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SHANXI SECURITIES INTERNATIONAL

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Hong Kong

18 December 2024

To the Independent Board Committee and the Independent Shareholders of Deewin Tianxia Co., Ltd

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS:
THE ENTERING INTO THE NEW FRAMEWORK AGREEMENT
FOR PROCUREMENT OF PRODUCTS AND SERVICES;
AND
THE NEW FRAMEWORK AGREEMENT
FOR SUPPLY OF PRODUCTS AND SERVICES**

INTRODUCTION

We refer to our engagement as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 18 December 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Unless the context requires otherwise, capitalized terms used in this letter of advice shall have the same meaning as defined in the Circular.

As set out in the Letter from the Board, on 18 December 2024 (after trading hour), the Company and Shaanxi Automobile Holding, a substantial shareholder of the Company, have entering into the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services.

IMPLICATION UNDER THE LISTING RULES

As at the Latest Practicable Date, Shaanxi Automobile Holding is a Controlling Shareholder of the Company, and holds over 30% of the equity interest in Shaanxi Heavy Duty Automobile through its subsidiary Shaanxi Automobile. As such, Shaanxi Automobile Holding is connected person of the Company. As a result, the transactions contemplated under the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the proposed annual caps for the transactions contemplated under the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services for the year ending 31 December 2027 exceeds 5%, such continuing connected transactions are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of each of the proposed annual caps for the supply chain financial services contemplated under the New Framework Agreement for Supply of Products and Services for the year ending 31 December 2027 exceeds 25% but is less than 100%, such supply chain financial services constitute major transactions of the Company under Chapter 14 of the Listing Rules and are subject to the announcement, circular and shareholders' approval requirements under the Listing Rules.

Mr. Guo Wancai, Mr. Zhao Chengjun and Mr. Tian Qiang, among non-executive Directors of the Company, also work at Shaanxi Automobile and/or its subsidiaries. Therefore, they are deemed to have a material interest in the Entering into the New Framework Agreement for Procurement of Products and Services and the Entering into the New Framework Agreement for Supply of Products and Services. As a result, they have abstained from voting on the relevant resolutions at the Board meeting. Save for the above, none of other Directors had a material interest in the above transactions and were required to abstain from voting on the relevant resolutions at the Board meeting.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Li Gang, Mr. Ip Wing Wai and Mr. Yu Qiang, has been formed to advise the Independent Shareholders on whether (i) the terms of the Entering into New Framework Agreements for Procurement of Products and Services and the Entering into the New Framework Agreements for Supply of Products and Services are in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Entering into New Framework Agreements for Procurement of Products and Services and the Entering into the New Framework Agreements for Supply of Products and Services are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the respective resolutions to approve the Entering into New Framework Agreements for Procurement of Products and Services and the Entering into the New Framework Agreements for Supply of Products and Services at the EGM. We, Shanxi Securities International Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are independent pursuant to Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Participation. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the independent shareholders of the Company in relation to discloseable transactions and continuing connected transactions of the Company, details of which are set out in the circular of the Company dated 29 August 2024. Apart from normal professional fees paid to us in connection with the aforesaid appointment, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, (i) the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services; (ii) annual reports of the Company for the year ended 31 December 2023 and the interim report of the Company for the six months ended 30 June 2024; (iii) other information as set out in the Circular; and (iv) the relevant market data and information available from public sources, to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. In addition, we have relied on the statement, information, the opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so as at the date of the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquires and careful consideration by the Directors and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have assumed that the information referred to in the Circular will continue to be true, accurate and complete as at the date of the Circular and if there is any material change of information in the Circular up to the date of the EGM, we will inform the Shareholders as soon as practicable. 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 opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Services. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the information contained in the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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 in-depth investigation into the business and affairs of the Company, the Shaanxi Automobile Holdings and/or its associates and Shaanxi Heavy Duty Automobiles and its subsidiaries, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us up to the date of the EGM. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the EGM or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Shanxi Securities International Capital Limited to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the entering into the New Framework Agreement for Procurement of Products and Services and the entering into the New Framework Agreement for Supply of Products and Services, we have taken into account the principal factors and reasons set out below:

1. Background information of the Group

With reference to the Letter from the Board, the Company is established in the PRC on 14 August 2014 and was converted into a joint stock company with limited liability on 25 December 2020. The Company is primarily engaged in providing various value-added services, including logistics and supply chain services, supply chain financial services and IoV and data services, to players along the commercial vehicle industry chain.

Set out below is a summary of the audited consolidated financial information of the Group for the two years ended 31 December 2023, as extracted from the Group’s annual report for the financial year ended 31 December 2023 (the “**2023 Annual Report**”), and for the six months ended 30 June 2023 and 30 June 2024 respectively as extracted from the Group’s interim report for the six months ended 30 June 2024 (the “**2024 Interim Report**”).

	For the six months ended 30 June		For the year ended 31 December	
	2023	2024	2022	2023
	RMB’000	RMB’000	RMB’000	RMB’000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	1,518,082	1,295,665	2,728,298	3,119,437
– Sales of goods	225,616	250,539	365,276	508,902
– Logistics and warehousing services	1,014,357	780,481	1,686,579	2,072,905
– Interest income from financial leasing business	192,689	183,859	489,880	363,511
– Interest income from factoring services	42,614	49,891	80,394	95,260
– Internet of Vehicle (IoV) and data services	38,937	27,538	102,527	71,375
– Others	3,869	3,357	3,642	7,484
Gross profit	255,191	221,936	494,042	515,413
Profit for the year	109,919	115,604	220,035	151,250

As stated in the 2023 Annual Report, the Group’s revenue increased by 14.3% from approximately RMB2,728.3 million for the year ended 31 December 2022 to approximately RMB3,119.4 million for the year ended 31 December 2023. Revenue from the logistics and warehousing services increased by 22.9% from approximately RMB1,686.6 million for the year ended 31 December 2022 to approximately RMB2,072.9 million for the year ended 31 December 2023. We have been informed by the Directors that such increase in revenue was primarily due to the further expansion in third party logistics services and the Group continued to diversify its customers bases while exploring cooperation with more independent customers through the expansion and development of its third party logistics service in relation to raw materials (such as coal and ore), commodities and express couriers. Furthermore, as extracted from the 2023 Annual Report, the profit for the year decreased by 31.2% from approximately RMB220.0 million for the year ended 31 December 2022 to approximately RMB151.3 million for the year ended 31 December 2023, such decrease was mainly due to increment of impairment loss on financial asset based on the Group’s prudent consideration and less government subsidies in 2023 compared with 2022.

As stated in the 2024 Interim Report, the Group's revenue decreased by 14.7% from approximately RMB1,518.1 million for the six months ended 30 June 2023 to approximately RMB1,295.7 million for the six months ended 30 June 2024. Revenue from the logistics and warehousing services decreased by 23.1% from approximately RMB1,014.4 million for the six months ended 30 June 2023 to approximately RMB780.5 million for the six months ended 30 June 2024. As stated in the 2024 Interim Report, such decrease in revenue was primarily due to (i) the fall in revenue derived from logistics service provided by third party as the result of the decrease in external supply chain projects during the Reporting Period; and (ii) the decrease in revenue derived from the commercial automobile sales as compared with the corresponding period of previous year. Furthermore, as extracted from the 2024 Interim Report, the profit for the year increased by 5.2% from approximately RMB109.9 million for the six months 30 June 2023 to approximately RMB115.6 million for the six months ended 30 June 2024, such increase was mainly due to decrease of impairment loss on financial asset based on the Group's prudent consideration in the first half of 2024 compared with the first half of 2023.

