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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in REPT BATTERO Energy Co., Ltd., you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the registered dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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REPT BATTERO Energy Co., Ltd.

瑞浦蘭鈞能源股份有限公司

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

(Stock Code: 0666)

- I. 2023 WORK REPORT OF THE BOARD
- II. 2023 WORK REPORT OF THE SUPERVISORY COMMITTEE
- III. 2023 FINAL FINANCIAL ACCOUNTS REPORT
- IV. 2024 ANNUAL FINANCIAL BUDGET PLAN
- V. 2023 PROFIT DISTRIBUTION PLAN
- VI. REMUNERATION OF THE DIRECTORS FOR 2024
- VII. REMUNERATION OF THE SUPERVISORS FOR 2024
- VIII. RE-APPOINTMENT OF AUDITORS FOR 2024
- IX. REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE PRODUCT SALES FRAMEWORK AGREEMENT AND EXTENSION OF THE TERM OF THE PRODUCT SALES FRAMEWORK AGREEMENT
- X. 2024 BUSINESS AND INVESTMENT PLAN
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- XII. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
- XIII. NOTICE OF ANNUAL GENERAL MEETING

Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders



A notice convening the Annual General Meeting of REPT BATTERO Energy Co., Ltd. to be held at the Conference Room, R&D Building, No. 205, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province, the PRC on Thursday, 20 June 2024 at 10 a.m. is set out on pages V-1 to V-3 of this circular.

Whether or not you are able to attend the Annual General Meeting, you are advised to read the notice of the Annual General Meeting carefully and to complete and return the enclosed proxy form as soon as possible in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited in person or by post but in any event not less than 24 hours before the time stipulated for convening the Annual General Meeting or any adjourned meeting thereof (i.e. before 10 a.m. on Wednesday, 19 June 2024). Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or at any adjourned meeting if you so wish.

30 May 2024

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DEFINITIONS

In this circular the following expressions shall have the following meanings unless the context otherwise requires:

“Annual General Meeting”	the annual general meeting of the Company to be held at the Conference Room, R&D Building, No. 205, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province, the PRC on Thursday, 20 June 2024 at 10 a.m., the notice of which is set out in Appendix V to this circular or, where the context so requires, any adjournment thereof
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Company” or “REPT BATTERO”	REPT BATTERO Energy Co., Ltd.
“Company Law”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“Director(s)”	the director(s) of the Company
“Domestic Unlisted Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which is/are not listed on any stock exchange
“ESS”	a device that can store and output power, consists of multiple subsystems such as battery system and energy management system
“EV”	new energy vehicles, mainly comprising of battery electric vehicles and plug-in hybrid electric vehicles
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administration Region of the People’s Republic of China

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company
“Independent Board Committee”	an independent board committee of the Company comprising Ms. Wong Sze Wing, Dr. Wang Zhenbo, Dr. Ren Shenggang and Dr. Simon Chen, being all independent non-executive Directors of the Company, to provide recommendations to the Independent Shareholders in respect of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto)
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a corporation licensed by the Securities and Futures Commission of Hong Kong to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto)
“Independent Shareholders”	Shareholders who are not required to abstain from voting under the Listing Rules at the Annual General Meeting on the resolution in respect of the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto, namely Shareholders other than Tsingshan Group and its associates
“Independent third party(ies)”	any entities or persons who are not connected persons (as defined in the Listing Rules) of the Company as far as the Directors are aware after having made all reasonable enquiries
“Latest Practicable Date”	20 May 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Date”	18 December 2023, the date on which dealings in H Shares first commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notice”	the notice convening the Annual General Meeting, a copy of which is set out in Appendix V to this circular
“PRC” or “China”	the People’s Republic of China
“Product Sales Framework Agreement”	the framework agreement dated 4 December 2023 entered into between the Company and Tsingshan Group with a term commencing from the Listing Date to 31 December 2025 in relation to the provision of Battery Products by the Group to Tsingshan Group and/or its associates
“Prospectus”	the Company’s prospectus dated 8 December 2023
“R&D”	Research and development
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, comprising H Share(s) and Domestic Unlisted Share(s)
“Shareholders”	holder(s) of the Shares in the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Tsingshan Group”	Tsingshan Holding Group Company Limited (青山控股集團有限公司), a limited liability company established under the laws of the PRC on 12 June 2003, which is a controlling shareholder of the Company

DEFINITIONS

“Yongqing Technology”	Yongqing Technology Group Co., Ltd. (永青科技集團有限公司), a limited liability company established under the laws of the PRC on 24 January 2018, which is a controlling shareholder of the Company and a non-wholly-owned subsidiary of Tsingshan Group
“%”	per cent

In this circular, the terms “connected person”, “connected transaction”, “continuing connected transaction”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

LETTER FROM THE BOARD



REPT BATTERO Energy Co., Ltd.

瑞浦蘭鈞能源股份有限公司

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

(Stock Code: 0666)

Directors:

Executive Directors:

Dr. Cao Hui

Dr. Wu Yanjun

Ms. Huang Jiehua

Non-executive Directors:

Mr. Hu Xiaodong

Mr. Wang Haijun

Ms. Xiang Yangyang

Mr. Wei Yong

Mr. Yu Xinhua

Independent non-executive Directors:

Ms. Wong Sze Wing

Dr. Wang Zhenbo

Dr. Ren Shenggang

Dr. Simon Chen

Registered Address:

Room A205, Building C

No. 205, Binhai 6th Road

Konggang New District, Longwan District

Wenzhou, Zhejiang Province

PRC

Head Office and Principal Place of

Business in the PRC:

No. 205, Binhai 6th Road

Wenzhouwan New District, Longwan District

Wenzhou, Zhejiang Province

PRC

Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

30 May 2024

To the Shareholders,

Dear Sir or Madam,

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LETTER FROM THE BOARD

1. INTRODUCTION

We refer to the announcement of the Company dated 26 March 2024 in relation to, among other things, the revision of annual caps for the continuing connected transactions under the Product Sales Framework Agreement and the Company entering into the supplemental agreement (the “**Supplemental Agreement**”) with Tsingshan Group to extend the term of the Product Sales Framework Agreement, and the proposed amendments to the Articles of Association.

The purpose of this circular is to provide you with the notice and the information in connection with the proposals at the Annual General Meeting to consider, among other things, (i) 2023 work report of the Board; (ii) 2023 work report of the Supervisory Committee; (iii) 2023 final financial accounts report; (iv) 2024 annual financial budget plan; (v) 2023 profit distribution plan; (vi) remuneration of the Directors for 2024; (vii) remuneration of the Supervisors for 2024; (viii) re-appointment of auditors for 2024; (ix) further information about the continuing connected transactions under the Product Sales Framework Agreement and its Supplemental Agreement, and letters from the Independent Board Committee and from the Independent Financial Adviser, respectively; (x) 2024 business and investment plan; (xi) limit on amounts of bank credit line and loans for 2024; and (xii) the proposed amendments to the Articles of Association.

2. MATTERS TO BE RESOLVED AT THE ANNUAL GENERAL MEETING

I. 2023 Work Report of the Board

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the 2023 work report of the Board. For the main contents of the 2023 work report of the Board, please refer to the section headed “Report of the Directors” in the 2023 annual report of the Company.

II. 2023 Work Report of the Supervisory Committee

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the 2023 work report of the Supervisory Committee. For the main contents of the 2023 work report of the Supervisory Committee, please refer to the section headed “Report of the Supervisory Committee” in the 2023 annual report of the Company.

III. 2023 Final Financial Accounts Report

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the 2023 final financial accounts report. For the main contents of the 2023 final financial accounts report, please refer to the 2023 annual report of the Company.

LETTER FROM THE BOARD

IV. 2024 Annual Financial Budget Plan

Based on the strategic development objectives, the needs of the annual marketing plan and the production and operation plan for 2024, etc., the Company plans to allocate approximately RMB1.02 billion for R&D expenses in 2024, which will be used for the R&D of battery cell products, and allocate approximately RMB5.74 billion for capital expenditures in 2024, which will be used for infrastructure investments and the purchase of fixed assets in Wenzhou, Liuzhou, Chongqing, Foshan, Jiashan bases and other bases.

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the above 2024 annual financial budget plan.

V. 2023 Profit Distribution Plan

As the Company has not yet realized profit in 2023, the Company will not distribute profit in 2023.

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the above 2023 profit distribution plan.

VI. Remuneration of the Directors for 2024

In accordance with the relevant requirements provided in the Company Law and the Articles of Association, and after assessing the work of the Directors in 2023 and based on the actual situation of the Company, it is proposed that the remuneration of the Directors for 2024 shall be determined according to the following plan:

- (1) Applicable targets of this plan: Directors of the Company during their terms of office
- (2) Applicable period of this plan: 1 January 2024 to 31 December 2024
- (3) Remuneration standards and payment methods
 - (i) Non-executive Directors who hold other positions with the Company's Shareholders or their related parties and receive remuneration shall not receive any allowance for Directors or other remuneration from the Company.
 - (ii) Executive Directors shall receive remuneration in accordance with the relevant remuneration and performance appraisal management measures of the Company for their management duties other than being Directors, and shall not receive other remuneration such as allowance for Directors separately.
 - (iii) The allowance for independent non-executive Directors is RMB240,000 per year (before tax), effective from the date of formal appointment.

LETTER FROM THE BOARD

- (4) Other provisions
 - (i) The above remuneration is before tax, and the personal income tax involved shall be withheld and paid by the Company on their behalf;
 - (ii) The Company shall bear the expenses related to the Directors' participation in the meetings of the Board and the Shareholders' general meetings of the Company; and
 - (iii) The above remuneration includes salaries, allowances, contribution to pension schemes, discretionary bonuses, share incentive scheme and other benefits in kind and the annual salary may be appropriately adjusted according to the industry conditions and the actual situation of the Company's production and operation.

