Upon [**REDACTED**], transactions between us and our connected persons will constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute our continuing connected transactions upon the [**REDACTED**]:

Name of our connected person	Connected Relationship
Yankuang Guohong Chemical	Yankuang Guohong Chemical is a 40% shareholder of Shinghwa Guohong, a subsidiary of our Company, thus a connected person pursuant to Rule 14A.07(1) of the Listing Rules
Yankuang Energy Group Company Limited (兗礦能源集團股份有限公司) ("**Yankuang Energy Group**") . .	Yankuang Energy Group is a fellow subsidiary of Yankuang Guohong Chemical by virtue of the common shareholding held by Shandong Energy Group Co., Ltd. (山東能源集團有限公司) ("**Shandong Energy Group**"), thus an associate of Yankuang Guohong Chemical by virtue of Rule 14A.13(2) of the Listing Rules, thus a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules
Zibo Qixiang Tengda Chemical Co., Ltd. (淄博齊翔騰達化工股份有限公司) ("**Zibo Qixiang Chem**")	Zibo Qixiang Chem is a fellow subsidiary of Yankuang Guohong Chemical by virtue of the common shareholding held by Shandong Energy Group, thus an associate of Yankuang Guohong Chemical by virtue of Rule 14A.13(2) of the Listing Rules, thus a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules
Enchem Group	Enchem Group is a 49% shareholder of Shinghwa Dongying New Energy, a subsidiary of Shinghwa Dongying, a wholly owned subsidiary of our Company, thus a connected person pursuant to Rule 14A.07(1) of the Listing Rules
Shanghai Highchem	Shanghai Highchem is a 15.2% shareholder of Shinghwa Dongying New Materials, a subsidiary of Shinghwa Dongying, a wholly owned subsidiary of our Company, thus a connected person pursuant to Rule 14A.07(1) of the Listing Rules
Sinochem Energy Co., Ltd. (中化能源股份有限公司) ("**Sinochem Energy**")	Sinochem Energy is the holding company of Sinochem Quanzhou. Sinochem Quanzhou is a 45% shareholder of Shinghwa Quanzhou, a subsidiary of our Company, thus a connected person pursuant to Rule 14A.07(1) of the Listing Rules, therefore, Sinochem Energy is an associate of Sinochem Quanzhou by virtue of Rule 14A.13(2) of the Listing Rules, thus a connected person of the Company pursuant to Rule 14A.07(4) of the Listing Rules

ONE-OFF CONNECTED TRANSACTION

Yankuang Property Lease Agreements

Description of the Transaction

Principal Terms

We have entered into (i) a property lease agreement in relation to production premises reserved for DMC production facilities (the "**DMC Production Facility Lease Agreement**"), (ii) a property lease agreement in relation to a parcel of land for the construction of DMSO production facilities (the "**DMSO Production Facility Land Lease Agreement**"), and (iii) a property lease agreement in relation to warehouse and office premises (the "**Warehouse and Office Lease Agreement**", together with the DMC Production Facility Lease Agreement and the DMSO Production Facility Land Lease Agreement, the "**Yankuang Property Lease Agreements**") with Yankuang Guohong Chemical. The landlord of relevant properties in each of the Yankuang Property Lease Agreements is Yankuang Guohong Chemical and the tenant is Shinghwa Guohong. All of the properties are located at No.8888 Guohong Avenue, Zoucheng City, Jining City, Shandong Province (山東省濟寧市鄒城市國宏大道8888號). Further details of the Yankuang Property Lease Agreements are set out below:

Agreement	Date of agreement	Term of the lease	Total Area	Rent
DMC Production Facility Lease Agreement	March 20, 2024	April 29, 2024 to April 28, 2027	27,398.8 sq.m	RMB15.0 per sq.m of land per year
DMSO Production Facility Land Lease Agreement	October 1, 2025	October 1, 2025 to September 30, 2028	27,799.7 sq.m	RMB15.0 per sq.m of land per year
Warehouse and Office Lease Agreement	April 29, 2025	April 29, 2025 to April 28, 2028	2,873.8 sq.m	RMB100.0 per sq.m of land per year

The Yankuang Property Lease Agreements were entered into (i) in the ordinary and usual course of business of our Group, (ii) on an arm's length basis, and (iii) on normal commercial terms with the rent being determined with reference to, among others, the leased acreage and the corresponding property management costs for the leased premises thereunder.

