%. Net profit attributable to owners of the parent company rose significantly from approximately RMB180.3 million for the nine months ended 30 September 2024 to approximately RMB684.6 million for the nine months ended 30 September 2025. The net assets of the Groups amounted relatively stable at approximately RMB50.0 billion as at 30 September 2025. This financial performance is consistent with the trends disclosed in the 2025 Interim Report.

In our view, based on the above analysis, the Group has financed its growth and retained a satisfactory financial position.

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1.2. Information of Luoyang Company

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

2. Reasons for and benefits of the Non-exempt CCTs

2.1. Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement

As stated in the Letter from the Board of the Circular, due to a substantial increase in market demand for the Group's products, the demand for entrusted processing services of Lithium Batteries and related products entrusted by the Group to Luoyang Company has also risen accordingly. The Board expects that the fees to be incurred from processing services of Lithium Batteries entrusted by the Group to Luoyang Group will exceed the existing annual cap amount for the year ending 31 December 2025 under the 2025 Entrusted Processing Framework Agreement. Based on the previous transactions, both the Group and Luoyang Company have a thorough understanding of each other's product and service quality, and cooperation model, and it is cost effective and mutually beneficial for both parties to leverage their respective strengths to engage in cooperation. The revision of the annual cap will enable the Group to leverage the mature and stable production line of Luoyang Company, which can ensure the stability of products of relevant models while allowing the Group to continuously provide customers with high-quality products, so as to further increase the Group's revenue and support its long-term business growth.

2.2. 2026 Sales Framework Agreement

As stated in the Letter from the Board of the Circular, the Directors are of the view that the transactions under the 2026 Sales Framework Agreement will benefit the Company, mainly because the Company's principal business includes the sale of Lithium Batteries and related products. The sale of Lithium Batteries and related products to Luoyang Company and its associates at fair, reasonable and competitive prices is part of the Company's ordinary and usual course of business, which helps enhance the Group's revenue in the sale of Lithium Batteries and related products and promotes the Group's business development. Luoyang Company has a thorough understanding of the Company's product range and product quality, and it is cost effective and mutually beneficial for both parties to continue the cooperation.

2.3. 2026 Entrusted Processing Framework Agreement

As stated in the Letter from the Board of the Circular, the Directors are of the view that the transactions under the 2026 Entrusted Processing Framework Agreement are to the benefit of the Company because (i) Luoyang Company has a mature and stable production line, and is able to serve the Company's customers nearby. The use of Luoyang Company's mature and

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stable production capacity is more economical than the construction of new production lines by the Company, which can ensure the stability of products of relevant models and the continuity of orders so as to meet the needs of the Company's customers for related products, so as to further increase the Group's revenue and support its long-term business growth; (ii) Luoyang Company as well as the shareholders of Luoyang Company have already entered into non-compete undertakings in favour of each member of the Group and undertook that Luoyang Company cannot engage in the business of manufacturing, research and development and sales of the Lithium Batteries, unless the Company's demands for entrusted processing services for the Lithium Batteries have been satisfied and an expressed consent have been obtained from the Company. Such undertaking can effectively avoid potential competition from Luoyang Company; (iii) based on the previous transactions, both the Group and Luoyang Company have a thorough understanding of each other's product and service quality, and cooperation model, and it is cost effective and mutually beneficial for both parties to leverage their respective strengths to engage in cooperation; and (iv) it is not easy to find a substitute for provision of processing service of the Lithium Batteries in the market with similar quality, price, production capacity and cultivated trust and understanding.

Taking into account the above and the fact that (i) the principal terms of the Non-exempt CCTs are on normal commercial terms (as discussed in the sections below); (ii) the transactions under the 2026 Sales Framework Agreement could generate revenue to the Group and Luoyang Company is a reliable long-term business partner of the Group; (iii) the transactions under the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement and the 2026 Entrusted Processing Framework Agreement provide the Group with stable and reliable long-term service; (iv) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, 2026 Sales Framework Agreement and the 2026 Entrusted Processing Framework Agreement do not restrict the Group from selling/procuring goods/services to/from other customers/suppliers and offered the Group with flexibilities to conduct business with Luoyang Company; and (v) the internal control measures in place to ensure that the Non-exempt CCTs are conducted in accordance with their terms and conditions (as discussed in the section headed "5. Internal control measure" below), we concur with the Directors that the Non-exempt CCTs, which are conducted in the ordinary and usual course of business of the Group, are in the interest of the Company and the Shareholders as a whole.

3. The Supplement Agreement to the 2025 Entrusted Processing Framework Agreement and 2026 Entrusted Processing Framework Agreement

3.1. The Supplement Agreement to the 2025 Entrusted Processing Framework Agreement

In accordance with the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement, the aggregate revised annual cap for fees to be incurred from processing services provided by Luoyang Group to the Group under such agreement will not exceed RMB3,800 million for the year ending 31 December 2025.

Save for the revision of the annual caps, the other principal terms the 2025 Entrusted Processing Framework Agreement remain unchanged.

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3.2. Principal terms of the 2026 Entrusted Processing Framework Agreement

The following sets forth the principal terms of the 2026 Entrusted Processing Framework Agreement. For detailed terms of the 2026 Entrusted Processing Framework Agreement, please refer to the section headed “2026 Entrusted Processing Framework Agreement” in the Letter from the Board.