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the resolution on the above remuneration of the Directors for 2024.

VII. Remuneration of the Supervisors for 2024

In accordance with the relevant requirements provided in the Company Law and the Articles of Association, and according to the actual situation of the Company, it is proposed that the remuneration of the Supervisors for 2024 shall be determined according to the following plan:

- (1) Applicable targets of this plan: Supervisors of the Company during their terms of office
- (2) Applicable period of this plan: 1 January 2024 to 31 December 2024
- (3) Remuneration standards and payment methods
 - (i) External Supervisors who hold other positions with the Company's Shareholders or their related parties and receive remuneration shall not receive any allowance for Supervisors or other remuneration from the Company.
 - (ii) Internal Supervisors shall receive remuneration in accordance with the relevant remuneration and performance appraisal management measures of the Company for their duties other than being Supervisors, and shall not receive other remuneration such as allowance for Supervisors separately.

LETTER FROM THE BOARD

- (4) Other provisions
- (i) The above remuneration is before tax, and the personal income tax involved shall be withheld and paid by the Company on their behalf;
 - (ii) The Company shall bear the expenses related to the Supervisors' participation in the meetings of the Board, the meetings of the Supervisory Committee and the Shareholders' general meetings of the Company; and
 - (iii) The above remuneration includes salaries, allowances, contribution to pension schemes, discretionary bonuses, share incentive scheme and other benefits in kind and the annual salary may be appropriately adjusted according to the industry conditions and the actual situation of the Company's production and operation.

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the resolution on the above remuneration of the Supervisors for 2024.

VIII. Re-Appointment of Auditors for 2024

The Company proposes to re-appoint Ernst & Young Hua Ming LLP as the Company's domestic auditor for 2024 and Ernst & Young as the Company's international auditor for 2024 for a term commencing from the date of approval by the Annual General Meeting to the 2024 annual general meeting.

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the resolution on the above re-appointment of auditors for 2024, and authorize the Board (which may be delegated by the Board to authorized person) to deal with matters including negotiating with the auditors to determine the auditors' fees, and executing relevant contracts.

IX. Revision of Annual Caps for the Continuing Connected Transactions under the Product Sales Framework Agreement and Extension of the Term of the Product Sales Framework Agreement

Background

As disclosed in the Prospectus, on 4 December 2023, the Company entered into the Product Sales Framework Agreement with Tsingshan Group, pursuant to which, the Group has agreed to sell, and Tsingshan Group and its associates have agreed to purchase battery products including but not limited to energy storage systems, ESS battery pack, battery modules accessories, and battery components (collectively, the "**Battery Products**") with a term commencing from the Listing Date to 31 December 2025. The Product Sales Framework Agreement will be renewable subject to the negotiation between the parties to the agreement and compliance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

After the Product Sales Framework Agreement was entered into in December 2023, with the changes in the local environment and the continuous adjustment of the policies, the industrial parks under construction and in operation by Tsingshan Group and its associates in China and abroad have further transformed into green energy supply and green power transportation mode, constructing an integrated solution around photovoltaic power generation and green power transportation, etc., so as to promote the eco-friendly development of the mining industry and to reduce the transportation cost. Meanwhile, in view of the expanding market for engineering transportation equipment such as electric heavy-duty trucks, Tsingshan Group and its associates intend to gradually develop the external sales business of such engineering transportation equipment products. Accordingly, the Group plans to, in addition to supplying ESS Battery Products to Tsingshan Group and/or its associates, supply EV Battery Products for the use of engineering transportation equipment such as electric heavy-duty trucks of Tsingshan Group and/or its associates from 2024 to 2026, and such engineering transportation equipment is ultimately for use in the relevant industrial parks of Tsingshan Group and/or its associates in China and abroad, or for external sales by Tsingshan Group and/or its associates.

Mainly based on the above considerations, the Company expects that the actual transaction amounts under the Product Sales Framework Agreement between the Group and Tsingshan Group and its associates for the years 2024 and 2025 will exceed the original annual caps for the transactions under the Product Sales Framework Agreement as disclosed in the Prospectus, and accordingly, it is necessary to revise the annual caps for the transactions under the existing Product Sales Framework Agreement.

At the same time, as the Product Sales Framework Agreement will expire on 31 December 2025 and the Company expects that the Group will continue to conduct transactions under the Product Sales Framework Agreement after 31 December 2025, the Company plans to extend the term of the existing Product Sales Framework Agreement to the period from 1 January 2024 to 31 December 2026.

Taking into account of the above considerations, the Board has resolved to amend the annual caps for the transactions under the existing Product Sales Framework Agreement for the years 2024 and 2025 from RMB195.00 million and RMB195.00 million to RMB1,306.00 million and RMB1,642.00 million, respectively, and to set the annual cap for the year 2026 at RMB3,190.00 million, and has approved the Supplemental Agreement to extend the term of the existing Product Sales Framework Agreement, subject to the approval of the Independent Shareholders at the Annual General Meeting.

LETTER FROM THE BOARD

Revision of Annual Caps for the Continuing Connected Transactions Under the Product Sales Framework Agreement and Extension of the Term of the Product Sales Framework Agreement

(1) *Principal Terms of the Supplemental Agreement*

Date of the Supplemental Agreement:	26 March 2024
Parties of the Supplemental Agreement:	the Company and Tsingshan Group
Term of the Product Sales Framework Agreement after extension:	from 1 January 2024 to 31 December 2026

Save for the extension of the term pursuant to the Supplemental Agreement, all other terms and conditions of the Product Sales Framework Agreement remain unchanged. The Product Sales Framework Agreement and its Supplemental Agreement set out, among other things, the basis of sales of Battery Products by the Group to Tsingshan Group and its associates. Subject to terms of the Product Sales Framework Agreement and its Supplemental Agreement, Tsingshan Group and its associates will enter into specific agreements or place purchase orders with the Group to set out specific terms and conditions in respect of the purchase of the Battery Products. The commercial terms of the agreements or orders are similar to the commercial terms with other independent third parties. The consideration payable by Tsingshan Group and its associates under the Product Sales Framework Agreement and its Supplemental Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders.

(2) *Historical Figures and Proposed Revised Annual Caps*

The table below sets out a summary of the historical transaction amounts and the caps in respect of the Battery Products sold by the Group to Tsingshan Group and/or its associates for the year ended 31 December 2023, and the period from 1 January 2024 to the Latest Practicable Date; and the existing annual caps and revised annual caps for the years ending 31 December 2024 and 2025, and the annual cap for the year ending 31 December 2026 (in this circular, the revised annual caps for the years ending 31 December 2024 and 2025, and the annual cap for the year ending 31 December 2026 are collectively referred to as the “**Revised Annual Caps**”).

LETTER FROM THE BOARD

	Actual transaction amounts for the (RMB)		Annual caps for the (RMB)		
	Period from 1 January 2024 to		Year ending 31 December 2024	Year ending 31 December 2025	Year ending 31 December 2026
	Year ended 31 December 2023	the Latest Practicable Date			
Actual Amount	2,015,528,594.00	181,526,280.21 ^(Note 1)	–	–	–
Existing Annual Caps	4,299,000,000.00	195,000,000.00 ^(Note 2)	195,000,000.00	195,000,000.00	–
Revised Annual Caps	–	–	1,306,000,000.00	1,642,000,000.00	3,190,000,000.00

Note 1: Unaudited, being the actual transaction amount for the period from 1 January 2024 to the Latest Practicable Date. The Company confirms that the actual amount prior to the approval of the above Revised Annual Caps on 20 June 2024 (i.e. the date of the Annual General Meeting) will not exceed the corresponding existing annual cap (i.e. the original annual cap for the year ending 31 December 2024 of the transactions under the Product Sales Framework Agreement).

Note 2: Such existing annual caps is the original annual cap for the year ending 31 December 2024 of the transactions under the Product Sales Framework Agreement.

(3) Pricing basis

The price of the Battery Products to be sold by the Group under the Product Sales Framework Agreement and its Supplemental Agreement shall be determined on an arm's length basis with reference to prices provided to independent third parties by the Group, and in any event shall not be lower than the prices provided to independent third parties by the Group if under similar conditions.

(4) Basis of the Revised Annual Caps

The Revised Annual Caps are determined mainly based on the following factors, including:

- (i) the Group plans to, in addition to supplying ESS Battery Products to Tsingshan Group and/or its associates, supply EV Battery Products for the use of engineering transportation equipment such as electric heavy-duty trucks to Tsingshan Group and/or its associates from 2024 to 2026, and such engineering transportation equipment is ultimately for use in the relevant industrial parks of Tsingshan Group and/or its associates in China and abroad, or for external sales by Tsingshan Group and/or its associates. Therefore, the Revised Annual Caps will need to take into account the updated estimation of the demand for Battery Products by Tsingshan Group and/or its associates, including (a) for ESS Battery Products, the updated estimation of the demand for ESS Battery Products of relevant industrial parks of Tsingshan Group and its associates in China and abroad of approximately 390MWh, 610MWh and 1,040MWh for each of the three years ending 31 December 2026 provided by Tsingshan

LETTER FROM THE BOARD

Group and its associates, which is mainly based on the estimated progress of construction of the relevant industrial parks of Tsingshan Group and its associates in China and abroad, and (b) for EV Battery Products, continuous expansion of market of engineering transportation equipment such as electric heavy-duty trucks under the background of continuous development of new energy, green energy and green power transportation promoted by favorable policies promulgated in China and abroad in promoting green energy supply and green power transportation mode, leading to a need to increase the supply of EV Battery Products to Tsingshan Group and its associates as compared to 2023. The estimated demand for EV Battery Products is calculated based on the estimated number of vehicles (i.e. 2,250, 4,000 and 8,000 vehicles) that will be using EV Battery Products supplied by the Group that Tsingshan Group and/or its associates expect to further deliver to their industrial parks for use or external clients for sales for each of the three years ending 31 December 2026 provided by Tsingshan Group and its associates. The estimated sales of EV Battery Products accounts for a larger portion of the Revised Annual Caps for each of the three years ending 31 December 2026 as compared to the estimated sales of ESS Battery Products;

- (ii) the expected selling price of the Battery Products, which is expected to increase as compared to the market price of the Battery Products sold by the Group in 2023 (including as compared to the average selling prices to Tsingshan Group and its associates of the Battery Products in 2023, and the average selling prices to independent third parties of the Battery Products in comparable transactions in 2023), mainly due to the expected increase in the price of lithium carbonate, one of the major raw materials for Battery Products as compared to the price of such raw material at the end of 2023 and the beginning of 2024 in light of the recent upward trend of the price of such raw material. The expected selling price is inclusive of a buffer of not more than 20% for the three years ending 31 December 2026, respectively; and
- (iii) the estimated supply capability of the Group of the Battery Products.

