

Shanghai Putailai New Energy Technology Co., Ltd.(PTL) Announcement of Investment in the Construction of Swedish Anode Material Production and R&D Base

1、 Investment Overview

Electric vehicles and energy storage are the key technology to reduce the carbon emission of road transport and traditional electric energy. The demand for lithium ion battery cell and material has been increasing globally. As the company's customers have deployed lithium-ion battery production capacity in Europe, the demand from the company's existing European customers is gradually becoming solid and clear. After communicating with interested customers, the construction scale of production capacity has been determined to better serve local customers in Europe.

PTL has been achieving continuous improvement in process engineering and technology in past years. PTL has formed the reduction plan of emission and energy consumption in the production process of anode materials. The company's integrated anode factory will be able to demonstrate the recent improvement, which is located in Chengdu, Sichuan China.

PTL decided to invest in Sweden to actively seize global market opportunities in lithium-ion battery supply chain. The counterpart in Sweden will offer access to Sweden's advantages in green electricity, clean energy, transportation, industrial policies and other resources. PTL will form a long-term development and prompt, stable supporting mechanism with global customers. After thorough investigation, the company decided to establish Zichen Technology (Sweden) Co., Ltd. (Zichen Sweden). Zichen Sweden will carry out the construction of a 100,000-ton integrated production and R&D base for lithium-ion anode materials. The project investment amount is approximately SEK 15.7 billion (or equivalent in other currencies, and the final total project investment is subject to the actual investment). PTL plans to invest about 30% of its own funds, and the planned project loan financing scale is about 70%. Preliminary financing arrangements have been made with domestic and foreign banks and other financial institutions in the early stage.

2、 The Basic Information of the Company to be Established in Sweden

Company name: Zichen Technology (Sweden) AB. (Subject to final approval).

Registered address: Sundsvall, Sweden (subject to final approval).

Registered capital: 10 million SEK (or equivalent in other currencies).

Equity structure: 100% owned by Putailai (PTL)

The above is the proposed registration information, which still needs to be approved or filed by the authority. There is a possibility of subsequent adjustments, and the final approval result of the relevant department shall prevail.

3、 Basic Information of Investment Project

1) Project Name:

100,000 tons of lithium-ion anode material integrated production and R&D base in Sweden.

2) Construction Site: Sundsvall, Sweden (subject to final approval).

3) Total Project Investment:

About SEK 15.7 billion (or equivalent in other currencies, and the final total project investment shall be subject to the actual investment).

4) Funding Source: Internal funding.

5) Project Construction:

Construction of an integrated production and R&D base project with an annual output of 100,000 tons of anode materials. It is expected to have a production capacity of 50,000 tons of anode materials in 2025, and a total production capacity of 100,000 tons of anode materials by the end of 2026 or early 2027 (subjecting to adjust based on actual construction situation).

4、 The Impact of Investment on the Company

The investment in the construction of the Swedish production and R&D base will further improve the company's overseas production capacity. With effective response to customers supply chain requirements, PTL is able to obtain long-term stable overseas business opportunities. PTL will recruit more international talents to enhance the company's R&D strength, which is important to further and stable development of the company leading position in technology.

Shanghai Putailai New Energy Technology Co., Ltd.(PTL)

Board of Directors

May 5, 2023