Date:	14 November 2025
Parties:	(i) the Company (for itself and on behalf of the Group); and (ii) Luoyang Company (for itself and on behalf of the Luoyang Group)
Term:	From 1 January 2026 to 31 December 2026 (both days inclusive)
Nature of transaction:	The Company entrusts Luoyang Group for the provision of processing service of Lithium Batteries. Luoyang Group will be responsible for the raw materials, front line workers and technicians whose licences and qualifications are approved by the Company and completing the production and processing.
Payment methods and others:	Details of the payment methods and other service arrangements will be separately agreed by the relevant parties. The standard payment methods are as follows: the Group will prepay a certain percentage of the processing fee, and the remaining balance shall be settled after assessing the actual quantity of qualified finished products after delivery by Luoyang Group, either via wire transfer or bank acceptance bill.

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Pricing:

The prices of processing service of Lithium Batteries entrusted by the Group to Luoyang Group are determined with reference to the cost of processing and producing Lithium Batteries and the prevailing market price of processing services in the same or proximity areas charged by Independent Third Parties, which mainly comprise (i) the costs to be incurred by Luoyang Group for processing and producing Lithium Batteries; and (ii) a reasonable profit of around 2%-3% of the above mentioned costs for the entrusted processing services. The Company would normally review at least two quotations from and/or agreements entered into with the Independent Third Parties for providing similar services as comparison in determining the fees to be paid for processing services under the 2026 Entrusted Processing Framework Agreement.

The Board had reviewed internal control report prepared by the internal control department and examined at least two quotations from Independent Third Parties providing similar services. After considering the profit stipulated in above quotations, the Board considers that a cost-plus margin of approximately 2% to 3% incurred from the processing services of Lithium Batteries entrusted by the Group to Luoyang Company under the 2026 Entrusted Processing Framework Agreement represents a reasonable profit. The Board is of the view that such arrangement is no less favourable to the Group than terms offered by Independent Third Parties and is fair and reasonable for the Company.

Licensing of patent:

The Company grants Luoyang Group the right to use certain specified patents of the Company (“**Authorised Patents**”) which are necessary for its provision of Lithium Batteries processing services. In this connection, Luoyang Group undertakes to only use the Authorized Patents for the purpose of the Lithium Batteries processing services under the 2026 Entrusted Processing Framework Agreement and that it shall not be entitled to use the Authorized Patents for other purposes or to license any other third party to use the Authorized Patents of the Company unless prior written consent is obtained from the Company.

3.3. Our assessment of the terms of the 2026 Entrusted Processing Framework Agreement

As set out in the paragraphs headed “2. Reasons for and benefits of the Non-exempt CCTs” above, the entering into of the 2026 Entrusted Processing Framework Agreement is to extend the term of the 2025 Entrusted Processing Framework Agreement, which will expire on

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31 December 2025, to allow the Group to continue entrust Luoyang Company for the provision of services. Based on our discussion with the management of the Company and the review of the 2026 Entrusted Processing Framework Agreement and the 2025 Entrusted Processing Framework Agreement, no material changes were made to the principal terms of the 2026 Entrusted Processing Framework Agreement.

As discussed with the management of the Company, upon receiving the pricing terms of the transactions under the 2026 Entrusted Processing Framework Agreement from Luoyang Company, the Company will normally compare it with (i) the Company's expected cost of manufacturing the same categories of products; and (ii) the quotation from and/or agreements entered into with the Independent Third Parties for providing similar services, to ensure that the prices and terms offered in 2026 Entrusted Processing Framework Agreement is fair and reasonable to the Company.

In assessing the terms of the 2026 Entrusted Processing Framework Agreement, we have obtained and reviewed the three contracts (the “**Entrusted Processing Sample Contracts**”), on random basis, entered into between the Company and Luoyang Company pursuant to the 2025 Entrusted Processing Framework Agreement and compared with relevant three quotations obtained by the Group, on random basis, from other Independent Third Party suppliers for entrusted processing services. To ensure the representativeness of the quotation letters, as advised by the Company, these three Independent Third Party suppliers represent approximately 50% of the fees to be incurred from all the Independent Third Parties currently providing entrusted processing services to the Group and considering that there were only ten full months from the effective date of the existing framework agreement to the date of the 2026 Entrusted Processing Framework Agreement, we are of the view that the selected samples are a fair and reasonable representation to justify the fairness and reasonableness of the pricing policy of the 2025 Entrusted Processing Framework Agreement. In addition, we noted that the payment terms from the quotations requested certain percentage of the processing fees to be paid in advance, with the remaining balance to be settled after the actual quantity of qualified finished products is verified, which is comparable to the payment terms of the Entrusted Processing Sample Contracts.

From our review, we noted that the reasonable profit charged by Luoyang Company was not less favourable to the Group than those offered by the Independent Third Parties for the entrusted processing service of Lithium Batteries. In addition, as discussed with the management of the Company, the Company conduct cross check of cost incurred by Luoyang Company for processing and producing Lithium Batteries on a monthly basis. For our due diligence purpose, we requested the Company to provide us supporting for their cross check on cost incurred by Luoyang Company under 2025 Entrusted Processing Framework Agreement. The Company provided us supporting information showing the cross-check (the “**Cross-checking**”) procedures conducted between the Company and Luoyang Company during the year of 2025. We have also obtained and reviewed three underlying monthly calculation of the costs incurred by Luoyang Group for processing and producing Lithium Batteries and the profit margin as stated in the contract, which is consistent with the pricing policy stipulated in the 2025 Entrusted Processing Framework Agreement (i.e., cost-plus a

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reasonable profit margin of approximately 2%–3% on the processing costs). This confirms that the Company has established regular monitoring procedures for these connected transactions and conducts periodic reviews to ensure ongoing compliance with the agreed pricing policy. As such, we are of the view that the selected samples are representative for assessment and pricing policies of the 2026 Entrusted Processing Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

3.4. Revision of annual cap for the 2025 Entrusted Processing Framework Agreement

The table below sets forth the historical transaction amounts for the fees incurred from entrusted processing services provided by Luoyang Company for the ten months ended 31 October 2025:

	For the year ending 31 December 2025 RMB'000
Historical transaction amounts	2,668,423 <i>(Note)</i>
Existing annual cap amounts	3,000,000

Note: The actual transaction amounts for the year ending 31 December 2025 represent the amounts for the ten months ended 31 October 2025.

