OUR CONNECTED PERSONS

We have entered into certain transactions in our ordinary course of business, which will constitute continuing connected transactions of the Listing Rules upon [REDACTED], with the following connected persons.

Connected Persons	Connected Relationships
CATL Group	CATL is our substantial shareholder. Therefore, CATL Group will become a connected person of our Group upon [REDACTED].
Tianyi Lithium Industry Group	As of the Latest Practicable Date, Tianyi Lithium Industry was a non-wholly owned subsidiary of our Company, which was held as to 75% by our Group and as to 25% by our substantial shareholder, CATL. Therefore, Tianyi Lithium Industry and its subsidiaries are connected subsidiaries of our Company and will become connected persons of our Company upon [REDACTED].
Trans-easy Logistics Co., Ltd. ("**Trans-easy**") and Tembida Ltd ("**Tembida**") along with their subsidiaries ("**Trans-easy and Tembida Logistics Group")**	As of the Latest Practicable Date, Trans-easy and Tembida were held as to 65% and 100%, respectively, by Mr. Pei Jun, an associate of Mr. Pei. Therefore, Trans-easy and Tembida Logistics Group will become a connected person of our Group upon [REDACTED].

PARTIALLY-EXEMPTED CONTINUING CONNECTED TRANSACTIONS

1. Transactions with Tianyi Lithium Industry Group

Our lithium-ion battery materials business is operated through multiple production bases and operating entities, where the products manufactured are closely related, and the production processes, supply chain arrangements and end-product delivery are highly interdependent. In order to ensure efficient and stable operations, including optimization of production capacity, coordination of supply chain activities and maintenance of operational safety, a certain degree of centralized coordination and integration is required across this business segment. In this context, Tianyi Lithium Industry Group, with Tianyi Lithium Industry being the first operating entity of lithium-ion battery materials business segment, acts as an important operational coordination platform, facilitating the centralized scheduling and coordination of production and operational activities among different production bases and operating entities. As a result of such operational interconnectivity, transactions between Tianyi Lithium Industry Group and other entities within our Group, including the provision and receipt of products and services, arise in the ordinary and usual course of business.

Our Group (excluding Tianyi Lithium Industry Group) procured certain services from Tianyi Lithium Industry Group, including internal management services related to lithium-ion battery materials manufacturing and supply, labor outsourcing services, intangible assets licensing and other professional services (the "**Procurement of Services from Tianyi Lithium Industry Group**"), and in turn provided certain services to Tianyi Lithium Industry Group, including management and administrative services in connection with group-level coordination such as strategic planning, branding and legal compliance, labor outsourcing services, trademark licensing and other professional services (the "**Provision of Services to Tianyi Lithium Industry Group**").

We plan to continue these transactions after the [REDACTED]. To comply with the requirements of the Listing Rules, our Company [has entered] into a procurement framework agreement and a sales framework agreement (collectively, the "**Framework Agreements for Tianyi Lithium Industry Group Connected Transactions**") with Tianyi Lithium Industry (for itself and on behalf of Tianyi Lithium Industry Group) on [•], each for an initial term commencing from the [REDACTED] and ending on December 31, 2028, for the continuing connected transactions between the two parties. Save as disclosed in this document, specific terms and conditions regarding pricing, specifications, delivery and payment will be set out in definitive agreements to be entered into from time to time between relevant parties in accordance with the principles established in the Framework Agreements for Tianyi Lithium Industry Group Connected Transactions.