(5) *Reasons for and Benefits of the Revision of the Annual Caps*

The Group sells Battery Products in the ordinary and usual course of business, and focuses on the R&D, production and sales of EV and ESS lithium-ion battery products.

Tsingshan Group and its associates currently operate the world's largest stainless steel and nickel businesses. As an important strategic step in internationalization, Tsingshan Group and its associates continue to build and operate large-scale industrial parks in China and abroad, including in Indonesia. With the changes in the local environment and continuous policy adjustments, and the low-carbon and green strategic plan of Tsingshan Group and the relevant industrial parks, such industrial parks have further transformed into green energy

LETTER FROM THE BOARD

supply and green power transportation mode, thus increasing the demand for engineering transportation equipment such as electric heavy-duty trucks and new green energy storage Battery Products. Leveraging on the Group's unremitting efforts in R&D, production and quality, the Group is capable of supplying Tsingshan Group and its associates with mature Battery Products that meet the specifications required by them. Meanwhile, in view of the Group's friendly business relationship and close cooperation with Tsingshan Group and its associates, both parties are familiar with their respective production standards, specifications and terms of the transactions, saving a lot of negotiation time and costs.

Under the background of ongoing development of new energy, green energy and green power transportation, it is expected that the market of engineering transportation equipment such as electric heavy-duty trucks will expand continuously. Tsingshan Group and its associates intend to gradually develop the external sales business of such engineering transportation equipment products. The supply of Battery Products for the use of engineering transportation equipment such as electric heavy-duty trucks to Tsingshan Group and its associates will help the Group to further enhance the international reputation of its relevant Battery Products, strengthen the penetration of the Battery Products into new markets and broaden its source of revenue.

The Company has been closely monitoring the historical transaction amounts and estimated transaction amounts for the future under the Product Sales Framework Agreement. It is expected that the actual transaction amounts under the Product Sales Framework Agreement between the Group and Tsingshan Group and its associates in 2024 and 2025 will exceed the original annual caps for the transactions under the Product Sales Framework Agreement as disclosed in the Prospectus. It is also expected that the transactions under the Product Sales Framework Agreement between the Group and Tsingshan Group and its associates will continue in 2026, and therefore it is proposed that the original annual caps be amended to the Revised Annual Caps.

(6) *Confirmations from the Board of Directors*

The Directors (including the independent non-executive Directors, whose opinion is set out in the letter from the Independent Board Committee in this circular after taking into account the advice of Maxa Capital and the key factors and reasons considered by it) are of the view that the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Product Sales Framework Agreement and its Supplemental Agreement and the transactions contemplated thereunder (including the Revised Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The opinion of the independent non-executive Directors is included in "Letter from the Independent Board Committee" in this circular.

LETTER FROM THE BOARD

(7) *Internal Control Measures*

The Company will implement the following internal control measures to ensure that the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement are on normal commercial terms and do not exceed the Revised Annual Caps:

- (i) The Company will manage the specific agreements entered into by Tsingshan Group and its associates with the Group or purchase orders placed with the Group under the Product Sales Framework Agreement and its Supplemental Agreement, and if under similar conditions of purchase, the commercial terms and pricing of it shall be not more favorable than the terms and prices provided by the Group to independent third parties in respect of similar products. Specifically, the business, finance departments and the office of the Board of the Company will conduct pre-vetting of the above specific agreements or purchase orders, including, to the extent practicable, obtaining and comparing the terms and prices for the sales of similar products from the Group to at least two independent third-party customers during the same period to ensure that the commercial terms and pricing are not more favorable than the terms and prices offered by the Group to such independent third parties for similar products for the same period prior to entering into the specific agreements and/or fulfilling the purchase orders; the internal audit department of the Company will conduct regular checks on a monthly basis to consider and assess whether the transactions under the Product Sales Framework Agreement and its Supplemental Agreement are actually made in accordance with the terms of the relevant agreements and on normal commercial terms;
- (ii) The Company will adopt a transaction management system, collect the transaction amount information regularly and conduct analysis of the data to manage the connected transactions. The business department of the Group is required to follow up on the management of specific agreements and orders under the Product Sales Framework Agreement and its Supplemental Agreement and report to the Board secretary on a monthly basis on the status of execution of the transactions under the Product Sales Framework Agreement and its Supplemental Agreement, including the actual transaction amounts. The Board secretary will report to the Board if there is any material information;
- (iii) The Audit Committee will be responsible for data collection and monitoring of the connected transactions, including the transactions under the Product Sales Framework Agreement and its Supplemental Agreement, and assessing the fairness of the transaction terms and the pricing terms. The Audit Committee will continue to review the execution of connected transactions, discuss with

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the subsidiaries and business units on the status of connected transactions, monitor the utilization of the annual caps and also report to the Board and the Supervisory Committee on a quarterly basis in respect of the Group's connected transactions; and

- (iv) The independent non-executive Directors have reviewed and will continue to review the non-exempt continuing connected transactions, including the transactions under the Product Sales Framework Agreement and its Supplemental Agreement, to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms. The auditors of the Company will also conduct an annual review on the transaction amount and annual caps of the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement.

(8) *Listing Rules Implications*

As at the Latest Practicable Date, Tsingshan Group is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between members of the Group and Tsingshan Group and/or its associates under the Product Sales Framework Agreement and its Supplemental Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the existing annual caps of the transactions under the Product Sales Framework Agreement, or to renew the agreement or to effect a material change to its terms, the Company will have to re-comply with provisions of Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Revised Annual Caps is more than 5%, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement would constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules of the Company and are subject to the reporting, announcement, annual review, circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors, Mr. Hu Xiaodong, Mr. Wang Haijun and Ms. Xiang Yangyang, all have offices and/or interests in the associates of Tsingshan Group, and in order to avoid the perception of a conflict of interest, each of them had abstained from voting on the Board resolution to approve the Supplemental Agreement and the Revised Annual Caps. Save as disclosed above, none of the other Directors has a material interest in the Product Sales Framework Agreement and its Supplemental Agreement and the transactions contemplated thereunder or holds any position and/or interests in Tsingshan Group or its associates which would require them to abstain from voting on the relevant Board resolution.

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As disclosed in this circular and in the Prospectus, Dr. Cao Hui (i) holds 1% of the equity interests of Yongqing Technology, (ii) by virtue of the SFO, is deemed to be interested in the Shares held by Wenzhou Jingli Business Service Partnership (Limited Partnership) (溫州景鋰商務服務合夥企業(有限合夥), “**Wenzhou Jingli**”), an employee shareholding platform of the Company and an associate of Tsingshan Group, (iii) holds approximately 41.1% limited partnership interests in Shanghai Fuqin Enterprise Development Partnership (Limited Partnership) (上海孚勤企業發展合夥企業(有限合夥), “**Shanghai Fuqin**”), an employee shareholding platform of the Company and an associate of Tsingshan Group, and (iv) holds approximately 45.8% limited partnership interests in Wenzhou Jinli No.6 Project Management Consultation Partnership (Limited Partnership) (溫州錦鋰陸號項目管理諮詢合夥企業(有限合夥)) (“**Jinli No.6**”), an employee shareholding platform of the Company and an associate of Tsingshan Group. Save as disclosed above, Dr. Cao Hui does not have any offices and/or interests in the associates of Tsingshan Group. As Dr. Cao Hui merely holds minority interests and does not hold any managerial positions in the associates of Tsingshan Group as listed above, especially in Yongqing Technology, and Wenzhou Jingli, Shanghai Fuqin and Jinli No.6 merely serve as employee shareholding platforms of the Company with no business operations, Dr. Cao Hui confirms that he does not have a material interest in the Product Sales Framework Agreement and its Supplemental Agreement and the transactions contemplated thereunder. The independent non-executive Directors concur with the view of Dr. Cao Hui and consider that Dr. Cao Hui does not have a material interest in the Product Sales Framework Agreement and its Supplemental Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Tsingshan Group (through its non-wholly-owned subsidiary, Yongqing Technology, and its controlled enterprise, Wenzhou Jingli) held 1,353,419,482 Domestic Unlisted Shares of the Company, representing approximately 59.4% of the total issued share capital of the Company, and Tsingshan Group (including its associates) controls or is entitled to control over the entire voting rights in respect of the Shares held in the Company. Tsingshan Group and its associates, being connected persons of the Company, will abstain from voting at the Annual General Meeting on the ordinary resolution to approve the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto. The relevant resolution to be proposed at the Annual General Meeting will be voted on by poll in compliance with the Listing Rules. Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholder has a material interest in the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto, and therefore no other Shareholder is required to abstain from voting on the resolution at the Annual General Meeting.