The following table sets forth the revision of annual cap for the fees to be incurred under the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement for the year ending 31 December 2025:

	For the year ending 31 December 2025 RMB' 000
Revision of annual cap	3,800,000

As set out in the Letter from the Board, the above revised annual cap is determined based on the following factors: (i) the historical transaction amount incurred from entrusted processing services provided by Luoyang Group for the ten months ended 31 October 2025; and (ii) the significant increase by 73% year-on-year in the sales volume of EV batteries and ESS products of the Group for the ten months ended 31 October 2025. It is expected that the market demand for related products will continue to grow significantly from November to December 2025, and accordingly, the demand for entrusted processing business will rise to meet the delivery requirements. As advised by the management of the Company, the market

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demand for lithium batteries is expected to remain strong from November to December 2025, supported mainly by confirmed and anticipated customer purchase orders. In order to fulfil these delivery commitments on time, the Group anticipates a corresponding increase in the volume of entrusted processing services required.

Based on the above, we are of the view that the revision of annual cap under the Supplement Agreement to the 2025 Entrusted Processing Framework Agreement was determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that the revision of annual cap provides the Group with flexibility to conduct business with the Luoyang Company, we are of the view that such revision of annual cap is fair and reasonable so far as the Independent Shareholders are concerned.

3.5. Proposed annual cap for the 2026 Entrusted Processing Framework Agreement

The following table sets forth the proposed annual cap for the fees to be incurred under the 2026 Entrusted Processing Framework Agreement for the year ending 31 December 2026:

	For the year ending 31 December 2026 RMB' 000
Proposed annual cap	6,000,000

As set out in the Letter from the Board, the proposed annual cap under the 2026 Entrusted Processing Framework Agreement was determined after having taken into account the following factors:

- (i) the historical transaction amount incurred from entrusted processing services provided by Luoyang Group for the ten months ended 31 October 2025;
- (ii) the unit cost of processing and producing the Lithium Batteries;
- (iii) the prevailing market price for the provision of processing services in the same or proximity areas;
- (iv) the compound annual growth rate of 89% from 2021 to 2024 of sales volume of EV batteries and ESS products of the Group. The Group expects that the market demand for related products will continue to grow significantly in 2026, and accordingly, the demand for entrusted processing service of Lithium Batteries will rise to meet the delivery requirements;

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- (v) in light of the increasing demand from the Group for entrusted processing service of Lithium Batteries, the production capacity of Luoyang Group for processing relevant Lithium Batteries models in 2026 is expected to increase by approximately 50% compared to 2025;
- (vi) the expected annual production capacity of Luoyang Company; and
- (vii) an approximate 5%-10% buffer for price changes of related products and services, and possible market changes.

As set out in the table above, the historical transaction amounts of the fees incurred from entrusted processing services provided by Luoyang Company for the ten months ended 31 October 2025 amounted to approximately RMB2,668.42 million. When annualized on a proportional basis, this represents a utilisation rate of approximately 106.7% of the existing annual cap and 84.3% of the revised annual cap. As discussed with the management of the Company, based on the demand from certain clients in November and December, they expect the annual cap utilisation rate is projected to exceed 90% for the revised annual cap.

As advised by the management of the Company, it is expected Luoyang Company would provide entrusted processing service to the Group for eight battery models in 2026. We have obtained and reviewed the calculation from the Company and noted that the components of the proposed annual cap were (a) the effective production capacity of the Luoyang Company; and (b) the estimated unit cost of entrusted processing service of Lithium Batteries to be provided by Luoyang Company. It is noted that Luoyang Company owns eight EV batteries production lines with expected production capacity to be increased by 50% compared to 2025. In addition, upon our request, we obtained the unit cost of entrusted processing service for the products under the entrusted processing service for the ten months ended 31 October 2025 and noted that, the estimated unit cost of entrusted processing service were basically in line with the entrusted unit cost of entrusted processing service for such product for the ten months ended 31 October 2025. In addition, Luoyang Company possesses mature and stable production line, which can ensure the stability of products of relevant models while allowing the Group to continuously provide customers with high-quality products, so as to further increase the Group's revenue and support its long-term business growth.

Furthermore, we have noted that the utilisation rates of the annual caps under the Entrusted Processing Framework Agreement in 2024 and 2025 have been or are expected to be high, with utilisation rates exceeding 90%, which indicates that the Company has been able to accurately anticipate the demand of entrusted processing service the Group required, further justifying that the proposed annual caps are fair and reasonable.

In addition, as disclosed in the Letter from the Board, before Luoyang Company can start production, they must meet the quality and technical requirements set by the Company. The Company will verify Luoyang Company's qualifications by checking their quality assurance certificates, reviewing their equipment and production sites, and ensuring that their workers have the necessary certifications. Luoyang Company is required to label each product batch

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with specific information and provide testing results consistent with the delivered goods. They must also maintain records of key processes and possess equipment for product examinations. Failure to comply may result in product rejection or examination by a designated national examination center at Luoyang Company's expense.