The balance of the lease liabilities, being the present value of the lease payments recognized by our Group in relation to the leased premises in the Yankuang Property Lease Agreements according to IFRS 16 as of December 31, 2025 amounted to RMB1.7 million. For the years ended December 31, 2023, 2024 and 2025, the value of the right-of-use assets acquired by us from Yankuang Guohong Chemical were approximately nil, RMB1.1 million and RMB2.0 million, respectively.

Reasons for and Benefits of the Transaction

As our Group planned to further expand our carbonate business in 2015, leasing idle land and production facilities within the plant area of Yankuang Guohong Chemical presented a more cost-effective solution than constructing new facilities. This consideration formed the basis of our initial cooperation with Yankuang Guohong Chemical, and we continued to lease its premises including warehouses and office buildings as the collaboration deepened following the establishment of Shinghwa Guohong. In recent years, as our Group planned to expand into the DMSO business, and given the availability of additional idle land within the Yankuang Guohong Chemical industrial park, the stable supply of chemicals and raw materials available from Yankuang Guohong Chemical and the longstanding cooperative relationship between the parties, our Group further leased land from Yankuang Guohong Chemical for the development of DMSO-related projects.

In light of the above, our Directors are of the view that such arrangement is fair and reasonable and in the best interest of our Group and our Shareholders as a whole.

Listing Rules Implications

In accordance with IFRS 16 "Leases," our Group recognized a right-of-use asset on the statement of financial position in connection with the lease of the Yankuang Leased Premise from Yankuang Guohong Chemical. Therefore, the lease of the Yankuang Leased Premises from Yankuang Guohong Chemical under the Yankuang Property Lease Agreement is regarded as an acquisition of a capital asset of our Group and a one-off connected transaction entered into by our Group prior to the [**REDACTED**], rather than a continuing connected transaction, for the purposes of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the transactions contemplated under the Yankuang Lease Property Agreements should be aggregated and treated as if they were one transaction. The highest applicable percentage ratios (upon aggregation) for the transactions contemplated under the Yankuang Lease Property Agreements for the purpose of Chapter 14A of the Listing Rules will be less than 0.1%.

Accordingly, the reporting, announcement, annual review, circular and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable to it.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Applicable Listing Rule	Waiver sought
Fully exempt continuing connected transaction			
1. Sale of carbonate series products and 1, 2-Propanediol	Shanghai Highchem	14A.76(1)(b)	N/A

Transaction	Counterparty	Applicable Listing Rule	Waiver sought	Historical Amount	Proposed annual caps for the year ending December 31, 2026
				(RMB)	*(RMB)*
Partially exempt continuing connected transactions					
2. Procurement of carbonate series products	Shanghai Highchem	14A.76(2)	Announcement	For the year ended December 31, 2023: nil 2024: 1.4 million 2025: 20.2 million	120.0 million
Non-exempt continuing connected transactions					
3. Procurement of methanol, carbon dioxide and energy consumption . .	Yankuang Guohong Chemical	14A.105 14A.82	Announcement, circular, and independent Shareholders' approval requirements	For the year ended December 31, 2023: 156.6 million 2024: 148.7 million 2025: 152.0 million	211.7 million