Details of these connected transactions are set out below:

Nature of the transaction	Counterparty	Waiver sought	Historical amounts during the Track Record Period			Proposed annual caps for the year ending December 31,		
			2023	2024	2025	2026	2027	2028
			(RMB in thousand)					
1. Procurement of services	Tianyi Lithium Industry Group	Announcement requirement	3,669.8	703.8	745.8	31,000	31,000	31,000
2. Provision of services	Tianyi Lithium Industry Group	Announcement requirement	3,021.2	6,079.7	13,579.4	33,500	33,500	33,500

(i) Procurement of Services from Tianyi Lithium Industry Group

Reasons for the Transactions

Tianyi Lithium Industry is a non-wholly owned subsidiary of our Company and serves as the first and an important operating platform within the lithium-ion battery materials business segment of our Group. Prior to the gradual establishment and operational ramp-up of our other production bases and operating entities, certain lithium-ion battery materials manufacturing and supply chain management functions, operational resources and intangible assets were primarily maintained and managed within Tianyi Lithium Industry Group. Currently, leveraging its operational experience in lithium materials, Tianyi Lithium Industry Group supports the coordination of certain operational activities among production bases within our Group.

Given the integrated nature of production network and the operational coordination among different production bases and operating entities within our lithium-ion battery materials segment, our Group (excluding Tianyi Lithium Industry Group) may procure certain services from Tianyi Lithium Industry Group in the ordinary and usual course of business to facilitate the allocation of shared costs among relevant entities in a manner consistent with their respective operational needs, such as (i) internal management services related to lithium-ion battery materials manufacturing and supply to support the establishment and operations of Meishan Facility and other operating entities; (ii) personnel support through internal labor outsourcing arrangements coordinated among production bases where temporary workforce shortages arise due to production fluctuations, seasonal production cycles or project requirements; and (iii) intangible assets licensing and other professional services, including services relating to certain intangible assets like trademarks and operational capabilities that were historically held or developed within Tianyi Lithium Industry Group, in order to supplement internal capabilities and promote efficient utilization of technical resources within our Group.

Pricing Policies

The fees to be paid by our Group (excluding Tianyi Lithium Industry Group) for the services procured from Tianyi Lithium Industry Group shall be determined through commercial negotiation between the parties on an arm's length basis following our internal connected transaction management policies:

(i) *For internal management services*, pricing is generally determined based on a cost-plus approach, taking into account the nature of the services provided and the benefit received by the relevant entities. Where applicable, a reasonable markup is applied with reference to prevailing market practices and comparable service providers. Where such services involve shared or centralized functions, the service fees are determined with reference to appropriate allocation methodologies to reflect the level of services received by each entity, in accordance with applicable laws and regulations.

(ii) *For labor outsourcing services*, which mainly arise from temporary workforce allocation among production bases. The service fee is calculated based on the actual costs incurred by the outsourcing entity, including salaries, social security contributions, travel and other related expenses of the outsourced personnel, without additional profit markup.

(iii) *For intangible assets licensing and other professional services*, we generally adopt a market-based pricing approach where comparable services are available in the market. Prices are determined with reference to the prevailing market prices for comparable services. Where no comparable market price is available, a cost-plus approach may be adopted, with a markup determined with reference to industry benchmarks.

Annual Cap and Basis of Determination

The proposed annual cap of the transaction amount for each of the years ending December 31, 2026, 2027 and 2028 is expected to be not more than RMB31 million, primarily with reference to (i) the operational budgets and service requirements of the relevant production bases, and (ii) the applicable internal cost allocation arrangements governing management services within our Group.

In particular, the proposed annual caps reflect our Group's implementation of formalized cost allocation commencing from 2026, pursuant to which management and administrative expenses that were previously recorded at the group level are allocated among the relevant operating entities. Under such arrangements, costs that can be directly attributed to specific entities are allocated directly, while shared or common costs that cannot be directly attributed are allocated among the relevant entities based on appropriate allocation factors, such as revenue, assets or personnel costs, in accordance with applicable tax regulations and arm's-length principles.

In estimating the expected transaction amount, our Group has also considered the level of management and administrative services expected to be received under the internal cost allocation mechanisms, the anticipated need for temporary workforce support based on projected production requirements and seasonal operational fluctuations, as well as the expected demand for intangible assets licensing and other professional services (such as consulting, technical support, testing and training services) required for our Group's operations.