Based on the above, we are of the view that such proposed annual cap under the 2026 Entrusted Processing Framework Agreement was determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that the proposed annual cap provides the Group with flexibility to conduct business with the Luoyang Company, we are of the view that such proposed annual cap is fair and reasonable so far as the Independent Shareholders are concerned.

4. 2026 Sales Framework Agreement

4.1. Principal terms of the 2026 Sales Framework Agreement

The following sets forth the principal terms of the 2026 Sales Framework Agreement. For detailed terms of the 2026 Sales Framework Agreement, please refer to the section headed "2026 Sales Framework Agreement" in the Letter from the Board.

Date:	14 November 2025
Parties:	(i) the Company (for itself and on behalf of the Group); and (ii) Luoyang Company (for itself and on behalf of its associates).
Term:	From 1 January 2026 to 31 December 2026 (both days inclusive)
Nature of transaction:	The Group will sell Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) to Luoyang Company and its associates.
Payment methods and others:	Details of the scope of the relevant products, the calculation of fees, payment methods and other service arrangements will be separately agreed by the relevant parties.

The standard payment methods are as follows: payment shall be made by Luoyang Company and its associates to the Group within 90 days after product delivery, either via wire transfer or bank acceptance bill.

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Pricing:

The prices of Lithium Batteries and related products sold by the Group to Luoyang Company and its associates will be determined after arm's length negotiations mainly by reference to market prices and the sales prices of similar products supplied by the Group to other Independent Third Party customers, having taken into account the costs plus a reasonable profit margin. Specifically, the prices of Lithium Batteries and related products are determined after arm's length negotiations based on the manufacturing costs of the Group's Lithium Batteries and related products and a profit margin of approximately 2% to 10%.

4.2. Our assessment of the terms of the 2026 Sales Framework Agreement

As set out in the paragraphs headed "2. Reasons for and benefits of the Non-exempt CCTs" above, the entering into of the 2026 Sales Framework Agreement is to extend the term of the 2025 Sales Framework Agreement, which will expire on 31 December 2025, to allow the Group to continue its long-standing business relationship with Luoyang Company. Based on our discussion with the management of the Company and the review of the 2026 Sales Framework Agreement and the 2025 Sales Framework Agreement, no material changes were made to the principal terms of the 2026 Sales Framework Agreement.

As stated in the Letter from the Board, the prices of Lithium Batteries and related products sold by the Group to the Luoyang Company and its subsidiaries will be determined after arm's length negotiations mainly by reference to market prices and the sales prices of similar products supplied by the Group to other Independent Third Party customers, having taken into account the costs plus a reasonable profit margin.

In assessing the terms of the 2026 Sales Framework Agreement, we have obtained and reviewed three sample contracts ("**Sales Sample Contracts**"), on a random basis during the ten months ended 31 October 2025 (the "**Relevant Period**") pursuant to the 2025 Sales Framework Agreement and comparable transactions entered into between the Group and Independent Third Party customers for the provision of same products. We have obtained and compared the unit price for each of the sample contracts and the respective comparable contracts. From our view, we noted that the unit price for products sold by the Group to the Luoyang Company and its subsidiaries are not less than those offered by the Group to the Independent Third Party customers. In addition, we have discussed with and understood from the management of the Company that as certain products were tailored for individual order in accordance with the specific requirements of the customers, prices might not be comparable across orders for similar type of products. However, the Group shall negotiate the terms for each contract, including those with Luoyang Company and other Independent Third Party customers, on arm's length basis and on normal commercial terms according to the same pricing principal of the Company, which was mainly determined based on a cost-plus basis with a reasonable profit margin level maintained by the Group. We also noted that the payment terms in the Sales Sample Contracts require settlement within 90 days of product delivery, which aligns with the

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payment terms stipulated in the 2026 Sales Framework Agreement. Furthermore, as disclosed in the 2024 Annual Report, the credit terms granted to independent third parties are generally within 90 days, consistent with the above. Based on the above, we are of the view that the principal terms of the 2026 Sales Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4.3. Proposed annual caps for the 2026 Sales Framework Agreement

The table below sets forth the historical transaction amounts and the respective annual cap for the sales of Lithium Batteries and related products (such as raw materials, semi-finished products, finished products) received by the Group from Luoyang Company and its associates under the 2025 Sales Framework Agreement for the ten months ended 31 October 2025:

	For the year ending 31 December 2025 RMB'000
Historical transaction amounts	879,791 <i>(Note 1)</i>
Existing annual cap amounts	900,000
Revised annual cap amounts <i>(Note 2)</i>	1,360,000

Note 1: The actual transaction amounts for the year ending 31 December 2025 represent the amounts for the ten months ended 31 October 2025.

Note 2: As disclosed in the Announcement, the Board agreed to entered into the Supplement Agreement to the 2025 Sales Framework Agreement on 12 November 2025 between the Company (for itself and on behalf of the Group) and Luoyang Company (for itself and on behalf of its associates) to revise the annual cap amounts.