Transaction	Counterparty	Applicable Listing Rule	Waiver sought	Historical Amount	Proposed annual caps for the year ending December 31, 2026
				(RMB)	*(RMB)*
4. Procurement of methanol	Yankuang Energy Group (including its subsidiaries)	14A.105 14A.82	Announcement, circular, and independent Shareholders' approval requirements	For the year ended December 31, 2023: 397.2 million 2024: 239.7 million 2025: 220.9 million	295.3 million
5. Procurement of methyl methacrylate, maleic anhydride, methyl ethyl ketone and propylene oxide	Zibo Qixiang Chem and/or its subsidiaries	14A.105 14A.82	Announcement, circular, and independent Shareholders' approval requirements	For the year ended December 31, 2023: 16.2 million 2024: 38.1 million 2025: 35.0 million	41.9 million
6. Sale of carbonate series products and $LiPF_6$	Enchem Group	14A.105	Announcement, circular, and independent Shareholders' approval requirements	For the year ended December 31, 2023: 157.6 million 2024: 195.4 million 2025: 167.0 million	640.7 million
7. Procurement of ethylene oxide, methanol and energy sale of steam condensate . . .	Sinochem Energy (including its subsidiaries)	14A.105	Announcement, circular, and independent Shareholders' approval requirements	Procurement: For the year ended December 31, 2023: 365.6 million 2024: 351.1 million 2025: 331.4 million Sale: For the year ended December 31, 2023: 1.4 million 2024: 0.4 million 2025: 0.5 million	Procurement: 561.6 million Sale: 0.7 million

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We (including our subsidiaries) have entered into transactions with Shanghai Highchem where sale of carbonate series products and 1, 2-Propanediol to Shanghai Highchem were conducted on normal commercial terms, which will continue after the [**REDACTED**]: The pricing shall be determined based on arm's length negotiations between the parties and with reference to the daily commodity market prices of the chemical being sold, coupled with pricing terms taking into consideration of purchase volume and credits arising from long-term cooperation.

As the highest applicable percentage ratios for the transaction set out above for the purpose of Chapter 14A of the Listing Rules will be less than 1% on an annual basis and the transaction is connected transaction only because connected persons at the subsidiary level are involved, the transactions will constitute de minimis continuing connected transactions of our Company pursuant to Rule 14A.76(1)(b) of the Listing Rules that will be fully exempt from reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

We (including our subsidiaries) have entered into the following transaction in relation to procurement of carbonate series products from Shanghai Highchem on normal commercial terms as detailed below.

As the highest applicable percentage ratios for the abovementioned transactions for the purpose of Chapter 14A of the Listing Rules will be less than 5% on an annual basis, such transaction will constitute a de minimis continuing connected transaction of our Company pursuant to Rule 14A.76(2) of the Listing Rules that will be exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) Shanghai Highchem Procurement Framework Agreement

Parties

(1) Shanghai Highchem and/or its subsidiaries as vendor.

(2) The Company (including its subsidiaries) as purchaser.

Principal Terms

Procurement of carbonate series products by the Company (including its subsidiaries) from Shanghai Highchem on an annual basis.

Reasons for the transactions

Shanghai Highchem is a reputable supplier of high-quality carbonate series products which constitute an essential raw material for our production. As our self-produced volume of carbonates is insufficient to meet our overall production needs, we gradually procure additional quantities from third-party suppliers to ensure the stability and continuity of our operations.

In line with our procurement policy, our Group procures the carbonate series products through a tendering and price-comparison process among multiple suppliers (including independent third-party suppliers), whilst the final procurement decision is primarily based on the price quotation, the suppliers' production capabilities as well as product quality. Leveraging its quality advantages and competitive pricing, Shanghai Highchem has been able to secure transactions with our Group.

Pricing Policies

The pricing shall be determined by the price quotation provided by Shanghai Highchem, which takes into account its production and transportation costs.

Historical Amounts

The total procurement amounts for carbonate series products by us from Shanghai Highchem for each of the years ended December 31, 2023, 2024 and 2025, were approximately nil, RMB1.4 million and RMB20.2 million, respectively. Shanghai Highchem only became capable of producing the relevant products in 2024, during which our Group made only small-batch purchases for quality evaluation purposes. Beginning in August 2025, in response to our increased demand for the carbonate series products, our Group increased its procurement amount of such products from Shanghai Highchem to meet our production requirements.