2. Entering into the New Framework Agreement for Procurement of Products and Services

Reference is made to the Company's Prospectus and circular dated 29 August 2024 in relation to the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement between the Company and Shaanxi Automobile Holding and the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement between the Company and Shaanxi Heavy Duty Automobile. In view of the expiry of such agreements on 31 December 2024, on 18 December 2024, the Company entered into the New Framework Agreement for Procurement of Products and Services with Shaanxi Automobile Holding, the principal terms of which are set out below:

Set out below is a summary of the principal terms of the New Framework Agreement for Procurement of Products and Services. Independent Shareholders are advised to read further details of the New Framework Agreement for Procurement of Products and Services as disclosed in the Letter from the Board:

Date: 18 December 2024

Parties: (i) the Company; and
(ii) Shaanxi Automobile Holding

Term: Upon being affixed with corporate seals of the parties and the approved at the EGM, the agreement shall take effect from 1 January 2025, and expire on 31 December 2027. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and the requirements of the securities regulatory authorities, the New Framework Agreement for Procurement of Products and Services may be renewed automatically for a further term of three years from time to time, unless terminated by the Company by notice in writing during its term or for other reasons stated in the agreement. From the date on which the New Framework Agreement for Procurement of Products and Services takes effect, the Original Products Purchasing Framework Agreement is automatically terminated.

Major Matters: The Group (the “**Purchaser**”) will purchase certain products and services from Shaanxi Automobile Holding and its associates (the “**Supplier**”). Such products and services include (1) commercial automobiles, commercial automobile components and others, such as commercial automobile components management and storage services; and (2) leasing services, including leasing and use of plant, equipment and other assets. The Purchaser has the right to purchase the products and services of the Supplier at its own choice according to its own business needs, and has no obligation to purchase products and services from the Supplier.

Pricing policy: The rates charged for the products and services provided by the Supplier will be determined after arm’s length negotiations between the parties with reference to the market rates and taking into account factors such as technical specifications and purchase quantity of the purchased products, as well as nature, characteristics and purchase quantity of the purchased services. The “market rate” represents the price provided by the Supplier to an independent third party in respect of the same or a similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties.

Prior to purchase of products and/or services from the Supplier, the Group will compare quotation list (which is applicable to all customers of the Supplier) for the products/services obtained from the Supplier with the results of market research conducted by the Group (based on the factors such as overall market prices, ie., the prices at which independent third-party suppliers sell the same category of products and services to their customers, as learned by the Group through information exchanges with industry peers or suppliers), technical specifications, market share, and order performance of the relevant products and services) for analysis, and finally determine the specific prices after negotiation with the Supplier based on the purchase needs of the Group.

If the Group considers that the final price offered by the Supplier is not in the best interests of the Company and its Shareholders or is not fair and reasonable, having regard to all relevant factors including the Group's customer needs, purchase price, the Group's comprehensive costs, profit, quality of products and services, etc. and having conducted all necessary internal reviews and approval procedures, it will not purchase such products from the Supplier.

**Settlement and
Payment
Method:**

The rights and obligations of the parties under the New Framework Agreement for Procurement of Products and Services, such as the specific content, charging standard and apportionment and settlement method on the products and services provided by the Supplier, shall be stipulated in a special product contract or service contract separately signed by the relevant parties.

Whereas the terms of the above special contracts will be negotiated by the relevant parties on an equitable basis, the Group will ensure that the settlement and payment method stipulated in the special contracts under the New Framework Agreement for Procurement of Products and Services shall be no less favourable to the Group than the terms offered by the Supplier to independent third parties for the same or similar products or services in the same region, the Board considers that these settlement and payment methods are fair and reasonable.

(a) Reasons for and benefits of the Entering into the New Framework Agreement for Procurement of Products and Services

It is mentioned in the Letter from the Board that the Board considers that the entering into the New Framework Agreement for Procurement of Products and Services would benefit the Group for the following reasons: (i) the Group and Shaanxi Automobile Holding and its associates are long-standing partners; (ii) the prices and terms for the products and services provided by Shaanxi Automobile Holding and/or its associates to the Group are no less favourable than those offered by Shaanxi Automobile Holdings to independent third parties; (iii) the stable supply of relevant products and services obtained by the Group from Shaanxi Automobile Holding and its associates in the ordinary course of business can avoid unnecessary disruption to the Group's operations and meet the Group's business operation needs; and (iv) Shaanxi Automobile Holding and its associates can provide stable, high-quality and customised services for the Group since they are familiar with the business and operational needs of the Group by virtue of the long-term cooperation with the Group in previous years. Nothing has come to the attention of the Board that would cause it to believe that there is any disadvantages of the transactions contemplated under the New Framework Agreement for Procurement of Products and Services for the Group.

(b) Proposed annual caps of under the New Framework Agreement for Procurement of Products and Services

The table below sets out are (i) their actual transaction amount for the two years ended 31 December 2023 and the eight months ended 31 August 2024; and (ii) the proposed annual caps for the three years ending 31 December 2027 as extracted from the Letter from the Board:

	Actual Transaction Amount under the Original Products Purchasing Framework Agreement for the Year Ended/Ending		Annual Caps under the Original Products Purchasing Framework Agreement for the Year Ended/Ending		Annual Caps under the New Framework Agreement for Procurement of Products and Services for the Year Ending	
	2022	31 December 2023 (RMB'000)	2024 ^{Note 1}	2022	31 December 2023 (RMB'000)	2025 2026 2027
Purchase of the commercial automobiles	56,725	83,900	93,489	366,400	423,900	401,000 569,599 738,061 893,005
Purchase of commercial automobile components and others	2,972	506	51	3,600	1,420	600
Lease of assets	N/A	N/A	N/A	N/A	N/A	N/A
Lease fee	N/A	N/A	N/A	N/A	N/A	81,013 121,686 217,042
Right-of-use asset	N/A	N/A	N/A	N/A	N/A	36,682 47,686 61,992
Total	59,697	84,406	93,539	370,000	425,320	401,600 688,397 911,191 1,172,749

Note 1: This refers to the actual transaction amount under the Original Products Purchasing Framework Agreement for the eight months ended 31 August 2024.

- (i) *The proposed annual caps for the purchase of the commercial automobiles and purchase commercial automobiles and components and others under the New Framework Agreement for Procurement of Products and Services:*

As stated in the Letter from the Board, the proposed annual caps for the purchase of the commercial automobiles and purchase commercial automobiles and components and others for the three years ending 31 December 2027 under the New Framework Agreement for Procurement of Products and Services are determined after considering, among other things,

- (a) the historical transaction amounts in respect of the purchase of products and services from Shaanxi Automobile Holding and/or its associates by the Group, and the historical sales volume of the Group's commercial automobiles and other products. In the past three years, the Group's purchase of commercial automobiles from independent third parties (distribution channels) accounted for approximately 50% of the total purchases of commercial automobiles; in order to streamline distribution process, reduce costs and improve operational efficiency, the Group plans to mainly purchase commercial automobiles directly from manufacturer (namely the Supplier) from 2025 onwards. It is expected that the transaction amount of the Group's purchase of commercial automobiles from the Supplier will further increase in the next three years;
- (b) the sales volume of commercial automobiles that the Group expects to achieve through the commercial automobile distribution networks in the coming years (considering the business development plan of the Group), which is as follows: (1) the establishment of a new distribution network to promote the increase in commercial automobiles sales: in accordance with the Group's business plan, the Group plans to increase the sales volume of commercial automobiles by maintaining and establishing a new distribution network through subsidiaries with commercial automobiles distribution qualifications on the basis of the existing distribution channels in their respective regions. It is expected that the transaction amount of purchase of commercial automobiles from the Supplier benefiting from the new distribution network will account for approximately 10%, 12% and 17% of the annual caps for the Group's total purchases of commercial automobiles from the Supplier in 2025-2027; and (2) the significant increase in the sales volume of new energy commercial automobiles driven by favorable policies for new energy vehicles: since the second half of 2024, the Ministry of Transport of the PRC, the Ministry of Finance of the PRC and some local governments have successively issued favorable policies for new energy vehicles, according to which the government will provide financial subsidies for the scrapping of old commercial trucks and the purchase of new energy vehicles. It is expected that the implementation of the such policies will promote the sustained growth of the Group's sales of new energy commercial automobiles. According to data currently available to the Group, during the period from September to November 2024, the Group has purchased certain

new energy commercial automobiles from the Supplier according to customers' demands, with a purchase amount of approximately RMB58.3 million. In view of the above and taking into account the aforementioned change in the commercial automobile procurement pattern and the increase in sales volume of commercial automobiles driven by the establishment of a new distribution network, it is expected that the purchase amount of new energy commercial automobiles from the Supplier for the whole year of 2025 will reach RMB394.0 million. Based on the above factors and the Group's future sales capability and the fact that a majority of the commercial automobiles to be purchased by the Group in the next three years will be new energy commercial automobiles, as well as the fact that the average purchase price of new energy commercial automobiles is approximately 25% higher than that of traditional energy automobiles, the Group is expected to increase significantly on the volume and transaction amount of purchase of commercial automobiles from the Supplier in the future. In addition, with the further promotion and implementation of favorable policies for new energy vehicles and the expansion of the Group's sales area, and taking into account the continuous demand for cost reduction and efficiency improvement in the logistics industry, it is expected that the sales volume of the Group's new energy commercial automobiles will continue to increase in 2026 and 2027. As a result, the annual caps for 2026 and 2027 will also increase by approximately 30% and 20% over the previous year, respectively, to take such estimated growth in demand;