The following table sets forth the proposed annual caps for the fees to be received by the Company from the transactions with Luoyang Company and its associates under the 2026 Sales Framework Agreement:

	For the year ending 31 December 2026 RMB'000
Proposed annual caps	3,000,000

As set out in the Letter from the Board, the proposed annual caps under the 2026 Sales Framework Agreement were determined after having taken into account the following factors:

- (a) the historical transaction amount of the sales of Lithium Batteries and related products by the Group to Luoyang Company and its associates for the ten months ended 31 October 2025;

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- (b) the demand for Lithium Batteries and related products in 2026 as estimated and provided by Luoang Company, such as their demand for raw materials and electrode rolls are expected to increase by approximately 40% compared to 2025, and the demand for battery cell are expected to grow by over 100%;
- (c) the expected selling prices of the Lithium Batteries and related products under the 2026 Sales Framework Agreement, which are expected to rise by 2% to 8% in 2026 compared to 2025, primarily due to rising material costs; and
- (d) an approximate 5%-10% buffer set for price changes of related products, which is set in consideration of the continued growth in global demand for EV batteries and energy storage in 2025 and the expected expansion in 2026, as well as to address potential market uncertainties.

As set out in the table above, the historical transaction amounts of the sales of Lithium Batteries and related products during the ten months ended 31 October 2025 amounted to approximately RMB879.79 million. When annualized on a proportional basis, this represents a utilisation rate of approximately 117.3% of the existing annual caps and approximately 77.6% of the revised annual caps. As advised by the management of the Company, based on the current market conditions and product delivery schedule, the utilisation of revised annual cap is expected to reach approaching 90%.

As advised by the management of the Company, the Lithium Batteries and related products planned to be sold to the Luoyang Company for the year ending 31 December 2026 are mainly (i) raw materials; (ii) electrode rolls; and (iii) lithium battery cell products. For raw materials and electrode rolls, it is expected the sales will be increase by approximately 40% compared to 2025. We understand from the Company that Luoyang Company currently do not have corresponding electrode rolls production lines, which they are relying on the Company to provide them the electrode rolls for further processing. For lithium battery cell products, the estimated demands provided by Luoyang Company will increase by over 100% in 2026, which covered total 7 types of lithium battery cell products. In addition, we further understood from the Company that the increase of demand for lithium battery cell products is justified by the fact that the lithium battery industry in Luoyang is located close to the Group's other production bases and local customers, possesses geographical advantages with lower transportation costs, enables higher cost efficiency in subsequent integration processing after purchasing the lithium battery cell products, and allows the Group to fully utilise its capacity to serve local customers nearby.

We further understood from the Company that the demands on Lithium Batteries and related products have increased due to the increase in general demand of lithium batteries in PRC and the sustained business growth of the Company and Luoyang Company. In terms of China's market, according to the statistics of National Bureau of Statistics of China, in the first three quarters of 2025, the production of new energy vehicles, lithium batteries for

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automobiles, charging piles, and other products increased by 29.7%, 46.9%, and 22.2% respectively. In our opinion, it is in the interest of the Group and the Shareholders to determine the proposed annual caps in a way that can accommodate the potential growth of the Group's business.

In addition, we have noted that the utilisation rates of the annual caps under the Sales Framework Agreement in 2024 and 2025 have been or are expected to be high, with utilisation rates exceeding 90%, which indicates that the Company has been able to accurately anticipate the market demand for Lithium Batteries and related products, further justifying that the proposed annual caps are fair and reasonable.

Given that (i) there is a long term and reliable business relationship between the Group and Luoyang Company; (ii) the anticipated growing demand for Lithium Batteries and related products, driven by the estimated demands provided by Luoyang Company and its associates; (iii) the increase in market demand of lithium batteries in PRC; and (iv) the fact that the proposed annual caps provide the Group with flexibility to conduct business with Luoyang Company to generate additional revenue, we are of the view that such proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned.

5. Internal control measures

The Company has established a comprehensive internal control system and adopted various internal control measures, including a management system on connected transactions and procurement and tender administration measures, to ensure that the Non-exempt CCTs are conducted in accordance with their terms and conditions. Details of the internal control measures of the Group are set out in the section headed "INTERNAL CONTROL MEASURES" in the Letter from the Board.

As we have obtained and reviewed (i) the sample contracts entered between the Company and Luoyang Company pursuant to the 2025 Entrusted Processing Framework agreement and the relevant quotations; (ii) the sample contracts entered between the Company and Luoyang Company pursuant to the 2025 Sales Framework Agreement and the comparable transactions with Independent Third Party customers for the provision of same products; and (iii) the Cross-checking procedures to justify that the Company established regular monitoring procedures for these connected transactions and conducts periodic reviews to ensure ongoing compliance with the agreed pricing policy, we are of the view that the Company's internal control measures are sufficient to safeguard the interests of the Shareholders. Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Non-exempt CCTs are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Non-exempt CCTs every year and confirm in the annual report that the transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;

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- (ii) on normal commercial terms or better; and
 - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole;
- (b) the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Non-exempt CCTs:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
 - (iv) have exceeded the relevant annual cap;
- (c) the Company must allow, and ensure that the counterparties to the Non-exempt CCTs allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Non-exempt CCTs; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the Non-exempt CCTs, in particular, (i) the restriction of the transaction value by way of annual cap; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the relevant agreements in relation to the Non-exempt CCTs and the proposed annual cap not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Non-exempt CCTs and assist in safeguarding the interests of the Company and the Independent Shareholders as a whole.