Annual caps

The total procurement amounts payable to Shanghai Highchem entities for the year ending December 31, 2026 shall not exceed the proposed annual cap of RMB120.0 million.

Basis of annual caps

The above proposed annual caps, subject to successful tendering by Shanghai Highchem, are determined with reference to (i) the projected shortfall in self-produced volume of carbonate series products to meet the forthcoming production needs, (ii) the anticipated increase in downstream demand, and (iii) the expected upward trend in the prices of carbonate series products.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We (including our subsidiaries) have entered into the following transactions with various connected persons of the Company (including their subsidiaries) on normal commercial terms, which will continue after the [**REDACTED**]:

(1) Procurement of methanol, carbon dioxide, energy consumption components from Yankuang Guohong Chemical as detailed below;

(2) Procurement of methanol from Yankuang Energy Group (including its subsidiaries) as detailed below; and

(3) Procurement of methyl methacrylate, maleic anhydride, methyl ethyl ketone, propylene oxide from Zibo Qixiang Chem and/or its subsidiaries as detailed below;

(4) Sale of carbonate series products and $LiPF_6$ to Enchem Group as detailed below; and

(5) Procurement of ethylene oxide, methanol and energy by Shinghwa Quanzhou from Sinochem Energy, and sale of steam condensate to Sinochem Energy by Shinghwa Quanzhou as detailed below.

Since the (i) Yankuang Guohong Chemical Procurement Framework Agreement, (ii) Yankuang Energy Group Procurement Framework Agreement and (iii) Zibo Qixiang Chem Procurement Framework Agreement are connected by virtue of each of the respective contracting parties is a fellow subsidiary of Shandong Energy Group, our Directors consider that the transactions thereunder shall be aggregated and treated as if they were one transaction pursuant to Rules 14A.81

and 14A.82(1) of the Listing Rules. Accordingly, the annual caps in respect of the transactions contemplated under the above mentioned agreements are aggregated, and such aggregate amount is used when calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

(1) Yankuang Guohong Chemical Procurement Framework Agreement

Parties

(1) Yankuang Guohong Chemical as vendor.

(2) Shinghwa Guohong as purchaser.

Principal Terms

Procurement of (i) chemicals namely methanol and carbon dioxide and (ii) energy consumption components including steam, electricity and water by Shinghwa Guohong from Yankuang Guohong Chemical on an annual basis.

Reasons for the transactions

The cooperation between our Group and Yankuang Guohong Chemical began in 2015, and Yankuang Guohong Chemical has become a reliable corporate supplier of Shinghwa Guohong. The production facilities of Yankuang Guohong Chemical relating to its chemical products and energy consumption are all located within the same industrial park where the land and plant premises are leased to Shinghwa Guohong. With the close geographic proximity of these facilities and the delivery of chemical products and consumption components conducted through pipeline transportation, the transportation costs are significantly reduced. In addition, the products and services provided by Yankuang Guohong Chemical have consistently demonstrated reliable quality and are capable of meeting our long-term commercial needs. Our Directors consider that our continuous business relationship with Yankuang Guohong Chemical will support the stability and cost efficiency of our production operations and is beneficial to our Group.

Pricing Policies

The pricing shall be determined by negotiations on an arm's length basis between the parties and (i) for chemicals, with reference to, among others, the formula pricing of chemical products adopted by ICIS (安迅思) (an independent commodity intelligence services provider in the industry) ("**ICIS**"), (ii) for energy components such as water and electricity consumption, computed based on their government-regulated utility prices, and (iii) for energy components such as steam, the prices of coal quoted by cqcoal.com are considered and calculated in accordance with the applicable industry formula.

Historical Amounts

The total procurement amounts for the methanol, carbon dioxide and energy consumption by Shinghwa Guohong from Yankuang Guohong Chemical for each of the years ended December 31, 2023, 2024 and 2025, were approximately RMB156.6 million, RMB148.7 million and RMB152.0 million, respectively.