- (c) the expected amount of commercial automobile components to be procured from Shaanxi Automobile Holding and/or its associates in the coming years. At the early stage, the Group mainly conducted components sales business by purchasing component products from third-party components suppliers on a pilot basis, and Shaanxi Automobile Holding and/or its associates supplied a majority of components to their related commercial automobile manufacturers. Therefore, the actual transaction amount of commercial automobile components purchased by the Group from the Supplier in the past years was relatively low. In view of the adjustment to the components sales business model of Shaanxi Automobile Holding and/or its associates, it has extended its supply to non-commercial automobile manufacturer customers (mainly market-based components sellers), providing a business basis for the Group to purchase components from the Supplier. As the Group has become more familiar with the aftermarket business, and has accumulated significant business partner resources in the process of business expansion, the Group currently intends to increase the sales business of components and consider increasing the purchase of commercial automobile components from the Supplier after taking into account the following factors: based on past business experience and market research, the Group found that (i) in the commercial automobile repair and maintenance business, customers have higher recognition for components products of original equipment manufacturer ("OEM") (such as cockpit and frame). In the past, customer demand for OEM

products accounted for about 20% of the total demand, and customer demand for OEM products is expected to increase continuously; (ii) with the increase in the export business volume of commercial automobile manufacturers year by year, the Group intends to develop international components sales business, and international customers are more inclined to OEM component products, and it is expected that the procurement volume from the Supplier incurred by the international components sales business will account for 10%-15% of the total procurement volume of the Group. The Group's estimated procurement amounts of commercial automobile components from 2025 to 2027 will be approximately RMB188.1 million, RMB375.2 million and RMB649.8 million, of which 30% is expected to be procured from the Supplier, based on which the annual caps for the procurement of commercial automobile components for the three years ending 31 December 2027 under the New Framework Agreement for Procurement of Products and Services are determined with a buffer of 1%-3%; and

- (d) the sites required to be leased for the existing business of the Group, the need for machinery and equipment, and certain buffer reserved for possible market fluctuations (including fluctuations in leasing market prices and new business volume). In terms of lease of assets, according to the relevant accounting standards, the lease payments arising from the lease contracts with a term of less than 1 year will be recognized as lease expenses; the lease payments arising from the lease contracts with a term of more than 1 year will be recognized as right-of-use asset. Due to the adjustment of internal management requirements of Shaanxi Automobile Holding and/or its associates, the contractual term of these lease contracts is required to be 1 year in principle, therefore, it is expected that the lease payments for the transactions of lease of assets under the New Framework Agreement for Procurement of Products and Services will be mainly lease expenses. Considering that the supply chain manufacturing logistics services provided by the Group is positively correlated with the production volume of commercial automobile manufacturers, as well as the development of the commercial automobile industry and the projected increase in the production volume of commercial automobiles from the Supplier, the Group expects to increase the leasehold area in the later stage of business development by approximately 20% per year from 2025 onwards. In addition, taking into account the impact of market lease price fluctuations and past rent increases, the Group plans to set a buffer of 5%-10% for lease price increases, and therefore the amount of lease transactions is expected to increase by approximately 30% in each of the three financial years ending 31 December 2027 as compared to the previous year.

In order to assess the fairness and reasonableness of the proposed annual caps for the purchase of the commercial automobiles and purchase commercial automobiles and components and others under the New Framework Agreement for Procurement of Products and Services, we have obtained and reviewed (a) the actual transaction

breakdown for the two years ended 31 December 2023, the actual transaction breakdown for the eight months ended 31 August 2024 for purchase of the commercial automobiles and purchase commercial automobiles and components and others, the actual transaction breakdown for the commercial automobile and purchase commercial automobiles and components and others were approximately RMB13.0 million between September to November 2024; (b) the signed purchase of the commercial automobiles contract dated 25 September 2024 which amounted to approximately RMB15.0 million and the signed purchase of the commercial automobiles memorandum dated 6 November 2024 which amounted to approximately RMB50.0 million for the remaining two months in 2024; (c) the internal meeting minutes dated 6 November 2024 between the Group and Shaanxi Automobile Holding and/or its associates, and noted that, the increment of the purchase of commercial automobiles and purchase commercial automobiles and components and others for the three years ending 31 December 2027 were mainly due to establish on the commercial automobile distribution networks in the coming years in order to increase the market shares of the commercial automobile market in the PRC. As advised by the Directors, the Group expect to establish a new distribution network through its subsidiaries with commercial automobiles distribution qualifications on the basis of the existing distribution channels in their respective regions. We have obtained and reviewed the internal meeting minutes dated November 2024 to understand their basis and reason for the establishment plan of a new distribution network and the Group expect to significantly increase in approximately 30% per year in the sales volume of commercial automobile driven by the establishment a new distribution network from 2025 onwards. Further, we have obtained and reviewed the internal meeting minutes dated 6 November 2024 between the Group and Shaanxi Automobile Holding and/or its associates; and (d) the underlying calculation of the proposed annual caps for the purchase of the commercial automobiles and purchase commercial automobiles and components and others under the New Framework Agreement for Procurement of Products and Services, and discussed with the Directors on the relevant basis and assumption adopted in the calculation. As advised by the Directors, the Group expects that business expansion for the commercial automobiles and commercial automobiles and components and others will continue to grow for the three years ending 31 December 2027.

Having taken into consideration of the above, we are of the view that the proposed annual caps for the purchase of the commercial automobiles and purchase commercial automobiles and components and others for the three years ending 31 December 2027 under the New Framework Agreement for Procurement of Products and Services are fairly determined and are fair and reasonable.

We have discussed with Directors and note that in order to ensure the prices and terms offered to Shaanxi Automobile Holding and/or its associates are on normal commercial terms and not less favourable to the Group than terms offered available to or from the Independent Third Parties, the Group will determine the prevailing market prices for the products after considering through (a) the market conditions at the relevant time;

(b) the size of orders and the technical conditions; and (c) all other purchases from Independent Third Party suppliers and in any event shall be comparable to those offered to the Group by Independent Third Party suppliers.

For our due diligence purposes, we have obtained and reviewed following documents: (i) 10 samples contracts entered into between the Group and the Shaanxi Automobile Holding and/or its associates on a random basis for each of the two years ended 31 December 2023 and for the eight months ended 31 August 2024; and (ii) 10 samples contracts entered into between the Group and the Independent Third Parties on a random basis from the lists of suppliers for each of the two years ended 31 December 2023 and for the eight months ended 31 August 2024. Given that the twenty samples contracts we noted that the pricing terms of the contracts between the Group and the Shaanxi Automobile Holding and/or its associates are consistent with the contracts between the Group and the Independent Third Parties and did not demonstrate any discrepancy to our understandings on the purchase of the commercial automobiles and purchase commercial automobiles and components and others under the New Framework Agreement for Procurement of Products and Services between the Group and the Shaanxi Automobile Holding and/or its associates, we are of the view that those samples are sufficient for us to assess the arrangement of the purchases of the commercial automobiles and purchase commercial automobiles and components and others to the Shaanxi Automobile Holding and/or its associates.