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the entering into of (i) the Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement (including the revised annual cap thereto); (ii) the 2026 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap); and (iii) the 2026 Entrusted Processing Framework Agreement (including the proposed annual cap) and the transactions contemplated, are on normal commercial terms and are fair and

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reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the Non-exempt CCTs to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 20 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors, Supervisors, and the Chief Executives of the Company

As at the Latest Practicable Date, the long positions and short positions in our Shares, underlying Shares and debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) our Directors, Supervisors and chief executive of our Company have or are taken or deemed to have (a) which shall be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which will be required pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) are as follows:

Name of Directors, Supervisors or chief executive	Position	Nature of interests	Class of Shares held	Number of shares held ⁽¹⁾	Percentage of shareholdings in respective class of share capital ⁽²⁾	Percentage of shareholdings in the total share capital ⁽³⁾
Liu Jingyu	Executive director	Beneficial owner	Domestic Shares	2,002,265	0.20%	0.11%
Dai Ying	Executive director	Beneficial owner	Domestic Shares	1,196,820	0.12%	0.07%

Notes:

- (1) All interests above represent long positions.
- (2) The percentages are calculated based on the total number of shares in the respective class of the Company as at the Latest Practicable Date (i.e. 1,010,802,463 Domestic Shares and 761,499,395 H Shares).
- (3) The percentages are calculated based on the total number of shares issued by the Company, being 1,772,301,858 shares, as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of our Directors, Supervisors and chief executive of our Company had or was taken or deemed to have the long positions or short positions in our Shares, underlying Shares and debentures of our Company or of its any associated corporation (within the meaning of Part XV of the SFO) (a) which shall be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) which will be required pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) which shall be required to be notified to the Company and the Stock Exchange pursuant to the Model Code (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors).

(ii) Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than Directors, Supervisors or the chief executive of the Company) had the interests or short positions in the Shares or underlying Shares which shall be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which will be required to be recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholders	Nature of Interests	Class of shares	Number of shares held ⁽¹⁾	Percentage of shareholdings in respective class of share capital ⁽²⁾	Percentage of shareholdings in the total share capital ⁽³⁾
Changzhou Jinsha Technology Investment Co., Ltd.* ("Jinsha Investment") ⁽⁷⁾	Beneficial owner	Domestic Shares	172,255,431(L)	17.04%(L)	9.72%(L)
	Interest in controlled corporation	Domestic Shares	8,642,400(L)	0.86%(L)	0.49%(L)
	Beneficial owner	H Shares	79,874,850(L)	10.49%(L)	4.51%(L)
Changzhou Huake Engineering Construction Co., Ltd.* ("Huake Engineering") ⁽⁷⁾	Beneficial owner	H Shares	55,897,277(L)	7.34%(L)	3.15%(L)
Changzhou Huake Technology Investment Co., Ltd.* ("Huake Investment") ⁽⁷⁾	Beneficial owner	Domestic Shares	77,785,163(L)	7.70%(L)	4.39%(L)
Jiangsu Jintan Hualuogeng Technology Industry Development Co., Ltd.* ("Jintan Hualuogeng") ^{(4)&(7)}	Interest in controlled corporation	Domestic Shares	120,546,199(L)	11.93%(L)	6.80%(L)
	Interest in controlled corporation	H Shares	55,897,277(L)	7.34%(L)	3.15%(L)

APPENDIX I
GENERAL INFORMATION

Name of Shareholders	Nature of Interests	Class of shares	Number of shares held ⁽¹⁾	Percentage of shareholdings in respective class of share capital ⁽²⁾	Percentage of shareholdings in the total share capital ⁽³⁾
Jiangsu Jintan Investment Holding Co., Ltd.* (“Jintan Holding”) ^{(5)&(6)&(7)}	Interest in controlled corporation	Domestic Shares	301,444,030(L)	29.82%(L)	17.01%(L)
	Other	Domestic Shares	24,000,000(L)	2.37%(L)	1.35%(L)
	Interest in controlled corporation	H Shares	135,772,127(L)	17.83%(L)	7.66%(L)
Xiamen Lihang Equity Investment Management Co., Ltd. ⁽⁸⁾	Interest in controlled corporation	Domestic Shares	99,306,299(L)	9.82%(L)	5.60%(L)
	Interest in controlled corporation	H Shares	42,559,842(L)	5.59%(L)	2.40%(L)
Xiamen Lihang Jinzhi Equity Investment Partnership (Limited Partnership)* (“Lihang Jinzhi”) ⁽⁸⁾	Beneficial owner	Domestic Shares	99,306,299(L)	9.82%(L)	5.60%(L)
	Beneficial owner	H Shares	42,559,842(L)	5.59%(L)	2.40%(L)
Xiamen Industrial Investment Co., Ltd. (“Xiamen Industrial Investment”) ⁽⁹⁾	Beneficial owner	Domestic Shares	26,306,305(L)	2.60%(L)	1.48%(L)
	Interest in controlled corporation	Domestic Shares	99,306,299(L)	9.82%(L)	5.60%(L)
	Interest in controlled corporation	H Shares	42,708,611(L)	5.61%(L)	2.41%(L)
	Beneficial owner	H Shares	8,018,430(L)	1.05%(L)	0.45%(L)
Xiamen Jinyuan Industry Investment Group Company Limited (“Jinyuan Investment”) ⁽⁹⁾	Beneficial owner	Domestic Shares	26,306,305(L)	2.60%(L)	1.48%(L)
	Interest in controlled corporation	Domestic Shares	149,612,604(L)	14.80%(L)	8.44%(L)
	Beneficial owner	H Shares	11,274,130(L)	1.48%(L)	0.64%(L)
	Interest in controlled corporation	H Shares	55,295,041(L)	7.26%(L)	3.12%(L)