(ii) Provision of Services to Tianyi Lithium Industry Group

Reasons for the Transactions

As an integrated group with multiple production bases and operating entities within the lithium-ion battery materials business segment, our Group (excluding Tianyi Lithium Industry Group) and Tianyi Lithium Industry Group maintain close operational coordination and we are familiar with the business requirements, quality standards and operational requirements of Tianyi Lithium Industry Group. Accordingly, our Group (excluding Tianyi Lithium Industry Group) may provide certain services to Tianyi Lithium Industry Group in the ordinary and usual course of business as part of our Group's internal operational coordination and cost allocation arrangements, such as (i) management and administrative services in connection with group-level coordination of certain centralized functions, including strategic planning, branding and back-office support such as human resources and legal compliance; (ii) labor outsourcing services involving the flexible deployment of personnel among production bases to address temporary differences in workforce demand; and (iii) trademark licensing and other professional services provided based on operational needs, thereby facilitating internal technical collaboration and efficient resource sharing within our Group.

Pricing Policies

The fees to be charged by our Group (excluding Tianyi Lithium Industry Group) for the services supplied to Tianyi Lithium Industry Group shall be determined through commercial negotiation between the parties on an arm's length basis following our internal policies. The pricing principles for such services to Tianyi Lithium Industry Group are generally consistent with those applied to services procured. Management and administrative service costs are allocated in accordance with the applicable cost allocation mechanisms and include a reasonable markup where applicable. Labor outsourcing services fees are calculated based on the actual costs incurred by the outsourcing entity, and trademark licensing and other professional services are priced with reference to comparable market prices or on a cost-plus basis where market comparables are unavailable.

Annual Cap and Basis of Determination

The proposed annual cap of the transaction amount for each of the years ending December 31, 2026, 2027 and 2028 is expected to be not more than RMB33.5 million, primarily with reference to (i) our Group's annual management expense budgets and the applicable internal cost allocation mechanisms, and (ii) the expected operational needs for services to be provided to Tianyi Lithium Industry Group.

The proposed annual caps reflect the allocation of shared costs and centralized functions among relevant entities following our Group's implementation of formalized costs allocation arrangements since 2026. In addition, the estimate takes into account the expected scope of internal management and administrative services to be provided based on our Group's management expense budgets and allocation methodologies, and also reflects anticipated demand for workforce support services among production bases based on historical personnel deployment patterns and projected production activities, as well as the expected provision of trademark licensing and other professional services (such as consulting, technical support, testing and training services) based on operational needs and past transaction levels.

The proposed annual cap has also been considered together with that for the procurement of services from Tianyi Lithium Industry Group to ensure that the overall scale of such continuing connected transactions remains reasonable and manageable.

2. Transactions with Trans-easy and Tembida Logistics Group

As may be required from time to time, we procure logistics and its associated services from Trans-easy and Tembida Logistics Group (the "**Procurement of Logistics Services from Trans-easy and Tembida Logistics Group**"). To comply with the requirements of the Listing Rules, our Company [has entered] into a logistics services procurement framework agreement (the "**Logistics Services Procurement Framework Agreement**") with Trans-easy and Tembida (on behalf of Trans-easy and Tembida Logistics Group) on [•], for an initial term commencing from the [REDACTED] and ending on December 31, 2028, for the continuing connected transactions among the parties. Save as disclosed in this document, specific terms and conditions regarding pricing, specifications, delivery and payment will be set out in definitive agreements to be entered into from time to time between relevant parties in accordance with the principles established in the Logistics Services Procurement Framework Agreement.

Details of these connected transactions are set out below:

Nature of the transaction	Counterparty	Waiver sought	Historical amounts during the Track Record Period			Proposed annual cap for the year ending December 31,		
			2023	2024	2025	2026	2027	2028
			(RMB in thousand)					
Procurement of logistics services	Trans-easy and Tembida Logistics Group	Announcement requirement	—	6,358.4	190,819.0	200,000	200,000	200,000