On the basis of our review, we note that (a) the terms of the purchase of the commercial automobiles and purchase commercial automobiles and components and others under the New Framework Agreement for Procurement of Products and Services as reviewed by us were in line with the transaction terms between the Group with Shaanxi Automobile Holding and/or its associates and the Group with Independent Third Parties of the commercial automobiles and the commercial automobiles and components and others; (b) the price of the commercial automobiles and commercial automobiles and components and others were in line with the prevailing market price of the commercial automobiles and the commercial automobiles and components and others, and (c) such purchases were on normal commercial terms when compared with the terms between the Group offered to the Shaanxi Automobile Holding and/or its associates and offered to Independent Third Parties of the purchases of the commercial automobiles and purchase commercial automobiles and components and others. In addition, various internal control measures will be put in place within the Group to ensure compliance with the terms under the Framework Purchases Agreement (as further discussed in the section headed **“Internal control and compliance with the Listing Rules”** below). As such, we are of the view that the terms of the purchase of the commercial automobiles and purchase commercial automobiles and components and others under the New Framework Agreement for Procurement of Products and Services and the continuing connected transactions contemplated thereunder are on normal commercial terms and are fair and reasonable.

(ii) The proposed annual caps for the lease of assets under the New Framework Agreement for Procurement of Products and Services:

As stated in the Letter from the Board, the proposed annual caps for the lease of assets for the three years ending 31 December 2027 under the New Framework Agreement for Procurement of Products and Services are determined after considering, among other things, (a) the demand for leased premise machinery and equipment, and certain buffer for possible market fluctuations (including fluctuations in leasing market prices and new business volume) and (b) a reasonable buffer for an upward adjustments (including due to inflation or otherwise).

In order to assess the fairness and reasonableness of the proposed annual caps for the lease of assets under the New Framework Agreement for Procurement of Products and Services, we noted that there are four historical transactions for the lease of assets between the Group and Shaanxi Automobile Holdings and/or its associates and Shaanxi Heavy Duty Automobiles and its subsidiaries as following: (a) the leasing contract signed on 30 December 2020 prior to the Company listing in the main board amounted to approximately RMB0.5 million and expiry in October 2025 and (b) the leasing contract signed on 30 December 2020, amounted to approximately RMB2.9 million and expiry in December 2031; (c) the lease contract signed in April 2024 amounted to approximately RMB12.4 million details please refer to the announcement of the Company dated 16 April 2024; and (d) the finance lease contract signed in September 2024 amounted to approximately RMB3.3 million, details please refer to the announcement of the Company dated 14 August 2024.

As advised by the Directors, the Group expect to enter into more lease contracts with the Shaanxi Automobile Holdings and/or its associates and Shaanxi Heavy Duty Automobiles and its subsidiaries for the three years ending 31 December 2027 due to the supply chain manufacturing logistics services provided by the Group is positively correlated with the production volume of commercial automobile manufacturers, and the future development of the commercial automobile industry and the expected increase in the production volume of commercial automobiles from the Shaanxi Automobile Holdings and/or its associates and Shaanxi Heavy Duty Automobiles and its subsidiaries, the Group expects to increase the leasehold area in the later stage of business development by approximately 20% per year from 2025 onwards.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that proposed annual caps for the lease of assets for the three years ending 31 December 2027 under the New Framework Agreement for Procurement of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

5. Entering into the New Framework Agreements for Supply of Products and Services

Reference is made to the Company's Prospectus and circular dated 29 August 2024 in relation to the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement between the Company and Shaanxi Automobile Holding and the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement between the Company and Shaanxi Heavy Duty Automobile. In view of the expiry of such agreements on 31 December 2024, on 18 December 2024, the Company entered into the New Framework Agreement for Procurement of Products and Services with Shaanxi Automobile Holding, the principal terms of which are set out below:

Set out below is a summary of the principal terms of the New Framework Agreements for Supply of Products and Services. Independent Shareholders are advised to read further details of the New Framework Agreements for Supply of Products and Services as disclosed in the Letter from the Board:

Date:	18 December 2024
Parties:	(iii) the Company; and (iv) Shaanxi Heavy Duty Automobile
Term:	Upon being affixed with corporate seals of the parties and approved at the EGM, the agreement shall take effect from 1 January 2025, and expire on 31 December 2027. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and the requirements of the securities regulatory authorities, the New Framework Agreement for Supply of Products and Services may be renewed automatically for a further term of three years from time to time, unless terminated by the Company by notice in writing during its term or for other reasons stated in the agreement. From the date on which the New Framework Agreement for Supply of Products and Services takes effect, the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement is automatically terminated.
Major Matters:	The Group will provide Shaanxi Automobile Holding and its associates with products and services, namely (1) supply chain services, including components collection, transportation, distribution, warehousing, sorting, packaging, precision distribution and other supply chain logistics services, automobile logistics services, etc.; (2) commercial vehicle-related products, i.e., intelligent IoV products, aftermarket products and new energy batteries; (3) data-related services, including platform operation and platform development and other services; and (4) supply chain financial services, including finance lease and factoring services, etc.

Pricing policy:

The sales prices or the services fees of the supply of products and services charged by the Supplier under the New Framework Agreement for Supply of Products and Services will be determined based on the market rate after arm's length negotiations between both parties. The "market rate" represents the price provided by the Group to an independent third party in respect of the same or a similar product or service in the same area on normal commercial terms during the ordinary course of business of the parties. If the market rate is unavailable, it will be determined on a "cost-plus" basis (principle of cost plus a reasonable margin). In particular:

- With respect to the supply chain services, the service fee of supply chain services will be determined based on the market rate. If the market rate is unavailable, the service fee of supply chain services will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Group will update its fee rates in relation to its provision of logistics services on an annual basis by taking into account relevant factors, including but not limited to gasoline and diesel prices, national toll billing policies, transportation methods, management expense, tax rates and reasonable gross profit margins, and for each transaction entered into by both parties under the New Framework Agreement for Supply of Products and Services, the service fee charged by the Group will be in line with such fee rates.
- With respect to the commercial vehicle-related products, the sales price of such products will be determined based on the market rate. If the market rate is unavailable, the sales price of such products will be determined on a "cost-plus" basis. If it is determined on a "cost-plus" basis, the Group will take into account relevant factors, including but not limited to costs of the products, management expense, tax rates and reasonable gross profit margins.
- With respect to the data-related services, the service fee will be determined based on the market rate. If the market rate is unavailable, the service fee will be determined on a "cost-plus" basis. For each transaction entered into by both parties under the New Framework Agreement for Supply of Products and Services, if it is determined on a "cost-plus" basis, the parties will take into account relevant factors, including but not limited to research and development costs, labor and operating costs as well as reasonable gross profit margins.

- With respect to the supply chain financial services, the service fee will be determined based on the market rate. If the market rate is unavailable, the service fee of the supply chain financial services will be determined on a “cost-plus” basis. If it is determined on a “cost-plus” basis, the Group will take into account relevant factors, including but not limited to labor, materials and time cost.

**Settlement and
Payment
Method:**

The rights and obligations of the parties, such as the specific content, charging standard and apportionment and settlement method on the products and services provided by the Group under the New Framework Agreement for Supply of Products and Services, shall be stipulated in a special product supply contract or service supply contract separately signed by the relevant parties.

Whereas the terms of the above special contracts will be negotiated by the relevant parties on an equitable basis, and the Group will ensure that the settlement and payment method stipulated in the special contracts under the New Framework Agreement for Supply of Products and Services shall be no less favourable to the Group than the terms offered by the Group to independent third parties for the same or similar products or services (if any) in the same region, the Board considers that these settlement and payment methods are fair and reasonable.