Name of Shareholders	Nature of Interests	Class of shares	Number of shares held ⁽¹⁾	Percentage of shareholdings in respective class of share capital ⁽²⁾	Percentage of shareholdings in the total share capital ⁽³⁾
Sichuan Chengfei Integration Technology Co., Ltd* ("Chengfei Integration") ⁽¹⁰⁾	Beneficial owner	Domestic Shares	105,802,107(L)	10.47%(L)	5.97%(L)
	Beneficial owner	H Shares	45,343,760(L)	5.95%(L)	2.56%(L)
Aviation Industry Corporation of China, Ltd.* ("AVIC") ⁽¹⁰⁾	Interest in controlled corporation	Domestic Shares	116,992,304(L)	11.57%(L)	6.60%(L)
	Interest in controlled corporation	H Shares	46,978,691(L)	6.17%(L)	2.65%(L)
Guangdong Guangqi Ruidian Equity Investment Partnership (Limited Partnership)*	Beneficial owner	H Shares	50,484,991(L)	6.63%(L)	2.85%(L)

Notes:

- (1) (L), (S) and (P) represent long position, short position and lending pool respectively.
- (2) The percentages are calculated based on the Company's total number in the respective class of shares as at the Latest Practicable Date (i.e. 1,010,802,463 Domestic Shares and 761,499,395 H Shares).
- (3) The percentages are calculated based on the Company's total number of the issued shares of the Company as at the Latest Practicable Date (i.e. 1,772,301,858 shares).
- (4) Each of Huake Engineering and Huake Investment is wholly owned by Jintan Hualuogeng. Jintan Hualuogeng is deemed to be interested in the Shares held by each of Huake Engineering and Huake Investment under the SFO.
- (5) Jinsha Investment is wholly owned by Jintan Holding. Jintan Hualuogeng is owned as to 90% by Jintan Holding. Jintan Holding is a state-owned enterprise and controlled by the Government of Jintan District. Jintan Holding is deemed to be interested in the Shares held by each of Jinsha Investment, Huake Engineering and Huake Investment under the SFO.
- (6) The investment by Jintan International in our Company was made in accordance with the instructions of Jintan Holding and Jintan International exercises its voting rights in our Company in accordance with the instructions of Jintan Holding.
- (7) Jinsha Investment, Huake Engineering, Huake Investment, Jintan International, Changjin New Energy, Jintan Hualuogeng and Jintan Holding are a group of largest Shareholders and directly or indirectly control an aggregate of approximately 26.02% of our Company's voting rights.
- (8) Lihang Jinzhi is a limited partnership established under the laws of the PRC with Xiamen Lihang Equity Investment Management Co., Ltd.* (廈門鋰航股權投資管理有限公司) being its general partner and Xiamen Industrial Investment being its limited partner. According to the partnership agreement of Lihang Jinzhi which provides, among other things, that the investment decision committee of Lihang Jinzhi shall comprise three members, of which Xiamen Industrial Investment shall be entitled to nominate two members, and Xiamen Industrial Investment exercises de facto control of Lihang Jinzhi. Xiamen Jinli Equity Investment Partnership (Limited Partnership)* (廈門金鋰股權投資合夥企業(有限合夥)) ("Jinli Investment") is a limited partnership

established under the laws of the PRC with Jinyuan Capital Management (Xiamen) Co., Ltd* (金圓資本管理(廈門)有限公司) being its general partner, and Jinyuan Capital Management (Xiamen) Co., Ltd* is controlled by Xiamen Industrial Investment. As such, Xiamen Industrial Investment is deemed to be interested in the Shares held by Lihang Jinzhi and Jinli Investment under the SFO. Xiamen Industrial Investment directly owns approximately 1.94% interests in our Company and therefore Xiamen Industrial Investment directly and indirectly controls an aggregate of approximately 9.95% of our Company's voting rights.

- (9) Xiamen Industrial Investment is a wholly owned subsidiary of Jinyuan Investment and as such Jinyuan Investment is deemed to be interested in all the Shares held by Lihang Jinzhi and Xiamen Industrial Investment under the SFO. Moreover, Xiamen Jinli No. 2 Equity Investment Partnership (Limited Partnership)* (廈門金鋰貳號股權投資合夥企業(有限合夥)) ("Xiamen Jinli No. 2") owns approximately 1.35% interests in our Company. Xiamen Jinli No. 2 is a limited partnership with Xiamen City Jinyuan Equity Investment Co., Ltd* (廈門市金圓股權投資有限公司) being its general partner. Xiamen City Jinyuan Equity Investment Co., Ltd* is ultimately controlled by Jinyuan Investment. As such, Jinyuan Investment is also deemed to be interested in the Shares held by Xiamen Jinli No. 2 under the SFO. Jinyuan Investment directly owns approximately 2.12% interests in our Company and therefore Jinyuan Investment directly and indirectly controls an aggregate of approximately 13.42% of our Company's voting rights.
- (10) Chengfei Integration is a joint stock limited company whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002190) and ultimately controlled by AVIC. As such, AVIC is deemed to be interested in the Shares held by Chengfei Integration under the SFO. Moreover, each of Missile Academy, Aviation Investment and Hongdu Airline owns approximately 0.55%, 0.09% and 0.08% interests in our Company respectively, and each of the above companies and partnerships is ultimately controlled by AVIC, which is also deemed to be interested in the Shares held by such companies and partnerships under the SFO. Therefore, AVIC indirectly controls an aggregate of approximately 9.25% of our Company's voting rights.