The Independent Board Committee comprising Ms. Wong Sze Wing, Dr. Wang Zhenbo, Dr. Ren Shenggang and Dr. Simon Chen, being all independent non-executive Directors, has been formed to advise and provide recommendations to the Independent Shareholders on the proposed transactions contemplated under the Product Sales Framework

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Agreement and its Supplemental Agreement (including the Revised Annual Caps thereto). Maxa Capital has been appointed as the Independent Financial Adviser to provide recommendations to the Independent Board Committee and the Independent Shareholders on the same.

(9) *General Information*

The Company

REPT BATTERO (stock code: 0666) is a lithium-ion battery manufacturer in China, which focuses on the R&D, production and sales of EV and ESS lithium-ion battery products including battery cells, modules and packs (including battery boxes, battery racks and energy storage containers for ESS packs). The Company was established by Tsingshan Group and other shareholders in October 2017 with an aim to expand into the fast-growing and prospective new energy industry.

Tsingshan Group

Tsingshan Group was incorporated in the PRC in June 2003, and is a controlling shareholder of the Company. Tsingshan Group and its affiliates primarily engage in nickel and stainless steel businesses. Tsingshan Group has strategically set foot in various areas along the lithium-ion battery industry value chain including the mining and refining of nickel, lithium and cobalt, and the production of cathode materials, anode materials, separators and electrolytes. In 2022, Tsingshan Group ranked the 238th in the Fortune Global 500 in terms of revenue. Tsingshan Group is ultimately controlled by Mr. Xiang Guangda (“**Mr. Xiang**”), a controlling shareholder of the Company. Mr. Xiang is an entrepreneur with more than 20 years’ experience in the stainless steel sector and more than 10 years’ experience in nickel mining and refining industry. Mr. Xiang is the founder of Tsingshan Group.

Yongqing Technology

Yongqing Technology was incorporated in the PRC in January 2018, and is a controlling shareholder of the Company. It is mainly an investment holding subsidiary of Tsingshan Group and also operates trading business.

(10) *Conclusions and Recommendations*

Maxa Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto).

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The Independent Financial Adviser considers that the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder have been conducted in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder and the Revised Annual Caps thereto are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Financial Adviser advises the Independent Board Committee to recommend and the Independent Financial Adviser also recommends the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the Annual General Meeting to approve the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto. The full text of the letter from the Independent Financial Adviser is set out in Appendix II of this circular.

The Independent Board Committee, after taking into account, among other things, the advice of the Independent Financial Adviser, concurs with the views of the Independent Financial Adviser and considers that the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder have been conducted in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder and the Revised Annual Caps thereto are fair and reasonable and in the interests of the Company and the Shareholders (including Independent Shareholders) as a whole. Accordingly, the Independent Board Committee advises the Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the Annual General Meeting in respect of the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto. The full text of the letter from the Independent Board Committee is set out in Appendix I of this circular. No member of the Independent Board Committee has any material interest in the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto).

X. 2024 Business and Investment Plan

The Company has substantially completed the layout of the five major production facilities in China, and will promote the infrastructure construction and production of each production facility from 2024 according to the plan and in compliance with relevant laws and regulations. In addition, the Company plans to establish subsidiaries in Southeast Asia and North America based on the expansion of overseas customers to further promote the layout of overseas sales network of high-end EV and ESS lithium-ion batteries and the brand strategy. At the same time, the Company will continue to pay attention to the upstream industry chain and make investments when appropriate through a combination of various resources.

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An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the resolution on the above 2024 business and investment plan.

XI. Limit on Amounts of Bank Credit Line and Loans for 2024

In order to satisfy the capital requirements of the Company and its subsidiaries for daily production and operation and project construction, the Company intends to apply for comprehensive credit line from banks.

The Company intends to apply to banks and other financial institutions for a comprehensive credit line of not more than RMB22 billion, with the types of comprehensive credit line including but not limited to domestic and foreign currency borrowings, bank acceptances, letters of credit, letters of guarantee, trade financing, factoring financing, forward foreign exchange settlement and sales, and to provide guarantees accordingly as required by banks and other financial institutions. The types of credit line, credit limit and guarantees are subject to actual approval by the banks and other financial institutions, and the specific amount to be utilized will be determined by the Company in accordance with its actual operational requirements. The credit limit can be utilized on a revolving basis within the credit period. The above credit limit does not equal to the actual amount of financing of the Company and its subsidiaries. The actual amount of financing of the Company and its subsidiaries will be within the total credit limit and subject to the actual amount of financing incurred between each financial institution and the Company and/or its subsidiaries.

The validity period of the resolution on the application for credit line from banks and other financial institutions shall be from the date of passing the resolution at the Annual General Meeting for the consideration of this proposal to the date of the Shareholders' general meeting for the consideration of the annual credit limit in the following year. The specific amount, manner and terms of financing shall be subject to the relevant contracts/agreements to be entered into between the Company and/or its subsidiaries and the financial institutions.

The Board proposes to the Annual General Meeting to authorize the Board or its authorized representatives to enter into contracts, agreements and other various legal documents within the above credit limit of the Company (including but not limited to, credit, loans, guarantee, pledge and financing), and to complete the relevant formalities.

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the resolution on the above limit on amounts of bank credit line and loans for 2024.

XII. Proposed Amendments to the Articles of Association

Due to alterations in government administrative planning, and based on the actual operations of the Company, the Board has approved the change of the registered address of the Company to No. 205, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province; No. 206, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province; No. 959, Jinhai 3rd Road, Yongxing Street, Longwan District, which will take effect upon completion of registration procedures by the relevant regulatory authorities.

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The Board proposes to amend the Articles of Association accordingly in view of (i) the above proposed change of registered address, and (ii) the establishment of the Environmental, Social and Governance Committee (the details of which are set out in the relevant announcement of the Company dated 26 March 2024). The details of the amendments are set out in Appendix IV to this circular. Save for the above proposed amendments to the Articles of Association, other provisions in the Articles of Association remain unchanged.

The Board has considered and approved the amendments to the Articles of Association and will submit a special resolution to the Shareholders' general meeting to consider and approve such amendments. The amendments to the Articles of Association shall become effective upon consideration and approval by way of special resolution by the Shareholders' general meeting.

The Board proposes to the Shareholders' general meeting to authorize the Board (which may be delegated by the Board to authorized person) to deal with specific matters such as the relevant business registration procedures and filing procedures, etc. in relation to the proposed change of registered address and the proposed amendments to the Articles of Association, for a period commencing from the date of approval by the Shareholders' general meeting to the date on which such matters have been completed. Meanwhile, the Board proposes to the Shareholders' general meeting to authorize the Board (which may be delegated by the Board to authorized person) to adjust and amend the relevant provisions of the Articles of Association in accordance with the requirements and recommendations of the relevant regulatory authorities (including but not limited to the business registration authorities), to make necessary amendments to the registered address and/or the Articles of Association, and to deal with the matters relating to the approval, registration and filing of the change of registered address and the amendments to the Articles of Association.

3. ANNUAL GENERAL MEETING

The notice is set out in Appendix V to this circular. At the Annual General Meeting, resolutions will be proposed to approve, *inter alia*, the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto.

Pursuant to the Listing Rules, voting by poll is mandatory at all general meetings (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands). The chairman of the Annual General Meeting will exercise his power under Article 70 of the Articles of Association to put each of the resolutions to be proposed at the Annual General Meeting to be voted by way of a poll. The results of the poll will be published on the respective websites of the Company and Hong Kong Exchanges and Clearing Limited following the conclusion of the Annual General Meeting.

As at the Latest Practicable Date, Tsingshan Group (through its non-wholly-owned subsidiary, Yongqing Technology, and its controlled enterprise, Wenzhou Jingli) is entitled to exercise approximately 59.4% of the voting rights in the general meeting of the Company. Tsingshan Group and its associates, being connected persons of the Company, will abstain from voting at the Annual General Meeting on

LETTER FROM THE BOARD

the ordinary resolution to approve the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto. The relevant resolution to be proposed at the Annual General Meeting will be voted on by poll in compliance with the Listing Rules. Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholder has a material interest in the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto, and therefore no other Shareholder is required to abstain from voting on such resolution at the Annual General Meeting.

A proxy form for use at the Annual General Meeting is enclosed. The proxy form can also be downloaded from the websites of the Company at www.chinarept.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. If you wish to attend the Annual General Meeting by proxy, you are requested to complete and return the proxy form as soon as possible in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited in person or by post but in any event not less than 24 hours before the time stipulated for convening the Annual General Meeting or any adjourned meeting thereof (i.e. before 10 a.m. on Wednesday, 19 June 2024). Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting or at any adjourned meeting if you so wish.

4. OTHER INFORMATION ABOUT THE CONTINUING CONNECTED TRANSACTIONS UNDER THE PRODUCT SALES FRAMEWORK AGREEMENT AND ITS SUPPLEMENTAL AGREEMENT

Your attention is drawn to the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders, the letter from the Independent Board Committee which sets out its recommendation to the Independent Shareholders, the additional information set out in the appendices to this circular and the notice of Annual General Meeting.

5. RECOMMENDATION

The Directors believe that all the resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of all the resolutions to be proposed at the Annual General Meeting.