(a) Reasons for and benefits of Entering into the New Framework Agreements for Supply of Products and Services

It is mentioned in the Letter from the Board that the Group considers that the entering into the New Framework Agreements for Supply of Products and Services would benefit the Group on the following reasons: (i) the Group and Shaanxi Automobile Holdings and its associates are long-standing partners; (ii) prices and terms for the products and services provided by the Group to Shaanxi Automobile Holding and/or its associates are no less favourable than those offered by independent third parties to Shaanxi Automobile Holdings and/or its associates; and (iii) Shaanxi Automobile Holding, including its close associates, is the fourth largest commercial vehicle manufacturer in the commercial vehicle sales market in the PRC, thus the supply of products and services to Shaanxi Automobile Holding and/or its associates will provide the Group with a steady revenue source. Nothing has come to the attention of the Board that would cause it to believe that there is any disadvantages of the transactions contemplated under the New Framework Agreement for Supply of Products and Services for the Group.

(b) Proposed annual caps of New Framework Agreement for Supply of Products and Services

The table below sets out are (i) their actual transaction amount for the two years ended 31 December 2023 and the eight months ended 31 August 2024; and (ii) the proposed annual caps for the three years ending 31 December 2027 as extracted from the Letter from the Board:

	Actual Transaction Amount under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement for the Year Ended/Ending 31 December				Annual Caps under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement for the Year Ended/Ending 31 December				Actual Transaction Amount under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement for the Year Ended/Ending 31 December				Annual Caps under the New Framework Agreement for Supply of Products and Services for the Year Ended 31 December ^{Note 4}				
	2022	2023	2024 ^{Note 1}	(RMB '000)	2022	2023	2024	(RMB '000)	2022	2023	2024	2025	2026	2027			
Supply of commercial vehicle-related products	35,312	60,273	62,669		78,170	110,500	111,600		30,394	93,493	48,334	96,290	100,000	140,600	186,458	212,058	242,058
Intelligent IoT products	N/A	N/A	N/A		N/A	N/A	N/A		0	0	0	7,000	10,000	8,500	15,000	18,000	20,000
Aftermarket products	N/A	N/A	N/A		N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	158,000	96,072	130,383	161,023
New energy battery products ^{Note 3}	59,432	105,250	32,803		146,000	192,000	199,600		222,697	282,611	160,164	350,400	500,500	550,700	410,822	527,664	678,437
Supply of supply chain services	90	41	632		400	500	1,980		10,302	5,927	164	10,700	11,000	13,500	44,060	48,610	52,470
Supply of data-related services	N/A	N/A	N/A		N/A	N/A	190,000		N/A	N/A	N/A	N/A	N/A	460,000	1,030,000	1,117,000	1,098,000
Principal Interest and commission fees	N/A	N/A	N/A		N/A	N/A	6,013		N/A	N/A	N/A	N/A	N/A	2,760	18,805	38,983	52,646
Total	94,834	165,564	96,104		224,570	303,000	509,193		263,393	382,031	208,662	464,390	621,500	1,334,060	1,801,217	2,092,699	2,304,635

Notes:

1. This refers to the actual transaction amount under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement for the eight months ended 31 August 2024.
2. This refers to the actual transaction amount under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement for the eight months ended 31 August 2024.
3. There are three historical transactions for the new energy battery between the Group and Shaanxi Heavy Duty Automobile and its subsidiaries as follows: (i) approximately RMB19.1 million in October 2023, for further details of which please refer to the announcement dated 15 October 2023; (ii) approximately RMB15.5 million in April 2024, for further details of which please refer to the announcement dated 16 April 2024; and (iii) approximately RMB13.4 million in July 2024, for further details of which please refer to the announcement dated 9 July 2024. As these transactions are not covered by the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement, such transaction amounts are not included in the actual transaction amounts for the relevant years under the Shaanxi Heavy Duty Automobile Supply of Products and Services Framework Agreement.
4. The annual caps under the New Framework Agreement for Supply of Products and Services includes Shaanxi Automobiles Holdings and Shaanxi Heavy Duty Automobile.

As stated in the Letter from the Board, the proposed annual caps under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027 are determined after considering, among other things, (i) the historical transaction amounts of products and services supplied to Shaanxi Automobile Holding and/or its associates by the Group; (ii) the current product supply and service capabilities of the Group; (iii) the estimates of the production and sales volume of commercial automobiles manufactured by Shaanxi Automobile Holding and/or its associates and the corresponding demand for the Group's products and services, and the future business development trend of the Group, which will further expand the cooperation with Shaanxi Automobile Holding and/or its associates, which are as follows: (1) Supply of commercial vehicle-related products: For the sales of intelligent IoV products, based on the Group's estimated annual production volume of commercial automobiles produced by Shaanxi Automobile Holding and/or its associates and the adoption rate of intelligent IoV products of the Group as standard features, the Group estimates the growth rate of annual caps of intelligent IoV products sales from 2025 to 2027 at 19%, 14% and 14% respectively. The fluctuation in such growth rates are mainly due to the Group's sales forecast for end screen two-in-one project.

Based on the orders on hand, the Group expects to generate revenue of approximately RMB26.4 million from the sale of end screen two-in-one projects to Shaanxi Automobile Holding and/or its associates in 2024. As the sale of end screen two-in-one project has only commenced in the second half of 2024, and taking consideration of the expectation of the gradual overall upward trend of the industry in the future, from 2025 to 2027, the Group expects to generate revenue of approximately RMB50.5 million, RMB57 million and RMB64 million from the sale of end screen two-in-one projects to Shaanxi Automobile Holding and/or its associates, respectively, and the revenue from the sale of other intelligent IoV products to Shaanxi Automobile Holding and/or its associates is expected to remain at the current level. For the sales of aftermarket products, based on the opportunity arising from the Group providing integrated warehousing, logistics and distribution services to Shaanxi Automobile Holding and/or its associates, the Group proposes to carry out the business of selling components to Shaanxi Automobile Holding and/or its associates. The components sold by the Group to the connected parties are manufactured by independent third parties with different product types from those manufactured by Shaanxi Automobile Holding and/or its associates. Based on the demand that has been made to the Group by Shaanxi Automobile Holding and/or its associates and the estimation of the Group's business, the Group expects to sell 5,000 units of integrated products to Shaanxi Automobile Holding and/or its associates in 2025, and to gradually expand the supply to Shaanxi Automobile Holding and/or its associates at an annual rate of 1,000 units as the market develops in a stable manner. For the sales of new energy batteries, as mentioned above, the Group expects that sales of new energy commercial automobiles will increase significantly in the next three years. Therefore the Group's sales of new energy batteries will further increase on the basis of sales in 2024. It is estimated that 350, 500 and 650 new energy batteries will be sold from 2025 to 2027, respectively. Considering the maturing R&D and technologies for new energy products and the falling raw material market prices, along with the current trend of new energy product prices, a continued decline in product prices can be expected in the coming years. The proposed annual caps for such products under the New Framework Agreement for Supply of Products and Services from 2025

to 2027 are also determined accordingly. The relatively significant increase in such caps as compared to the transaction amounts of new energy batteries between the Group and Shaanxi Automobile Holding and/or its associates in 2024 is mainly because of the Group's adoption of a new sales plan that is more aligned with the future market with reference to the actual sales of new energy automobiles at present and the results of the new market demand survey. (2) Supply of supply chain services: for the annual caps for the supply chain services under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027, as (i) supply chain services are primarily related to the production of commercial automobiles, the Group estimates that Shaanxi Automobile Holding and/or its associates will increase the production of commercial automobiles by approximately 15% per annum; (ii) the further expansion of the Group's customers to provide integrated logistics services (with the addition of some subsidiaries of Shaanxi Automobile Holding) is expected to bring about 10% of the Group's additional business volume; and (iii) we also adopted a buffer of approximately 5%. In view of the above, the annual caps in 2026 and 2027 are also expected to increase by approximately 30% compared with the previous year. (3) Supply of data-related services: as the Group's data service revenue is mainly composed of traffic revenue (i.e. in-vehicle SIM card traffic billing) and automobile loan service revenue (i.e. automobile positioning, automobile locking, customized service solutions, etc.), and according to the historical data, traffic revenue accounts for approximately 30% of data service revenue, and automobile loan service revenue accounts for approximately 70% of data service revenue. Therefore, the annual caps for the provision of data-related services under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027 are also determined based on this structure.