Annual cap

The total procurement amounts payable to Yankuang Guohong Chemical for the year ending December 31, 2026 shall not exceed the proposed annual cap of RMB211.7 million.

Basis of annual cap

The above proposed annual cap is determined with reference to the following factors:

(i) the historical transaction prices of methanol were relatively low and is expected to increase in the coming year in view of the incremental pricing of its raw materials and recovery of downstream demand;

(ii) expected increase in steam prices in view of the incremental pricing of its raw materials in the coming year; and

(iii) the estimated demand for such chemical products and energy consumption for the year ending December 31, 2026 to support the expected growth in our operational scale and development of our business.

(2) Yankuang Energy Group Procurement Framework Agreement

Parties

(1) Yankuang Energy Group (including its subsidiaries) as vendor.

(2) Our Group as purchaser.

Principal Terms

Procurement of methanol by our Group from Yankuang Energy Group on an annual basis.

Reasons for the transactions

The transactions are entered into under the framework agreement, which specifies periodic minimum and maximum purchase volumes and thereby ensures planning certainty for both parties. Such arrangement enables our Group to secure a stable and uninterrupted supply of methanol, which is critical to our production needs. In addition, the discounted pricing offered by Yankuang Energy Group under the framework agreement is competitive compared with prevailing market levels, allowing our Group to procure methanol on terms that are commercially favorable and conducive to cost efficiency. Our Directors consider that the quality of products offered by Yankuang Energy Group is beneficial to sustain our commercial needs in the long-term.

Pricing Policies

The pricing shall be determined with reference to, among others, the transportation costs and the formula-based pricing of chemical products published by 315i (金聯創) and SCI99 (卓創資訊), both of which are independent third-party commodity intelligence service providers in the industry.

Historical Amounts

The total procurement amounts for the methanol by us from Yankuang Energy Group for each of the years ended December 31, 2023, 2024 and 2025, were approximately RMB397.2 million, RMB239.7 million and RMB220.9 million, respectively.

Annual caps

The total procurement amounts payable to Yankuang Energy Group (including its subsidiaries) for the year ending December 31, 2026 shall not exceed the proposed annual cap of RMB295.3 million.

Basis of annual caps

The above proposed annual caps are determined with reference to (i) the projected procurement volume of methanol from certain subsidiaries of Yankuang Energy Group as determined with reference to the estimated procurement volumes under the framework agreement; and (ii) the expected increase in the price of methanol in the coming year in view of the incremental pricing of its raw materials.

(3) Zibo Qixiang Chem Procurement Framework Agreement

Parties

(1) Zibo Qixiang Chem and/or its subsidiaries as vendor.

(2) Shinghwa Dongying and/or other subsidiaries of our Group as purchaser.

Principal Terms

Procurement of solvents, intermediates, and monomers including but not limited to methyl methacrylate, maleic anhydride, methyl ethyl ketone, propylene oxide, by our Group from the Zibo Qixiang Chem and/or its subsidiaries on an annual basis.

Reasons for the transactions

The Group purchases maleic anhydride from Zibo Qixiang Chem and/or its subsidiaries as they are reputable manufacturers in the maleic anhydride industry, with reliable product quality and stable, scaled supply capability. Leveraging its scale, Zibo Qixiang Chem is able to offer competitive prices, and the Company considers its quotation to be competitive after comparing prices with other suppliers. In addition, Zibo Qixiang Chem has an export advantage, which is conducive to the Company's continued overseas trading business.

For propylene oxide, procurement from Zibo Qixiang Chem and/or its subsidiaries is primarily driven by its proximity to the Group's operations, which effectively reduces transportation costs while ensuring timely delivery. In addition, the supplier's stable product quality and supply capability help ensure continuity of the Group's raw material supply.