By Order of the Board
REPT BATTERO Energy Co., Ltd.
Dr. Cao Hui
Chairman and Executive Director

**REPT BATTERO Energy Co., Ltd.****瑞浦蘭鈞能源股份有限公司**

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

(Stock Code: 0666)

30 May 2024

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS FOR THE CONTINUING CONNECTED
TRANSACTIONS UNDER THE PRODUCT SALES FRAMEWORK AGREEMENT
AND EXTENSION OF THE TERM OF THE PRODUCT
SALES FRAMEWORK AGREEMENT**

We refer to the circular issued by the Company to the Shareholders dated 30 May 2024 (the “Circular”) of which this letter forms part. The terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 26 March 2024, the Board of Directors announced that it has resolved to amend the annual caps for the transactions under the existing Product Sales Framework Agreement for the years 2024 and 2025 from RMB195.00 million and RMB195.00 million to RMB1,306.00 million and RMB1,642.00 million, respectively, to set the annual cap for the year 2026 at RMB3,190.00 million, and has approved the Supplemental Agreement to extend the term of the existing Product Sales Framework Agreement to the period from 1 January 2024 to 31 December 2026, subject to the approval of the Independent Shareholders at the Annual General Meeting. Further details are contained in the letter from the Board set out on pages 5 to 22 of the Circular.

The Independent Board Committee has been formed to advise and provide recommendations to the Independent Shareholders on whether, in its view, the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto) are fair and reasonable so far as the Independent Shareholders are concerned.

Maxa Capital has been appointed to act as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto) as described in the Circular. The text of the letter from the Independent Financial Adviser containing its recommendation and the key factors it has taken into account in arriving at its recommendation are set out in Appendix II of the Circular.

The Independent Shareholders are recommended to read the letter from the Independent Financial Adviser, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular.

As your Independent Board Committee, we have discussed with the management of the Company the reasons for the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder and the basis of the relevant Revised Annual Caps. We have also considered the key factors taken into account by the Independent Financial Adviser in arriving at its recommendation on the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto).

The Independent Board Committee concurs with the view of the Independent Financial Adviser and considers that the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto) are fair and reasonable and in the interests of the Company and the Shareholders (including Independent Shareholders) as a whole. Our view related to fairness and reasonableness is necessarily based on the information, facts and circumstances currently prevailing. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolution in respect of the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto, as set out in the notice of the Annual General Meeting.

Yours faithfully,

For and on behalf of

Independent Board Committee

Wong Sze Wing

Wang Zhenbo

Ren Shenggang

Simon Chen



Unit 2602, 26/F, Golden Centre
188 Des Voeux Road Central
Sheung Wan
Hong Kong

30 May 2024

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Mesdames,

**CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL
CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE
PRODUCT SALES FRAMEWORK AGREEMENT AND EXTENSION OF THE
TERM OF THE PRODUCT SALES FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps for the continuing connected transactions under the Product Sales Framework Agreement and the Company entering into the Supplemental Agreement with Tsingshan Group to extend the term of the Product Sales Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 30 May 2024 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 4 December 2023, the Company entered into the Product Sales Framework Agreement with Tsingshan Group, pursuant to which, the Group has agreed to sell, and Tsingshan Group and its associates have agreed to purchase battery products including but not limited to energy storage systems, ESS battery pack, battery modules accessories, and battery components (collectively, the “**Battery Products**”) with a term commencing from the Listing Date to 31 December 2025.

The Company expects that the actual transaction amounts under the Product Sales Framework Agreement between the Group and Tsingshan Group and its associates for the years 2024 and 2025 will exceed the original annual caps for the transactions under the Product Sales Framework Agreement as disclosed in the Prospectus, and accordingly, it is necessary to revise the annual caps for the transactions under the existing Product Sales Framework Agreement. At the same time, as the Product Sales Framework Agreement will expire on 31 December 2025 and the Company expects that the Group will continue to conduct transactions under the Product Sales Framework Agreement after 31 December 2025, the Company plans to extend the term of the existing Product Sales Framework Agreement to the period from 1 January 2024 to 31 December 2026.

As at the Latest Practicable Date, Tsingshan Group held 1,353,419,482 Domestic Unlisted Shares of the Company, representing approximately 59.4% of the total issued share capital of the Company, and Tsingshan Group (including its associates) controls or is entitled to control over the entire voting rights in respect of the Shares held in the Company. Tsingshan Group is a controlling shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions between members of the Group and Tsingshan Group and/or its associates under the Product Sales Framework Agreement and its Supplemental Agreement constitute continuing connected transactions of the Company. As the highest applicable percentage ratio in respect of the Revised Annual Caps is more than 5%, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement are subject to, among other things, the approval by the Independent Shareholders. Tsingshan Group and its associates will abstain from voting at the Annual General Meeting on the ordinary resolution to approve the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto.

The Independent Board Committee comprising Ms. Wong Sze Wing, Dr. Wang Zhenbo, Dr. Ren Shenggang and Dr. Simon Chen, being all independent non-executive Directors, has been formed to advise and provide recommendations to the Independent Shareholders on the proposed transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement (including the Revised Annual Caps thereto). We, Maxa Capital, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, its subsidiaries and any other parties that could reasonably be regarded as relevant to our independence in accordance with Rule 13.84 of the Listing Rules and accordingly, were qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto). Save for this appointment, there was no other engagement between the Company and us in the past two years. Apart from normal advisory fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, (i) the Product Sales Framework Agreement and the Supplemental Agreement; (ii) the accountants' report of the Company for the three years ended 31 December 2022 and the six months ended 30 June 2022 and 30 June 2023 as set out in the Prospectus; (iii) the annual report of the Company for the year ended 31 December 2023 (the "2023 AR"); (iv) the basis of calculation of the Revised Annual Caps; and (v) the Company's internal control procedures in relation to the Product Sales Framework Agreement, the Supplemental Agreement and the proposed transactions contemplated thereunder.

We consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, inter alia, the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration.

The Company confirmed that they have, at our request, provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representations and opinions expressed by the Company, its advisers, the Directors and/or the Management. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Company, Tsingshan Group and each of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Information of the Group

The Group mainly engages in the design, research and development, production and sales of EV and ESS lithium-ion batteries from cell level to system application. Set out below is the summarised financial information of the Group for the three years ended 31 December 2021, 2022 and 2023 (“**FY2021**”, “**FY2022**” and “**FY2023**”, respectively), as extracted from the Prospectus and the 2023 AR:

	For the year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
Total revenue	2,109,144	14,647,778	13,748,914
Loss before tax	(804,209)	(450,798)	(1,940,863)
Loss for the year	(804,209)	(450,823)	(1,943,300)

The total revenue of the Group was approximately RMB14.6 billion for FY2022, representing an increase of approximately RMB12.5 billion as compared to approximately RMB2.1 billion for FY2021, whereas the loss for the year was approximately RMB450.8 million for FY2022, representing a decrease of approximately RMB353.4 million as compared to approximately RMB804.2 million for FY2021. Such significant increase in the revenue was primarily attributable to the strong growth in revenues from all products of the Company. Meanwhile, such significant decrease in the loss for the year was primarily due to (a) the adjustment of prices of ESS battery products in response to the rapid increase of raw material prices; (b) further improved production efficiency; and (c) improved product offering.

The total revenue of the Group was approximately RMB13.7 billion for FY2023, representing a decrease of approximately RMB0.9 billion as compared to approximately RMB14.6 billion for FY2022, whereas the loss for the year was approximately RMB1.9 billion for FY2023 as compared to the loss for the year of approximately RMB450.8 million for FY2022. Such decrease in the revenue and increase in the loss for the year was primarily due to the prices of the Group's ESS battery products were adjusted downward, which resulted from the declining prices of major raw materials in lithium battery industry in 2023, while the decrease in the prices of raw materials takes a certain period to be reflected in the Group's cost of sales due to production cycle.

	As at 31 December		
	2021	2022	2023
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
Total assets	9,024,639	26,441,403	36,020,782
Total liabilities	6,781,759	14,989,830	24,478,335
Net assets	2,242,880	11,451,573	11,542,447

The Group's total assets increased substantially from approximately RMB9.0 billion as at 31 December 2021 to approximately RMB36.0 billion as at 31 December 2023, while the Group's total liabilities also increased from approximately RMB6.8 billion as at 31 December 2021 to approximately RMB24.5 billion as at 31 December 2023. The Group's net assets have increased significantly from approximately RMB2.2 billion as at 31 December 2021 to approximately RMB11.5 billion as at 31 December 2023. As disclosed in the Prospectus, the significant increase in net assets from approximately RMB2.2 billion as at 31 December 2021 to RMB11.5 billion as at 31 December 2022 was primarily due to (i) contribution from shareholders of RMB8.9 billion, which consisted of proceeds received from issuing shares of RMB2.9 billion in April and May 2022, RMB460.0 million in July 2022 and RMB5.6 billion in August and September 2022; (ii) contribution from non-controlling interests of RMB588.0 million; and (iii) share incentive plan expenses of RMB133.6 million, which was partially offset by (i) loss for the year of approximately RMB450.8 million for FY2022; and (ii) the amount of RMB2.9 million for the acquisition of non-controlling interests.

1.2 *Information of the Tsingshan Group*

Tsingshan Group was incorporated in the PRC in June 2003, and is the Company’s controlling shareholder. Tsingshan Group and its affiliates primarily engage in nickel and stainless-steel businesses. Tsingshan Group has strategically set foot in various areas along the lithium-ion battery industry value chain including the mining and refining of nickel, lithium and cobalt, and the production of cathode materials, anode materials, separators and electrolytes. In 2022, Tsingshan Group ranked the 238th in the Fortune Global 500 in terms of revenue. Tsingshan Group is ultimately controlled by Mr. Xiang Guangda (“**Mr. Xiang**”). Mr. Xiang is an entrepreneur with more than 20 years’ experience in the stainless-steel sector and more than 10 years’ experience in nickel mining and refining industry. Mr. Xiang is the founder of Tsingshan Group.