With respect to automobile loan services, it is expected that Shaanxi Automobile Holding and/or its associates will centrally purchase automobile loan-related data services from the Group (previously purchased directly from the Group by third-party customers) in 2025 according to the business adjustments of Shaanxi Automobile Holding and/or its associates. Such business adjustment will result in the change of the automobile loan service revenue previously received by the Group from independent third parties to Shaanxi Automobile Holding and/or its associates, resulting in a significant increase in the transaction amount of data services provided to them compared to previous years. In 2024, the revenue from the automobile loan business of third-party customers was RMB24.86 million. Taking into account the increase in customized projects, the Group expects that the revenue from the automobile loan service in 2025 will increase by approximately 15% on the basis of 2024, and in respect of the caps for 2026 and 2027, a reasonable buffer of 5% will be adopted on the basis of that for 2025. (4) Supply of supply chain financial services: the annual caps for the supply of supply chain financial services under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027 are determined based on the following: (i) the estimated demand for finance lease business of Shaanxi Automobile Holding and/or its associates based on the number of commercial automobiles involved in finance lease and the financing amount, and (ii) the historical accounts receivable held by Shaanxi Automobile Holding and/or its associates which intend to conduct factoring business. The significant increase in the annual caps for supply chain financial services compared to the actual amount in previous years is mainly due to the fact that, Shaanxi Automobile Holding and/or its

associates have optimized the sales model (i.e., providing customers with a comprehensive automobile purchase solution including sales and financing services) in order to further increase the sales volume of commercial automobiles. In this connection, the Group intends to cooperate with Shaanxi Automobile Holding and/or its associates to conduct a new type of finance lease business in addition to the existing finance lease services directly provided to Shaanxi Automobile Holding and/or its associate. Under this business model, Shaanxi Automobile Holding and/or its associates will recommend qualified finance lease customers to the Group, which will provide finance lease services to these recommended automobile purchase customers, and Shaanxi Automobile Holding and/or its associates assist the Group in the post-lease management of the leased automobiles. The principal amount involved in these finance lease businesses will be determined based on the customer's financing needs and will be provided by the Group to the lessee, who will pay the lease payment (including the principal and interest) to the Group. Whereas Shaanxi Automobile Holding and/or its associates under this business model will undertake matters such as customer's referral, assisting in pre-loan review and post-lease management of leased automobiles, which will help reduce the Group's manpower costs and mitigate the overdue risk related to such finance lease businesses, the Group will pay the referral service fee to Shaanxi Automobile Holding and/or its associates. Such referral service fee rates will be determined at the interest rate difference between the service fee rates (calculated based on the principal) charged by the Group to the lessee in relation to such finance lease businesses and the Group's comprehensive costs (including reasonable profits). In particular, the Group's comprehensive costs (including reasonable profits) under such models will be determined after taking into account factors including but not limited to manpower, material and time costs. The service fee rates charged by the Group to the lessee will be determined taking into account the Group's comprehensive costs (including reasonable profits) under such models and the reasonable referral fee payable to the referrer and not lower than the service fee rates charged by the Group to at least two independent third party customers referred by a third party (such as an automobile dealer).

The lessees of finance lease business under such transactions are generally logistics companies of the dealers or end customers of commercial automobiles of Shaanxi Automobile Holding and/or its associates and are third parties independent of the Group. However, as these customers entered into finance lease transactions with the Group on the recommendation of Shaanxi Automobile Holding and/or its associates, the Group considers that such customers constitute the "deemed connected persons" of the Group under Rule 14A.20(1) of the Listing Rules. The Group, therefore, includes the principal amount and income of the Group's transactions with such "deemed connected persons" under the cap. Based on the estimation provided by Shaanxi Automobile Holding and/or its associates regarding the number of commercial automobiles involved in these finance lease operations and the corresponding financing amounts, the principal of these operations from 2025 to 2027 is expected to amount to approximately RMB300 million, RMB392 million and RMB348 million respectively.

(i) Proposed annual cap for the intelligent IoV products under the New Framework Agreement for Supply of Products and Services

In order to assess the fairness and reasonableness of the proposed annual cap for the intelligent IoV products under the New Framework Agreement for Supply of Products and Services, we have obtained the calculation of the proposed annual cap for the intelligent IoV products under the New Framework Agreement for Supply of Products and Services and discussed with the Directors on the basis for determining the proposed annual cap for the intelligent IoV products under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027.

According to proposed annual cap for the intelligent IoV Products, it is determined with reference to (a) the Group's actual transaction amount for the two years ended 31 December 2023 and eight months ended 31 August 2024; and (b) the Group's anticipated transaction amount for the supply of the intelligent IoV products to Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries for the three years ending 31 December 2027.

In addition, we also noted from the proposed annual cap for the intelligent IoV Products that:

- (i) the Group's actual transaction amount under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement and the Group's actual transaction amount under the Shaanxi Heavy Duty Automobile Supply of Products and Service Framework Agreement for the eight months ended 31 August 2024 was approximately RMB111.0 million, representing approximately 44.0% of the existing annual cap of RMB252.2 million for the year ending 31 December 2024; and
- (ii) the Group's anticipated transaction amount for the supply of intelligent IoV products amounted to approximately RMB42.0 million for the period from 1 September 2024 to 31 December 2024. As advised by the Directors, (i) the signed of the supply of intelligent IoV products dated 18 October 2024 and dated 10 November 2024 and amounted to RMB25.1 million during September to November in 2024; (ii) as advised by the Directors, the Group is in negotiation with the Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries about its expected demand of the upgraded and launched end screen two-in-one project (端屏二合一產品) according to their forecast sale volume of commercial vehicles (including the upgraded and launched end screen two-in-one project (端屏二合一產品)) for the three years ending 31 December 2027. We have obtained and reviewed the internal meeting minutes dated October 2024 and November 2024 between the Group with the Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries. Further, we discussed with Directors on the basis and assumption of the forecast sales, we

noted that the expected increase of approximately 15% of each year are based on the expected demand of the upgraded and launched end screen two-in-one project (端屏二合一產品) by Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries from 2025 onwards.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that the proposed annual cap for the intelligent IoV products under the New Framework Agreement for Supply of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

(ii) Proposed annual cap for the aftermarket products under the New Framework Agreement for Supply of Products and Services

In order to assess the fairness and reasonableness of the proposed annual cap for the aftermarket products under the New Framework Agreement for Supply of Products and Services, we have obtained the calculation of the proposed annual cap for the aftermarket products under the New Framework Agreement for Supply of Products and Services and discussed with the Directors on the basis for determining the proposed annual cap for the aftermarket products under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027.

As advised by the Directors, the Group had signed the purchase of the aftermarket products memorandum with the Shaanxi Automobile Holding and/or its associates dated 28 October 2024 which amounted to RMB15.0 million, RMB18.0 million and RMB20.0 million for the three years ending 31 December 2027, respectively. We have obtained and reviewed the signed purchase memorandum, we have discussed with the Directors to understand the Shaanxi Automobile Holding and/or its associates business development plan of the aftermarket products in the future.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that the proposed annual cap for the aftermarket products under the New Framework Agreement for Supply of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

(iii) Proposed annual cap for the new energy battery products under the New Framework Agreement for Supply of Products and Services

In order to assess the fairness and reasonableness of the proposed annual cap for the new energy battery products under the New Framework Agreement for Supply of Products and Services, we have obtained the calculation of the proposed annual cap for the new energy battery products under the New Framework Agreement for Supply of

Products and Services and discussed with the Directors on the basis for the determining the proposed annual cap for the new energy battery products under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027.

According to proposed annual cap for the new energy battery products, it is determined with reference to the Group's anticipated transaction amount for the supply of the new energy battery products to Shaanxi Heavy Duty Automobile and its subsidiaries for the year ending 31 December 2024.