Pursuant to Section 336 of the SFO, the Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled. When a Shareholder's shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and the Stock Exchange unless certain criteria are fulfilled, therefore the Shareholder's latest shareholding in the Company may be different to the shareholding filed with the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, the Directors, Supervisors or chief executives of the Company were not aware of any persons (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares which were required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or to be recorded in the register required to be kept by the Company under section 336 of the SFO.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Director, Supervisor or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

3. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and Supervisors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors and Supervisors had any direct or indirect interest in any assets which had been acquired by or disposed of or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up) or were proposed to be acquired by or disposed of or leased to any member of the Group; and none of the Directors and Supervisors or their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

6. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there were no material adverse changes to the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited accounts of the Group were made up).

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

8. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions or advice, which are contained or referred to in this circular:

Name	Qualifications
Somerley Capital	a licensed corporation to carry out Type 1 (dealing in Securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Somerley Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated 4 December 2025 (as set out on pages 26 to 46 of this circular) and references to its name, in the form and context in which it respectively appears.

As at the Latest Practicable Date, the above expert:

- i. did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; or
- ii. did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e., 31 December 2024), acquired by or disposed of or leased to or are proposed to be acquired by or disposed of or leased to any member of the Group.

9. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (www.calb-tech.com) for a period of 14 days from the date of this circular:

- i. Supplemental Agreement to the 2025 Entrusted Processing Framework Agreement;
- ii. 2026 Sales Framework Agreement;
- iii. 2026 Entrusted Processing Framework Agreement; and
- iv. the written consent of the Independent Financial Adviser referred to under the paragraph headed “8. EXPERT AND CONSENT” in this Appendix.

10. MISCELLANEOUS

- i. The registered office of the Company is located at No. 1, Jiangdong Avenue, Jintan District, Changzhou City, Jiangsu Province, PRC.
- ii. The H Share registrar of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- iii. The joint company secretaries of the Company are Dai Ying and Wan Wing Yi Carol.

NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING



CALB Group Co., Ltd.

中創新航科技集團股份有限公司

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

(Stock Code: 3931)

NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING

A NOTICE IS HEREBY GIVEN THAT the 2025 third extraordinary general meeting (the “**EGM**”) of CALB Group Co., Ltd. (the “**Company**”) will be held on Wednesday, 24 December 2025, at 2:00 p.m., at Conference Room VIP1, CALB Group Co., Ltd., No. 1, Jiangdong Avenue, Jintan District, Changzhou, the People's Republic of China, at which, the following ordinary resolutions will be considered and approved.

ORDINARY RESOLUTIONS

1. To consider and approve the resolution to revise the annual cap for the 2025 Entrusted Processing Framework Agreement.
2. To consider and approve the resolution on the 2026 Sales Framework Agreement, including:
 - i. the 2026 Sales Framework Agreement, the transactions contemplated thereunder and the proposed annual cap for the year ending 31 December 2026; and
 - ii. the authorisation of the Board or its authorised person to make adjustments, amendments, officially sign the connected transaction agreement considered and approved at the EGM and to complete other requisite procedures and processes pursuant to the relevant requirements as it/he/she considers appropriate in its/his/her discretion, according to provisions in domestic and foreign laws and regulations, requirements and advices from the relevant domestic and foreign governmental authorities and regulatory institutions (including but not limited to the Stock Exchange) and the Company's actual listing situation on the Stock Exchange.

NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING

3. To consider and approve the resolution on the 2026 Entrusted Processing Framework Agreement, including:
 - i. the 2026 Entrusted Processing Framework Agreement, the transactions contemplated thereunder and the proposed annual cap for the year ending 31 December 2026; and
 - ii. the authorisation of the Board or its authorised person to make adjustments, amendments, officially sign the connected transaction agreement considered and approved at the EGM and to complete other requisite procedures and processes pursuant to the relevant requirements as it/he/she considers appropriate in its/his/her discretion, according to provisions in domestic and foreign laws and regulations, requirements and advices from the relevant domestic and foreign governmental authorities and regulatory institutions (including but not limited to the Stock Exchange) and the Company's actual listing situation on the Stock Exchange.

By order of the Board
CALB Group Co., Ltd.
Liu Jingyu
Chairwoman of the Board,
executive Director and General Manager

Changzhou, PRC
4 December 2025

As at the date of this notice, the Board comprises Liu Jingyu and Dai Ying as executive Directors, Hu Jing, Li Jiancun and Xie Jieping as non-executive Directors, Dr Wang Susheng, Dr Chen Zetong and Dr Xiao Wen as independent non-executive Directors.

Notes:

1. For the purpose of determining the entitlement of the H Share shareholders to attend and vote at the EGM, the H Share register of members of the Company will be closed from Friday, 19 December 2025 to Wednesday, 24 December 2025 (both days inclusive), during which period no transfer of H shares will be registered. To be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 18 December 2025.
2. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is appointed.

NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING

3. Form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of such power or authority, must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 24 hours before the time appointed for holding the EGM (i.e. 2:00 p.m. on Tuesday, 23 December 2025) or any adjournment thereof. Completion and return of the proxy form will not preclude a member from attending and voting in person at the EGM or any adjournment thereof (as the case may be), should he/she so wishes and in such event, the form of proxy shall be deemed to be revoked.
4. Pursuant to Rule 13.39(4) of the Listing Rules, the ordinary resolutions set out above will be voted by poll. Where the chairperson of the Company in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by a show of hands.
5. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.
6. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English version shall prevail.
7. Unless otherwise specified, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 4 December 2025.