2. *Product Sales Framework Agreement and Supplemental Agreement***2.1 *Terms of the Product Sales Framework Agreement and Supplemental Agreement***

Date of the Supplemental Agreement:	26 March 2024
Parties of the Supplemental Agreement:	the Company and Tsingshan Group
Term of the Product Sales Framework after extension:	From 1 January 2024 to 31 December 2026
Pricing basis:	The price of the Battery Products to be sold by the Group under the Product Sales Framework Agreement and its Supplemental Agreement shall be determined on an arm’s length basis with reference to prices provided to independent third parties by the Group, and in any event shall not be lower than the prices provided to independent third parties by the Group if under similar conditions.

The Product Sales Framework Agreement and its Supplemental Agreement set out, among other things, the basis of sales of Battery Products by the Group to Tsingshan Group and its associates. Subject to terms of the Product Sales Framework Agreement and its Supplemental Agreement, Tsingshan Group and its associates will enter into specific agreements or place purchase orders with the Group to set out specific terms and conditions in respect of the purchase of the Battery Products. The commercial terms of the agreements or orders are similar to the commercial terms with other independent third parties. The consideration payable by Tsingshan Group and its associates under the Product Sales Framework Agreement and its Supplemental Agreement will be paid at the time and according to the method to be agreed in specific agreements or purchase orders.

Based on our review of the Product Sales Framework Agreement and its Supplemental Agreement, we note that, save for the extension of the term pursuant to the Supplemental Agreement, all other terms and conditions of the Product Sales Framework Agreement remain unchanged.

2.2 *Our assessments on the pricing policy*

As set out in Letter from the Board, the Group plans to supply EV Battery Products and ESS Battery Products to Tsingshan Group and/or its associates. In assessing the terms of the Product Sales Framework Agreement and its Supplemental Agreement:

- (i) for the provision of EV Battery Products, we have obtained and reviewed three sets of randomly selected sample contracts during FY2023 and up to the Latest Practicable Date (the “**Relevant Period**”) pursuant to the Product Sales Framework Agreement and three sets of comparable transaction contracts entered into between the Group and independent third parties for the provision of similar type of products during such period. We have compared and noted from the abovementioned documents that the unit prices of EV Battery Products sold by the Group to Tsingshan Group and its associates are comparable to those offered by the Group to the independent third parties. As the sample contracts were selected on a random basis, comparable in terms of product nature and transaction dates and covering major types of EV Battery Products sold under the Product Sales Framework Agreement during the Relevant Period, we are of the view that such sample contracts are sufficient. We also noted that there were fluctuations in the unit price of EV Battery Products during the Relevant Period. Based on our discussion with Management, we understood that the price of the EV Battery Products is highly linked with the cost of its key raw material, lithium carbonate. We have obtained and reviewed the monthly average price of battery grade lithium carbonate during the Relevant Period quoted on the Shanghai Metals Market (<https://www.smm.cn/>) and noted that such average price fluctuated significantly during the Relevant Period. In particular, such monthly average price of battery grade lithium carbonate plummeted from RMB485,312 per ton in January 2023 to RMB192,895 per ton in April 2023, subsequently increased up to RMB309,725 per ton in June 2023, then declined substantially in the second half of 2023 to RMB96,484 per ton in January 2024 and rebounded gradually afterwards to RMB110,029 per ton in March 2024, which is in line with the fluctuation trend of the unit price of EV Battery Products sold by the Group to Tsingshan Group and the independent third parties during Relevant Period; and
- (ii) for the provision of ESS Battery Products, we have obtained and reviewed two sets of randomly selected sample contracts during the Relevant Period pursuant to the Product Sales Framework Agreement and two sets of comparable transaction sample contracts entered into between the Group and independent third parties for the provision of similar products during such period. We have compared and noted from the abovementioned documents that, the unit prices for ESS Battery Products sold by

the Group to the Tsingshan Group and its associates are not less than those offered by the Group to the independent third parties. As the sample contracts were selected on a random basis, comparable in terms of product nature and transaction dates and covering major types of ESS Battery Products sold under the Product Sales Framework Agreement during the Relevant Period, we are of the view that such sample contracts are sufficient. In addition, we have also conducted a search on the market price for ESS Battery Product. We have obtained two sets of bidding prices offered by six independent third parties for ESS Battery Products in the public tenders by the State-owned Enterprises, which were announced on <https://chuneng.bjx.com.cn> during the Relevant Period and are comparable to the sample contracts we reviewed in terms of product nature and transaction dates. We noted that the unit prices of the ESS Battery Products sold by the Group to the Tsingshan Group and its associates as shown in the sample contracts are within the range of those offered by independent third parties during the public tender process as mentioned above.

Based on the above, we are of the view that the principal terms of the Product Sales Framework Agreement and its Supplemental Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

3. Revised Annual Caps

3.1 Historical Amount, Existing and Revised Annual Caps

The following table sets forth (i) the historical transaction amounts for the Relevant Period; (ii) the existing annual caps (the “Existing Annual Caps”) for each of the three years ended/ending 31 December 2025; and (iii) the Revised Annual Caps for each of the three years ending 31 December 2026.

<i>RMB Million (except for utilisation rates)</i>	Existing Annual Caps for the years ended/ending 31 December			Revised Annual Caps for the years ending 31 December		
	2023	2024	2025	2024	2025	2026
Annual Caps	4,299	195	195	1,306	1,642	3,190
Historical Amounts	2,016	182 ^{Note 1}	–	–	–	–
Utilisation Rates	47%	93% ^{Note 2}	–	–	–	–

Note:

1. Unaudited, being the actual transaction amount for the period from 1 January 2024 to the Latest Practicable Date. The Company confirms that the actual amount prior to the approval of the above Revised Annual Caps on 20 June 2024 (i.e. the date of the Annual General Meeting) will not exceed the corresponding existing annual cap (i.e. the original annual cap for the year ending 31 December 2024 of the transactions under the Product Sales Framework Agreement).
2. The utilisation rate for the year ending 31 December 2024 is computed based on the historical amounts for the period from 1 January 2024 to the Latest Practicable Date.

3.2 *Basis of determination of the Revised Annual Caps*

As set out in the Letter from the Board, the proposed caps are determined based on the following factors, including:

- (i) the Group plans to, in addition to supplying ESS Battery Products to Tsingshan Group and/or its associates, supply EV Battery Products for the use of engineering transportation equipment such as electric heavy-duty trucks to Tsingshan Group and/or its associates from 2024 to 2026, and such engineering transportation equipment is ultimately for use in the relevant industrial parks of Tsingshan Group and/or its associates in China and abroad, or for external sales by Tsingshan Group and/or its associates. Therefore, the Revised Annual Caps will need to take into account the updated estimation of the demand for Battery Products by Tsingshan Group and/or its associates, including (a) for ESS Battery Products, the updated estimation of the demand for ESS Battery Products of relevant industrial parks of Tsingshan Group and its associates in China and abroad of approximately 390MWh, 610MWh and 1,040MWh for each of the three years ending 31 December 2026 provided by Tsingshan Group and its associates, which is mainly based on the estimated progress of construction of the relevant industrial parks of Tsingshan Group and its associates in China and abroad, and (b) for EV Battery Products, continuous expansion of market of engineering transportation equipment such as electric heavy-duty trucks under the background of continuous development of new energy, green energy and green power transportation promoted by favorable policies promulgated in China and abroad in promoting green energy supply and green power transportation mode, leading to a need to increase the supply of EV Battery Products to Tsingshan Group and its associates as compared to 2023. The estimated demand for EV Battery Products is calculated based on the estimated number of vehicles (i.e. 2,250, 4,000 and 8,000 vehicles) that will be using EV Battery Products supplied by the Group that Tsingshan Group and/or its associates expect to further deliver to their industrial parks for use or external clients for sales for each of the three years ending 31 December 2026 provided by Tsingshan Group and its associates. The estimated sales of EV Battery Products accounts for a larger portion of the Revised Annual Caps for each of the three years ending 31 December 2026 as compared to the estimated sales of ESS Battery Products;
- (ii) the expected selling price of the Battery Products, which is expected to increase as compared to the market price of the Battery Products sold by the Group in 2023 (including as compared to the average selling prices to Tsingshan Group and its associates of the Battery Products in 2023, and the average selling prices to independent third parties of the Battery Products in comparable transactions in 2023), mainly due to the expected increase in the price of lithium carbonate, one of the major raw materials for Battery Products as compared to the price of such raw material at the end of 2023 and the beginning of 2024 in light of the recent upward trend of the price of such raw material. The expected selling price is inclusive of a buffer of not more than 20% for the three years ending 31 December 2026, respectively; and

- (iii) the estimated supply capability of the Group of the Battery Products.

3.3 *Our assessment on the Revised Annual Caps*

In assessing the fairness and reasonableness of the Revised Annual Caps, we have discussed with the Company regarding the basis and underlying assumptions used in the determining the Revised Annual Caps. The Revised Annual Caps represent the maximum amounts of transactions the Group would enter into with Tsingshan Group and/or its associates, rather than the obligation of the Group to provide products to Tsingshan Group at that amount.

We note that (i) with reference to the Prospectus and the table above, the historical transaction amounts in respect of the Battery Products sold by the Group to Tsingshan Group and its associates were approximately RMB15.3 million, RMB860.0 million and RMB2,015.5 million for FY2021, FY2022 and FY2023, respectively, representing a year-on-year growth rate of approximately 55.2 times for FY2022 and approximately 1.3 times for FY2023; (ii) the revised annual caps for 2024 and 2025 is lower than the historical transaction amounts of the sales of Batteries Products in FY2023; and (iii) the revised annual caps for 2025 and 2026 represent year-on-year growth rates of approximately 26% and 94%, respectively, which is below the growth rates of the historical transaction amounts of the sales of Batteries Products to Tsingshan Group and/or its associates as mentioned above.