In addition, we also noted from the proposed annual cap for the new energy battery products that:

- (i) there are three discloseable transactions for the new energy battery between the Group and Shaanxi Heavy Duty Automobile and its subsidiaries as following:
 - (i) approximately RMB19.1 million in October 2023, for further detail please refer to the announcement dated 15 October 2023; (ii) approximately RMB15.5 million in April 2024, for further details please refer to the announcement dated 16 April 2024; and (iii) approximately RMB13.4 million in July 2024, for further details please refer to the announcement dated 9 July 2024; and
- (ii) the Group's anticipated transaction amount for the supply of new energy battery products amounted to approximately RMB29.0 million for the period from 1 November 2024 to 31 December 2024.

As advised by the Directors, the proposed annual cap for the new energy battery under the New Framework Agreement for Supply of Products and Services is calculated with reference to the current market situation for the demand of new energy battery products for the three years ending 31 December 2027. The proposed annual cap for the new energy battery products under the New Framework Agreement for Supply of Products and Services are based on the Group's needs for the development of new energy business, which is in line with the Group's overall development strategy and is conducive to improving the aftermarket service industry layout, further enhancing the Group's competitiveness and facilitating the Group's long-term and healthy development. We have obtained and reviewed the internal meeting minutes between the Group and Shaanxi Heavy Duty Automobile and its subsidiaries about the discussion for the demand of new energy battery products for the remaining two months in 2024. Based on our discussion with the Directors, we noted that the basis of the forecast revenue is based on the expected demand of the application in the new energy vehicles by Shaanxi Heavy Duty Automobile and its subsidiaries for the year ending 31 December 2024 according to their forecast sales volume of commercial vehicles for the three years ending 31 December 2027.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that proposed annual cap for the new energy battery under the New Framework Agreement for Supply of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

(iv) Proposed annual cap for the supply of supply chain services under the New Framework Agreement for Supply of Products and Services

In order to assess the fairness and reasonableness of the proposed annual cap for the supply of supply chain services under the New Framework Agreement for Supply of Products and Services, we have obtained the calculation of the proposed annual cap for the supply of supply chain services under the New Framework Agreement for Supply of Products and Services and discussed with the Directors on the basis for determining the proposed annual cap for the supply of supply chain services under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027.

According to proposed annual cap for the supply of supply chain services, it is determined with reference to (a) the Group's actual transaction amount for the two years ended 31 December 2023 and eight months ended 31 August 2024; and (b) the Group's anticipated transaction amount for supply of supply chain services to Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries for the three years ending 31 December 2027.

In addition, we also noted from the proposed annual cap for the supply of supply chain services that:

- (i) the Group's actual transaction amount under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement and the Shaanxi Heavy Duty Automobile Supply of Products and Service Framework Agreement for the eight months ended 31 August 2024 was approximately RMB193.0 million, representing approximately 25.7% of the existing annual cap of RMB750.3 million for the year ending 31 December 2024; and
- (ii) the Group's anticipated transaction amount for the supply of supply chain services amounted to approximately RMB123.5 million for the period from 1 September 2024 to 31 December 2024. As advised by the Director, (i) the signed of the supply of supply chain services contract which amounted to RMB65.2 million between September to November in 2024; and (ii) we have obtained and reviewed the internal meeting minutes dated November 2024 between the Group and Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries about their development plan of the supply chain services in the future, the Group expects to increase in the demand for the supply of supply chain service due to market situation

changes in the assembly plans and locations, their operation needs and business development plan of Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries for the three years ending 31 December 2027.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that the proposed annual cap for the supply of supply chain services under the New Framework Agreement for Supply of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

(v) Proposed annual cap for the supply of data-related services under the New Framework Agreement for Supply of Products and Services

In order to assess the fairness and reasonableness of the proposed annual cap for the supply of data-related services under the New Framework Agreement for Supply of Products and Services, we have obtained the calculation of the proposed annual cap for the supply of data-related services under the New Framework Agreement for Supply of Products and Services and discussed with the Directors on the basis for determining the proposed annual cap for the supply of data-related services under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027.

According to proposed annual cap for the supply of data-related services, it is determined with reference to (a) the Group's actual transaction amount for the two years ended 31 December 2023 and eight months ended 31 August 2024; and (b) the Group's anticipated transaction amount for supply of data-related services to Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries for the three years ending 31 December 2027.

In addition, we also noted from the proposed annual cap for the data-related services that:

- (i) the Group's actual transaction amount under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement and the Shaanxi Heavy Duty Automobile Supply of Products and Service Framework Agreement for the eight months ended 31 August 2024 was approximately RMB0.8 million, representing approximately 5.0% of the existing annual cap of RMB15.0 million for the year ending 31 December 2024; and
- (ii) the Group's anticipated transaction amount for the supply of data-related services amounted to approximately RMB3.6 million for the period from 1 September 2024 to 31 December 2024. As advised by the Director, (i) the signed of the supply of data-related services contract which amounted to RMB2.1 million during September and October in 2024; (ii) the Company is

in negotiation with Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries about three contracts which amounted in RMB1.4 million for the remaining two months in 2024; (iii) the Group expects to increase in demand of data-related services from Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries due to their business development plan on data-related services for the three years ending 31 December 2027.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that the proposed annual cap for the supply of data-related service under the New Framework Agreement for Supply of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

(vi) Proposed Annual Cap for the Supply of Supply Chain Financial Services under the New Framework Agreement for Supply of Products and Services

In order to assess the fairness and reasonableness of the proposed annual cap for the supply of supply chain financial services under the New Framework Agreement for Supply of Products and Services, we have obtained the calculation of the proposed annual cap for the supply of supply chain financial services under the New Framework Agreement for Supply of Products and Services and discussed with the Directors on the basis for determining the proposed annual cap for the supply of supply chain financial services under the New Framework Agreement for Supply of Products and Services for the three years ending 31 December 2027.

According to proposed annual cap for the supply of supply chain financial services, it is determined with reference to (a) the Group's actual transaction amount for the two years ended 31 December 2023 and eight months ended 31 August 2024; and (b) the Group's anticipated transaction amount for the supply of supply chain financial services to Shaanxi Automobile Holding and/or its associates and Shaanxi Heavy Duty Automobile and its subsidiaries for the three years ending 31 December 2027.

In addition, we also noted from the proposed annual cap for the supply of supply chain financial services that:

- (i) the Group's actual transaction amount under the Shaanxi Automobile Holding Supply of Products and Services Framework Agreement and the Shaanxi Heavy Duty Automobile Supply of Products and Service Framework Agreement for the eight months ended 31 August 2024 was approximately RMB20.0 million, representing approximately 3.0% of the existing annual cap of RMB650.0 million for the year ending 31 December 2024;

- (ii) the Group's anticipated transaction amount for the supply of supply chain financial services amounted to approximately RMB232.0 million for the period from 1 September 2024 to 31 December 2024. As advised by the Director, (i) the signed of the supply of supply chain financial services contract which amounted to RMB30.0 million during September to October in 2024; (ii) Shaanxi Automobile Holding and/or its associates have optimised the sales model, which expects to lead the increase the sales volume of commercial automobiles in the future. Based on the above, the Group expect to increase in the demand of the supply chain financial services contracts with the Shaanxi Automobile Holdings and/or its associates and Shaanxi Heavy Duty Automobiles and its subsidiaries due to their operation needs for the three years ending 31 December 2027; and
- (iii) as advised by the Directors, the service fee rates charged by the Group to the lessee will be determined taking into account the Group's comprehensive costs (including reasonable profits) under such models and the reasonable referral fee payable to the referrer and not lower than the service fee rates charged by the Group to at least two independent third party customers referred by a third party (such as an automobile dealer). We have reviewed the basis and obtained the calculation of the services fee rates for the supply chain financial services. We have discussed with the Directors in relation to the basis of determining the service fee rates. We concurred with the Director's view that the service fee rates are determined on the normal commercial terms. Having considered the abovementioned, we concurred with the Director's view that the basis of determining the services fee rates for the supply chain financial services is fair and reasonable.