Pricing Policies

For maleic anhydride, the purchase price is determined with reference to the supplier's standard quotation, which is consistent with the prices offered by the supplier to other independent third parties. For propylene oxide, the purchase price is determined based on the daily quotation published on the Binhu-Longzhong Information website. Overall, the Company will decide whether to procure after considering such quotation and benchmarking against quotations from other suppliers.

Historical Amounts

The total procurement amounts for the various solvents, intermediates, and monomers by us from Zibo Qixiang Chem group entities for each of the years ended December 31, 2023, 2024 and 2025, were approximately RMB16.2 million, RMB38.1 million and RMB35.0 million, respectively.

Annual caps

The total procurement amounts payable to Zibo Qixiang Chem group entities for the year ending December 31, 2026 shall not exceed the proposed annual cap of RMB41.9 million.

Basis of annual caps

The above proposed annual caps are determined with reference to the expected increase in demand for various solvents, intermediates, and monomers from Zibo Qixiang Chem group, based on forecast of production demand and needs as well as a buffer to transaction amount.

(4) Enchem Group Sale Framework Agreement

Parties

(1) Our Company as vendor.

(2) Enchem Group as purchaser.

Principal Terms

Sale of carbonate series products and $LiPF_6$ to Enchem Group by our Company.

Reasons for the transactions

Enchem Group, being a major enterprise with significant market presence and a large customer base in the industry in South Korea, which has established cross-border business relationships with enterprises in Europe, America and China, is a reliable corporate customer of our Company with a stable procurement amount. Our Directors consider that our continuous business relationship with Enchem Group is beneficial to our Group in terms of our further expansion of our overseas customer base.

Pricing Policies

The pricing shall be determined by negotiations on an arm's length basis between the parties and with reference to (i) the overall prices at which the Company sells products of similar quantity and quality to trade partners in the market and (ii) the guidance prices published by the industry price reference websites (such as Shanghai Metals Market, an internet platform of benchmark prices and analysis of the metals and new energy industry, and Binhu-Longzhong Information website, a data service provider for energy and chemical industry and bulk commodities).

Historical Amounts

The total sales amounts for the carbonate series products and $LiPF_6$ purchased by Enchem Group from us for each of the years ended December 31, 2023, 2024 and 2025, were approximately RMB157.6 million, RMB195.4 million and RMB167.0 million, respectively.

Annual cap

The total procurement amounts payable by Enchem Group to us for the year ending December 31, 2026 shall not exceed the proposed annual cap of 640.7 million.

Basis of annual cap

The above proposed annual cap is determined with reference to the following factors:

(i) the expected increment of prices of carbonate series products and $LiPF_6$;

(ii) the estimated growth in Enchem's demand for our products with reference to the projected increase in its orders; and

(iii) the estimated demand for such sales for the year ending December 31, 2026, which will face significant growth due to rising trade volume of carbonate series products and $LiPF_6$ products resulting from increasing shipment demand driven by new energy industry's projected growth in 2026.

(5) Sinochem Energy Procurement and Sale Framework Agreement

Parties

Procurement:

(1) Sinochem Energy (including its subsidiaries) as vendor.

(2) Shinghwa Quanzhou as purchaser.

Sale:

(1) Shinghwa Quanzhou as vendor.

(2) Sinochem Energy (including its subsidiaries) as purchaser.

Principal Terms

Procurement of ethylene oxide, methanol and energy by Shinghwa Quanzhou from Sinochem Energy, and sale of steam condensate to Sinochem Energy by Shinghwa Quanzhou.

Reasons for the transactions

Sinochem is a reliable corporate partner of Shinghwa Quanzhou since the commencement of the joint venture, where the Group is a minority shareholder in Sinochem Energy. With the close geographic proximity between Sinochem Energy and Shinghwa Quanzou, and the delivery of chemical products conducted through pipeline transportation, the transportation costs are significantly reduced. In addition, the products and services provided by Sinochem Energy have consistently demonstrated reliable quality and are capable of meeting our long-term commercial needs. Our Directors consider that our continuous business relationship with Sinochem Energy will support the stability and cost efficiency of our production operations and is beneficial to our Group in terms of our further expansion.