As mentioned in the Letter from the Board, with the changes in the local environment and the continuous adjustment of the policy, the industrial parks under construction and in operation by Tsingshan Group and its associates in China and abroad have further transformed into green energy supply and green power transportation mode, constructing an integrated solution around photovoltaic power generation and green power transportation, etc., so as to promote the eco-friendly development of the mining industry and to reduce the transportation cost.

We noted that the government of China has implemented supporting regulations and policies to promote the development of new energy. On 7 December 2023, the State Council published the Action Plan for Continuous Improvement of Air Quality that contains a series of measures to achieve bluer skies by 2025, such as propelling green industrial shifts, building cleaner energy mix, and developing a low-carbon transport system. More will be done to develop new and clean energy to ensure that non-fossil energy account for 20% of the country's total energy consumption by 2025, including but not limited to accelerating the removal of outdated capacities in key industries, fostering green industries and new energy vehicles accounting for no less than 80% of newly added or updated vehicles in public transportation, taxis, urban logistics and other sectors in key regions.

In addition to the estimated increase in demand driven by favourable government regulations and environmental policies, we also understand from the Management that the estimated demands for ESS Battery Products from relevant industrial parks of Tsingshan Group and its associates in China and abroad were mainly affected by the projected construction progress of the industrial park under construction of Tsingshan Group and its associates. We have reviewed the calculation model of the Revised Annual Caps and understood that the revised annual caps for ESS Battery Products are primarily determined with reference to (i) the assumed unit price of ESS Battery

Products offered by the Group to Tsingshan Group and its associates, which is within the range of historical unit prices offered by the Group in the sample contracts and the bidding prices offered by independent third parties during the public tender process as mentioned above under the section headed “2.2 Our assessments on the pricing policy”; and (ii) the allocation of demand for ESS Battery Products of Tsingshan Group and its associates for the three years ending 31 December 2026 for its industrial parks under construction in different regions.

As set out in the Letter from the Board, in view of the expanding market for engineering transportation equipment such as electric heavy-duty trucks, Tsingshan Group and its associates intend to gradually develop the external sales business of such engineering transportation equipment products. We have obtained and reviewed the calculation model of the Revised Annual Caps and understood that the revised annual caps for EV Battery Products are primarily based on (i) the assumed unit price of EV Battery Products, which is close to the latest historical unit price of EV Battery Products in the sample contracts entered into between the Group and Tsingshan Group and its associates as mentioned above under the section headed “2.2 Our assessments on the pricing policy”; (ii) the estimated number of vehicles (i.e. 2,250, 4,000 and 8,000 vehicles) that will be using EV Battery Products supplied by the Group for each of the three years ending 31 December 2026; and (iii) the estimated annual production capacity of electric heavy-duty trucks of Tsingshan Group and its associates. According to the news published on the website of Fujian Provincial Department of Industry and Information Technology, the production capacity of electric heavy-duty trucks of Tsingshan Group is expected to reach approximately 20,000 units annually. Therefore, the estimated number of vehicles used in the calculation model is within the production capacity of electric heavy-duty trucks of Tsingshan Group and its associates.

We also noted from the calculation model of the Revised Annual Caps that, the Management has applied buffer of not more than 20% for possible price changes in determining the Revised Annual Caps for the three years ending 31 December 2026. Taking into consideration the historical price fluctuation of raw materials as mentioned under the section headed “2.2 Our assessments on the pricing policy” and the significant increase in the historical transaction amounts under the Product Sales Framework Agreement, we are of the view that such buffer is fair and reasonable.

As mentioned in the 2023 AR, the Group’s designed annual production capacity has reached 62GWh by the end of 2023. With reference to the production expansion plan disclosed in the Prospectus, based on the demand for products from customers, the Group expects to have designed annual production capacity of 94GWh and over 150GWh by the end of 2024 and 2025, respectively. We noted that the increasing trend of the estimated demand provided by Tsingshan Group and its associates is generally in line with that of the production capability of the Group.

Based on the above, we concur with the Management that the Revised Annual Caps are at an appropriate level after taken into account the historical transaction amounts and expected future growth in demands and will provide more flexibility to the Group, and therefore we are of the view that the calculation model and the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

4. Reasons for and benefits of Revision of Annual Caps Under the Product Sales Framework Agreement and Extension of the term of the Product Sales Framework Agreement

The Group sells Battery Products in the ordinary and usual course of business, and focuses on the R&D, production and sales of EV and ESS lithium-ion battery products.

Tsingshan Group and its associates currently operate the world's largest stainless steel and nickel businesses. As an important strategic step in internationalization, Tsingshan Group and its associates continue to build and operate large-scale industrial parks in China and abroad, including in Indonesia. With the changes in the local environment and continuous policy adjustments, and the low-carbon and green strategic plan of Tsingshan Group and the relevant industrial parks, such industrial parks have further transformed into green energy supply and green power transportation mode, thus increasing the demand for engineering transportation equipment such as electric heavy-duty trucks and new green energy storage Battery Products. Leveraging on the Group's unremitting efforts in R&D, production and quality, the Group is capable of supplying Tsingshan Group and its associates with mature Battery Products that meet the specifications required by them. Meanwhile, in view of the Group's friendly business relationship and close cooperation with Tsingshan Group and its associates, both parties are familiar with their respective production standards, specifications and terms of the transactions, saving a lot of negotiation time and costs.

Under the background of ongoing development of new energy, green energy and green power transportation, it is expected that the market of engineering transportation equipment such as electric heavy-duty trucks will expand continuously. Tsingshan Group and its associates intend to gradually develop the external sales business of such engineering transportation equipment products. The supply of Battery Products for the use of engineering transportation equipment such as electric heavy-duty trucks to Tsingshan Group and its associates will help the Group to further enhance the international reputation of its relevant Battery Products, strengthen the penetration of the Battery Products into new markets and broaden its source of revenue.

We have reviewed the disclosure in the Prospectus and noted that Tsingshan Group is a major customer and also a major supplier of the Group. The Group mainly sold ESS battery products and battery components to Tsingshan Group in 2020, 2021 and 2022 and the six months ended June 30, 2023. We also understand from the Company that, the Group commenced the supply of EV Battery Products to Tsingshan Group and its associates in the second half of FY2023 as a result of the continued development of the market of engineering transportation equipment such as electric heavy-duty trucks. The revision of annual caps under the Product Sales Framework Agreement and extension of the term of the Product Sales Framework Agreement would provide flexibility for the Group to continue its existing arrangements of providing products to Tsingshan Group.

Also, being part of the Tsingshan Group ecosystems facilitates the process of building trusts and business relationships with various raw material suppliers and secure supplies of important raw materials. The Group enjoys a unique advantage of resource integration and full industry chain synergies as endowed by Tsingshan Group, who built the world's largest stainless steel and nickel businesses from the ground up in less than 20 and 10 years, respectively. Tsingshan Group has strategically expanded along the lithium-ion battery industry value chain, including the mining and refining of nickel, lithium and cobalt, the production of cathode materials, anode materials, separators and electrolytes. Leveraging Tsingshan Group's reputation, strong presence throughout the entire new energy industry value chain and extensive cooperation network, the Group is able to secure stable and reliable raw material supplies, which is a critical factor to the competitiveness of battery manufacturers. The broad coverage of Tsingshan Group's business will offer the Group extensive cooperation opportunities in the future.

In view of the above, we concur with the Company that the sale of Battery Products to Tsingshan Group and its associates at fair and reasonable prices is part of the Group's ordinary and usual course of business, which not only helps enhance the Group's revenue, but also facilitates the overall operations and growth of the Groups' business by leveraging the resources of Tsingshan Group.

5. Internal Control

The Company has established a comprehensive internal control system and has formulated a series of internal control measures and procedures in order to ensure the pricing mechanism and the terms of the continuing connected transactions are fair and reasonable and no less favourable to the Company than those available to independent third parties, and in the interest of the Company and its Shareholders as a whole, details of which are included in the section headed "(7) Internal Control Measures" in the Letter from the Board. We have reviewed such internal control measures and procedures of the Company, and we are of the view that such internal control measures and procedures are sufficient to ensure that the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement are on normal commercial terms and do not exceed the Revised Annual Caps.

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and auditor of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We noted from the 2023 AR that the independent non-executive Directors and the auditor of the Company have reviewed the continuing connected transactions under the Product Sales Framework Agreement and provided their relevant confirmations. As confirmed with the Company, the Company will continue to comply with the relevant annual review requirement under the Listing Rules on an on-going basis.

Based on the above, we concur with the Company that the Group has effective internal policies in place to continue to monitor the continuing connected transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement, and therefore the interests of the Company and its Shareholders would be safeguarded.

RECOMMENDATION

Having considered the above factors and reasons, we are of the opinion that (i) the Product Sales Framework Agreement and its Supplemental Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the Product Sales Framework Agreement and its Supplemental Agreement and the proposed transactions contemplated thereunder (including the Revised Annual Caps thereto) are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolution in relation to the Supplemental Agreement, the transactions contemplated under the Product Sales Framework Agreement and the Supplemental Agreement and the Revised Annual Caps thereto to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Dian Deng
Managing Director

Ms. Dian Deng is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Maxa Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in 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. EXPERT AND CONSENTS

The following are the qualifications of the expert who has given opinions and advice contained in this circular:

Name	Qualification
Maxa Capital	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance

As at the Latest Practicable Date, Maxa Capital:

- a. has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 30 May 2024 (as set out in Appendix II of this circular) and references to its name, in the form and context in which it appears.
- b. neither had any shareholding in any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.
- c. did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

3. NO MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited annual financial statements of the Company were made up.

4. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had any competing interest in any business which competes or is likely to compete either directly or indirectly with the Group's business.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

7. DISCLOSURE OF INTERESTS**Interests of Directors, Supervisors and Chief Executives of the Company**

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 of the Listing Rules (for this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors) were as follows:

Interest in the Shares of the Company

Name	Nature of Interest/ Capacity		Class of Shares	Number of Shares Held	Approximate	Approximate
					Percentage of Shareholding in the Domestic Unlisted Shares ⁽¹⁾	Percentage of Shareholding in the Total Issued Share Capital ⁽²⁾
Dr. Cao Hui	Interest in controlled corporations ⁽³⁾		Domestic Unlisted Shares	360,000,000 (Long Position)	18.28%	15.81%

Notes:

- (1) The calculation is based on the total number of 1,969,495,912 Domestic Unlisted Shares in issue as of the Latest Practicable Date.
- (2) The calculation is based on the total number of 2,276,874,050 Shares in issue as of the Latest Practicable Date.
- (3) As of the Latest Practicable Date, Dr. Cao Hui is the general partner of Wenzhou Ruili Enterprise Development Partnership (Limited Partnership) (溫州瑞鋁企業發展合夥企業(有限合夥), “Wenzhou Ruili”), and held approximately 41.1% limited partnership interests in Shanghai Fuqin, which held approximately 72.7% limited partnership interests in Wenzhou Jingli. By virtue of the SFO, Dr. Cao Hui is deemed to be interested in the Shares held by Wenzhou Ruili and Wenzhou Jingli.

Interest in Associated Corporations

Name	Name of Associated Corporation	Nature of Interest/ Capacity	Amount of Registered Capital Held	Approximate
				Percentage of Interest as of the Latest Practicable Date
Dr. Cao Hui	Yongqing Technology	Beneficial owner	RMB5,800,000	1%
Dr. Wu Yanjun	Qingtuo Group Co., Ltd. ⁽¹⁾	Beneficial owner	RMB4,400,000	0.5%
Mr. Hu Xiaodong	Yongqing Technology	Beneficial owner	RMB8,700,000	1.5%
Mr. Wang Haijun	Zhejiang Yongtuo New Material Technology Co., Ltd. ⁽²⁾	Beneficial owner	RMB1,600,000	2%

Notes:

- (1) As of the Latest Practicable Date, Tsingshan Group is the largest shareholder of Qingtuo Group Co., Ltd. with shareholding of 48.85% in Qingtuo Group Co., Ltd.
- (2) As of the Latest Practicable Date, Zhejiang Yongtuo New Material Technology Co., Ltd. is a non-wholly-owned subsidiary of Yongqing Technology.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Hong Kong 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).

8. SERVE AS DIRECTOR OR EMPLOYEE CONCURRENTLY

As at the Latest Practicable Date, the following Directors or Supervisors were directors or employees of certain companies which had interests or short positions in the Shares or underlying Shares of the Company, which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO (the “**Relevant Companies**”):

Name of Director/ Supervisor	Relevant Companies	Positions
Mr. Hu Xiaodong	Yongqing Technology	chairman
	Ruitu Energy	director
Mr. Wang Haijun	Shanghai Decent	chairman and president
Ms. Xiang Yangyang	Shanghai Decent	general manager of the strategic investment department
Mr. Qu Enci	Yongqing Technology	general manager of finance

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Supervisors or proposed directors was a director or an employee of a company which has an interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

9. DOCUMENTS AVAILABLE ON DISPLAY

A copy of the Product Sales Framework Agreement and its Supplemental Agreement will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.chinarept.com) for a period of 14 days from the date of this circular.

**APPENDIX IV COMPARATIVE TABLE OF THE AMENDMENTS TO
THE ARTICLES OF ASSOCIATION**

No.	Before amendment	After amendment
1	<p>Article 5 Domicile of the Company: Room A205, Building C, No. 205, Binhai 6th Road, Konggang New District, Longwan District, Wenzhou, Zhejiang Province</p>	<p>Article 5 Domicile of the Company: Room A205, Building C, No. 205, Binhai 6th Road, Konggang New District, Longwan District, Wenzhou, Zhejiang Province <u>No. 205, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province; No. 206, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province; No. 959, Jinhai 3rd Road, Yongxing Street, Longwan District</u></p>
2	<p>Article 107 The Board has established the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The duties, personnel composition and rules of procedures of the special committees shall be resolved separately by the Board. Where necessary, the Board may establish other special committees. Special committees of the Board are specialized work bodies under the Board which provide advice or advisory opinions for the Board on material decisions. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorised matters in accordance with a special power given by the Board.</p> <p>.....</p>	<p>Article 107 The Board has established the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee and Environmental, Social and Governance (ESG) Committee. The duties, personnel composition and rules of procedures of the special committees shall be resolved separately by the Board. Where necessary, the Board may establish other special committees. Special committees of the Board are specialized work bodies under the Board which provide advice or advisory opinions for the Board on material decisions. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorised matters in accordance with a special power given by the Board.</p> <p>.....</p>

**REPT BATTERO Energy Co., Ltd.****瑞浦蘭鈞能源股份有限公司**

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

(Stock Code: 0666)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of REPT BATTERO Energy Co., Ltd. (the “**Company**”) will be held at the Conference Room, R&D Building, No. 205, Binhai 6th Road, Wenzhouwan New District, Longwan District, Wenzhou, Zhejiang Province, the PRC on Thursday, 20 June 2024 at 10 a.m. to consider and, if thought fit, pass the following resolutions. Unless the context otherwise requires, the terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30 May 2024.

ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the 2023 work report of the Board of the Company.
2. To consider and approve the resolution on the 2023 work report of the Supervisory Committee of the Company.
3. To consider and approve the resolution on the 2023 final financial accounts report of the Company.
4. To consider and approve the resolution on the 2024 annual financial budget plan of the Company.
5. To consider and approve the resolution on the 2023 profit distribution plan.
6. To consider and approve the resolution on the remuneration of the Directors for 2024 of the Company.
7. To consider and approve the resolution on the remuneration of the Supervisors for 2024 of the Company.
8. To consider and approve the resolution on the re-appointment of auditors of the Company for 2024.

9. To consider and approve the resolution on the Supplemental Agreement to extend the term of the Product Sales Framework Agreement, the transactions contemplated under the Product Sales Framework Agreement and its Supplemental Agreement and the Revised Annual Caps thereto.
10. To consider and approve the resolution on the 2024 business and investment plan of the Company.
11. To consider and approve the resolution on the limit on amounts of bank credit line and loans for 2024.

SPECIAL RESOLUTION

12. To consider and approve the resolution on the proposed amendments to the Articles of Association.

By Order of the Board
REPT BATTERO Energy Co., Ltd.
Dr. Cao Hui
Chairman and Executive Director

Hong Kong, 30 May 2024

Directors of the Company as of the date of this Notice are: Dr. Cao Hui, Dr. Wu Yanjun and Ms. Huang Jiehua as executive Directors; Mr. Hu Xiaodong, Mr. Wang Haijun, Ms. Xiang Yangyang, Mr. Wei Yong and Mr. Yu Xinhua as non-executive Directors; and Ms. Wong Sze Wing, Dr. Wang Zhenbo, Dr. Ren Shenggang and Dr. Simon Chen as independent non-executive Directors.

Notes:

- (1) Individual Shareholders who wish to attend the meeting in person shall produce their identity cards or other effective document or proof of identity. Proxies of individual Shareholders shall produce their effective proof of identity and proxy form. A corporate Shareholder should attend the meeting by its legal representative or a person authorized by its board of directors or other decision-making body upon resolution. A legal representative or an authorized person who wishes to attend the meeting should produce his/her identity card or other effective document or proof of identity. If appointed to attend the meeting, the proxy should produce his/her identity card and the proxy form which bears the corporate Shareholder's seal or is signed by its director or a proxy duly appointed.
- (2) Any Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons (whether such person is a Shareholder or not) as his/her proxy or proxies to attend and vote on his/her behalf.
- (3) The instrument appointing a proxy must be in writing under the hand of the Shareholder or his/her attorney duly authorized in writing. For a corporate Shareholder, the proxy instrument must be affixed with the common seal or signed by its director or attorney duly authorized in writing.
- (4) For H Shareholders who wish to attend the Annual General Meeting, the proxy form (together with a notarized copy of the power of attorney or other authority (if any) if the proxy form is signed by a person on behalf of the H Shareholder) must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time stipulated for convening the Annual General Meeting (i.e. before 10 a.m. on Wednesday, 19 June 2024) or any adjournment thereof in order to be valid. If no direction is given, the proxy will be entitled to vote or abstain as he/she thinks fit. The proxy will also be entitled to vote at his/her discretion on any resolution properly put to the Annual General Meeting other than those referred to in the notice of the Annual General Meeting.
- (5) The H Shares register of members of the Company will be closed from Monday, 17 June 2024 to Thursday, 20 June 2024 (both days inclusive), during which period no transfer of H Shares of the Company will be effected. For unregistered H Shareholders who intend to attend the Annual General Meeting, all share certificates and the transfer documents must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 14 June 2024. The holders of H Shares whose names appear on the register of members of the Company on Thursday, 20 June 2024 will be entitled to attend and vote at the Annual General Meeting.
- (6) Pursuant to the Hong Kong Listing Rules, each of the resolutions set out in the notice of the Annual General Meeting will be voted by poll. Results of the poll will be published on the Company's website at www.chinarept.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk after the Annual General Meeting.
- (7) Shareholders who attend the Annual General Meeting in person or by proxy shall bear their own traveling, dining and other accommodation expenses.