Having taken into consideration of the factors as aforementioned, we concur with the Directors' view that the proposed annual cap for the supply of the supply chain financial services under the New Framework Agreement for Supply of Products and Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the benefits of the Company and the Independent Shareholders as a whole.

6. Internal control and compliance with the Listing Rules

As referred to the Letter from the Board, the Company has adopted the following internal control procedures to ensure that the continuing connected transactions are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole. In this respect:

- (a) The Group has adopted and implemented a management system for connected transactions. Under this system, the Group designated departments including financial management department, audit department and operation management department will be jointly responsible for reviewing and evaluating the terms of the continuing connected transactions and, in particular, the fairness of the pricing terms

and will provide monthly reports on connected transactions to our management team, which is responsible for ensuring that the annual caps of the continuing connected transactions have not been exceeded and that the pricing of each of the continuing connected transactions remains fair and reasonable. In particular, (i) with respect to the pricing of the transactions contemplated under the New Framework Agreement for Procurement of Products and Services, prior to each purchase of products and/or services from connected persons, the business department of each subsidiary shall (i) (for commercial automobiles, commercial automobiles components produced by Shaanxi Automobile Holdings and its associates specified by the customer and lease of assets) compare quotation list (which is applicable to all customers of the Supplier) for the products/services obtained from the Shaanxi Automobile Holding and/or its associates with the result of market research conducted by the Group (based on the factors such as overall market prices, (i.e., the prices at which independent third-party suppliers sell the same category of products and services to their customers, as learned by the Group through information exchanges with industry peers or suppliers), technical specifications, market share, and order performance of the relevant products and/or services) for analysis, preliminarily determine the prices in the specific agreements for such continuing connected transactions after negotiation with connected persons based on the purchase needs of the Group, (ii) (for other transactions) compare the pricing in the specific agreements for such continuing connected transactions with the quotations of at least two independent third party suppliers who meet the Group's access requirements, to ensure that the pricing in the specific agreements for such continuing connected transactions is determined on normal commercial terms; (iii) submit the pricing in such specific agreements to the financial management department of the subsidiary for review and approval; and (iv) with respect to the pricing of the transactions contemplated under the New Framework Agreement for Supply of Products and Services, prior to each supply of products and/or services to connected persons, the business department of each subsidiary shall (a) (if the market rate is available) compare the pricing in the specific agreements for such continuing connected transactions with the pricing in at least two agreements with independent third parties, to ensure that the pricing in the specific agreements for such continuing connected transactions is determined based on the market rate; or (b) (if the market rate is unavailable, for example, there are no comparable pricing terms for products and/or services that the Group has not supplied to independent third parties) consider the information on the quotations of those products and/or services (if any) provided by the third party suppliers to the connected persons, which will then be provided by the connected persons to the Group, in respect of the products and/or services and the quotations on those products and/or services obtained through exchange of information with industry peers or suppliers (including phone calls and meetings, etc.), and ensure that the pricing in the specific agreements for such continuing connected transactions shall cover the costs incurred and reasonable profits receivable by the Group for the supply of products and/or services to the connected persons, and the pricing terms of the specific agreements are no less favorable than those contained in the aforesaid quotations; (c) submit the pricing in such specific agreements to the financial management department of the

subsidiary for review and approval; (d) the financial management departments shall ensure that the terms of such specific agreements (including but not limited to price and settlement terms) are in compliance with the New Framework Agreement for Procurement of Products and Services and/or the New Framework Agreement for Supply of Products and Services, and submit the pricing in such specific agreements to the deputy general manager and general manager in charge of the business department of such subsidiary and/or the Company (depending on the nature of the business and the size of the transaction) for approval. This can ensure that the pricing of the relevant products and/or services provided/purchased by the Group to/from connected persons is on normal commercial terms; (e) the financial management department of each subsidiary will regularly review the reasonableness of the pricing of the products and services under the New Framework Agreement for Procurement of Products and Services and/or the New Framework Agreement for Supply of Products and Services; and (f) the financial management department of the Group prepares monthly cumulative annual transactions amounts for each continuing connected transaction (as the case may be) and reconciles the cumulative annual transaction amounts for each continuing connected transaction (as the case may be) against the relevant pre-approval caps. If any cumulative annual transaction amount exceeds 70% of the pre-approved annual cap, the relevant continuing connected transaction will be reported to the office of the Board of the Company for monitoring, follow-up and, if necessary, amendment of the annual caps in accordance with the requirements of the Listing Rules. The Group's financial management department conducts quarterly internal reviews and assesses the effectiveness of the relevant internal control measures. According to the Group's policies under the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services for those comparable transactions, we have obtained and reviewed the following agreements: (i) we noted that the purchasing prices and the settlement terms offered by the connected person are similar with the connected person is no less favourable than purchase of products from other independent suppliers; and (ii) for the provision of products and services by the Company to the connected person, we noted that the selling price and the settlement terms offered by the Group are able to ensure the Group shall cover the costs incurred and reasonable profit from the selling of the product to the connect person, and the selling price of the product would be accepted by the purchaser. We also noted that this sales transaction (including but not limited to price and settlement terms) is no less favourable than the supply of products to other independent customers. As such, we are of the view that the internal control measures are sufficient under the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services.

- (b) The independent non-executive Directors will review the continuing connected transactions every year pursuant to Rule 14A.55 of the Listing Rules and confirm in the annual report of the Company that the transactions have been entered into: (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better to our Group; and (iii) according to the agreement governing them

on terms that are fair and reasonable and in the interests of our Shareholders as a whole. If our independent non-executive Directors cannot so confirm, the Company will duly comply with Rule 14A.59 of the Listing Rules by promptly notifying the Stock Exchange and publishing an announcement. The independent non-executive Directors have also reviewed the Company's management system on connected transactions, supervised its implementation, made recommendations to our Board and reviewed and approved connected transactions of the Company and other related matters to the extent authorized by the Board. and

- (c) The external auditor of the Company will conduct annual review and report on the continuing connected transactions pursuant to Rule 14A.56 of the Listing Rules. The Company will disclose in the Company's annual reports the work performed by the external auditor of the Company with respect to the Group's continuing connected transactions and their conclusions on whether anything has come to its attention that causes it to believe that such continuing connected transactions:
 - (i) have not been approved by the Company's board of directors;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
 - (iv) have exceeded the annual caps.

We have reviewed the independent auditor's audit report on continuing connected transactions dated 25 April 2024. As such we are of the view that the Company's auditor will review the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services to confirm whether the transactions thereunder not to exceed the annual cap on a year basis.

Having considered the above, in particular (i) the ongoing monitoring of the transactions under the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services; and (ii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the external auditor of the Company of the terms of the transactions under the New Framework Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services. We have assessed the internal control policy for continuing connected transactions of the Group by discussing with the Directors in relation to internal control procedures and reviewing the internal control policy documents, and noted that the above measures will be implemented. Based on the above and the samples of existing projects we reviewed as abovementioned, we concur with the Board that appropriate and adequate procedures are in place to ensure that the transactions contemplated under the New Framework

Agreement for Procurement of Products and Services and the New Framework Agreement for Supply of Products and Services will be appropriately monitored and are in the ordinary and usual course of business of the Group on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of the Entering into New Framework Agreements for Procurement of Products and Services and the Entering into the New Framework Agreements for Supply of Products and Services are in the ordinary and usual course of business of the Group on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the Entering into New Framework Agreements for Procurement of Products and Services and the Entering into the New Framework Agreements for Supply of Products and Services are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the respective resolution to be proposed at the EGM to approve the Entering into New Framework Agreements for Procurement of Products and Services and the Entering into the New Framework Agreements for Supply of Products and Services.

Yours faithfully,
For and on behalf of
Shanxi Securities
International Capital Limited



Anthony Ng
Managing Director

Mr. Anthony Ng is a licensed person and a responsible officer under the Securities and Future Ordinance to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and has over 25 years' experience in participation and advising in various initial public offerings and transactions involving companies listed in Hong Kong.