Pricing Policies

The pricing shall be determined by negotiations on an arm's length basis between the parties and with reference to, among others, the formula pricing of chemical products adopted by ICIS (安迅思) of similar quantity and quality in the open market and energy price issued by the Fujian Provincial Development and Reform Commission.

Historical Amounts

The total procurement amounts for ethylene oxide, methanol and energy by Shinghwa Quanzhou from Sinochem Energy for each of the years ended December 31, 2023, 2024 and 2025, were approximately RMB365.6 million, RMB351.1 million and RMB331.4 million, respectively.

The total sales amounts for steam condensate to Sinochem Energy by Shinghwa Quanzhou for each of the years ended December 31, 2023, 2024 and 2025, were approximately RMB1.4 million, RMB0.4 million and RMB0.5 million, respectively.

Annual caps

The total procurement amounts payable to Sinochem Energy and payable to Shinghwa Quanzhou for the year ending December 31, 2026 shall not exceed the proposed annual caps as set out in the table below:

	Proposed Annual Caps for the year ending December 31
	2026
	(RMB)
procurement amounts payable to Sinochem Energy by Shinghwa Quanzhou	561.6 million
procurement amounts payable by Sinochem Energy to Shinghwa Quanzhou	0.7 million

Basis of annual caps

The above proposed annual caps are determined with reference to the following factors:

(i) the historical transaction amounts procured were relatively low and are expected to increase in the coming year in view of (a) the ramp-up of the expected shipment of our products at our Quanzhou base which will lead to an increase in the demand of raw materials namely ethylene oxide and methanol and (b) the incremental pricing of such raw materials; and

(ii) the historical transaction amounts of energy components including steam and condensate water, with adjustments made for the anticipated increase in our by-products, including steam and condensate water, arising from our planned production expansion.

INTERNAL CONTROL PROCEDURES ADOPTED TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- we have adopted a connected transactions management policy for the purpose of ensuring that our connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole.

- prior to the execution of the connected transactions, the function departments of our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered to Independent Third Parties (as the case may be) to ensure that the terms of such connected transactions shall be no less favorable to our Group than those offered by our Group to Independent Third Parties.

- our independent non-executive Directors and auditors will conduct an annual review of the continuing connected transactions entered into by our Company and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules, and our Company will provide information and supporting documents to the independent non-executive Directors and the auditors to facilitate their annual review.

- When considering any renewal or revisions to the agreements after the [**REDACTED**], the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings or shareholders' general meetings (as the case may be). If the independent Directors' or independent Shareholders' approvals cannot be obtained, we will not continue the transactions under the framework agreement(s) to the extent that they constitute non-exempt continuing connected transactions under rule 14A.35 of the Listing Rules.

APPLICATION FOR WAIVER

In respect of the above transactions as disclosed in "— Partially Exempt Continuing Connected Transactions" and "— Non-exempt Continuing Connected Transactions" in this section, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate amounts of such continuing connected transactions for each financial year shall not exceed the relevant amounts set forth in the annual caps (as stated above).

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) the partially exempt and non-exempt continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

SOLE SPONSOR'S CONFIRMATION

The Sole Sponsor has (i) reviewed the relevant documents and information provided by our Company in relation to the above partially exempt continuing connected transaction and non-exempt continuing connected transactions; (ii) obtained necessary representations and confirmations from our Company and the Directors; and (iii) participated in the due diligence and discussions with the management of our Group.

Based on the above, the Sole Sponsor is of the view that the aforesaid partially-exempt continuing connected transaction, and non-exempt continuing connected transactions, for which a waiver has been sought, have been entered into in the ordinary and usual course of our business on normal commercial terms or better terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps in respect of the partially-exempt continuing connected transaction and non-exempt continuing connected transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.