Reasons for the Transactions

Trans-easy and Tembida Logistics Group has been providing logistics and its associated services to our Group from time to time. Our Group has ongoing and stable demand for logistics and labor services in respect of the transportation of raw materials, intermediate products, finished products and equipment in the ordinary course of business. Over the years, our Group has maintained a stable business relationship with Trans-easy and Tembida Logistics Group on normal commercial terms. Trans-easy and Tembida Logistics Group possesses relevant experience in logistics services for lithium materials, including transportation relating to the import and export of lithium ore, on-site labor operations and equipment transportation. In addition, it maintains a fleet of transportation vehicles and supporting equipment (such as forklifts) in proximity to our Group's production facilities and key logistics routes, enabling it to provide responsive and reliable logistics support. Given its familiarity with our Group's operational processes and logistics requirements, its ability to secure sufficient transportation capacity, and its proximity to our production bases, our Group considers that continuing to procure logistics services from Trans-easy and Tembida Logistics Group will help ensure the efficient transportation and delivery of our products and materials.

By maintaining such cooperation, our Group is able to enhance the reliability and flexibility of its logistics arrangements, improve transportation efficiency and reduce overall logistics costs, thereby supporting the smooth operation of its procurement and sales activities. The Directors believe that these transactions are conducted in the ordinary and usual course of our Group's business on normal commercial terms, and are conducive to the stable operation and business development of our Group.

Pricing Policies

The service fees payable by our Group to Trans-easy and Tembida Logistics Group for the provision of logistics services will be determined on normal commercial terms and on an arm's length basis, and will be no less favorable to our Group than those offered by Independent Third Party logistics service providers for comparable services under similar conditions through open bidding process. In particular, our Group adopts a combination of competitive tendering and negotiated pricing mechanisms in determining the service fees.

Under the competitive tendering process, Trans-easy and Tembida Logistics Group is invited to participate in bidding alongside other qualified suppliers (with no fewer than three shortlisted suppliers), and the bidding process is conducted through our internal supplier relationship management (SRM) system. The contract is generally awarded based on a lowest-price-wins approach, subject to compliance with our internal evaluation criteria. During the evaluation and negotiation process, our Group also makes reference to internal cost models and relevant market benchmarks to assess the reasonableness of the bid prices. The final pricing determination is subject to internal review and approval procedures at various levels before entering into the relevant logistics service agreements.

In addition, for certain services where it is considered appropriate based on internal business needs and supplier assessment, our Group may adopt a targeted negotiation approach. In such cases, Trans-easy and Tembida Logistics Group may be selected as a designated supplier following internal evaluation, taking into account its cost competitiveness (including with respect to equipment such as forklifts) and relevant market benchmarks. Pricing is then determined through a negotiated process conducted via the SRM system, and is subject to the same internal approval procedures.

The pricing of the logistics services will continue to be primarily determined with reference to prevailing market rates for similar logistics services, taking into account factors such as transportation distance, type and volume of goods, delivery requirements, service scope and prevailing market conditions.

Annual Cap and Basis of Determination

For the years ending December 31, 2026, 2027 and 2028, the proposed annual caps of the transaction amount are expected to be not more than RMB200 million for each year, which is determined based on, among others, the following factors:

(a) the historical transaction amounts between our Group and Trans-easy and Tembida Logistics Group during the Track Record Period in respect of logistics services, reflecting the past scale of cooperation between the parties and providing a reference for estimating future transaction amounts;

(b) the expected demand of our Group for logistics services, taking into account the anticipated growth in our Group's business operations, including the expansion of production capacity, as well as the expected increase in procurement volume and product deliveries; and

(c) potential fluctuations in logistics service fees in the market, including possible changes in transportation costs, fuel prices, labor costs and other operating costs.

NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS

1. Transactions with CATL Group

During our ordinary course of business, we conducted transactions with CATL Group including (i) sales of lithium-ion battery materials and ESD ultra-clean technology products to CATL Group; and (ii) provision of processing services to CATL Group, and we plan to continue these transactions after the [REDACTED]. Details of these connected transactions are set out below:

Nature of the transaction	Counterparty	Waiver sought	Historical amounts during the Track Record Period			Proposed annual cap for the year ending December 31,
			2023	2024	2025	2026
				(RMB in thousand)		
1. Sales of products	CATL Group	Announcement and independent shareholders' approval requirements	2,536,694.2	908,733.5	1,347,578.9	2,000,000
2. Provision of processing services	CATL Group	Announcement and independent shareholders' approval requirements	2,832.1	343,857.7	388,393.8	1,100,000

(i) Sales of Products to CATL Group

Reasons for the Transactions

CATL Group is one of the leading manufacturers of lithium-ion batteries globally and a long-term customer of our Group. Over the years, our Group has established a stable and strategic cooperative relationship with CATL Group on normal commercial terms. Leveraging our high-quality lithium-ion battery materials and reliable delivery capabilities, we have become a supplier within CATL Group's supply chain.

By maintaining stable cooperation and participating in its supply chain, our Group is able to secure relatively stable order volumes, enhance product recognition and strengthen our brand value in the lithium-ion battery materials industry. The Directors believe that these transactions are conducted in the ordinary and usual course of our Group's business on normal commercial terms, and are conducive to the sustainable growth of our Group's revenue and the long-term development of our lithium-ion battery materials business.

Pricing Policies

The consideration payable by CATL Group for the procurement of lithium-ion battery materials and ESD ultra-clean technology products from our Group will be determined on normal commercial terms and on an arm's length basis, and will be no less favorable to our Group than those offered to Independent Third Parties under comparable transactions.

The pricing of lithium-ion battery materials products will primarily be determined with reference to prevailing market prices published by leading industry information platforms, such as Shanghai Metals Market, and will be further negotiated between the parties taking into account market supply and demand conditions. In determining the final price, our Group will also consider factors such as product specifications, order quantity, delivery terms and prevailing market conditions.

In addition, our Group will take into account production costs and historical transaction prices for similar products. Internally, quotations provided to CATL Group are subject to our Group's internal review and approval procedures. In particular, quotation proposals to CATL Group shall be typically reviewed and confirmed by the general manager and the sales director of the relevant business division before being issued to customers.

Annual Cap and Basis of Determination

For the year ending December 31, 2026, the proposed annual cap of the transaction amount is expected to be not more than RMB2,000 million, which is determined based on, among others, the following factors:

(a) the historical transaction amounts between our Group and CATL Group, including the historical sales of lithium-ion battery materials and ESD ultra-clean technology products during the Track Record Period, reflecting the long-term and stable business relationship between the parties and providing a reference for the expected scale of future transactions;

(b) the expected demand of CATL Group for lithium-ion battery materials and ESD ultra-clean technology products in light of its expanding battery production capacity, its procurement plans for key raw materials, and the continued growth in downstream demand for electric vehicles and energy storage systems;

(c) the anticipated growth of our Group's production capacity of lithium-ion battery materials and ESD ultra-clean technology products, including the planned increase in production capacity of battery-grade lithium hydroxide and lithium carbonate; and

(d) potential fluctuations in the market prices of lithium-ion battery materials products, particularly battery-grade lithium hydroxide and lithium carbonate, with reference to prevailing market prices published by industry information platforms (such as Shanghai Metals Market), which may vary in response to changes in supply and demand dynamics in the lithium-ion battery materials market.

(ii) Provision of Processing Services to CATL Group

Reasons for the Transactions

The provision of processing services forms part of our Group's ordinary course of business and the transactions with CATL Group arise from such business activities, enabling us to leverage our processing capabilities and production facilities, enhance capacity utilization and operational efficiency, and maintain stable business cooperation with CATL Group. Our processing services primarily adopt a "toll processing" model, where CATL supplies the main raw materials (such as lithium mica), and we carry out processing according to their product specifications. Upon completion of production, the lithium compound products are delivered to CATL Group or its designated party.

Pricing Policies

The service fees payable by CATL Group will be determined on normal commercial terms and on an arm's length basis. The pricing will be determined with reference to factors including the type of processing services provided, processing costs, labor and utility costs, order volume and prevailing market prices for similar services, and will be no less favorable to our Group than those offered to Independent Third Parties under comparable transactions.

In determining the processing service fees, our Group will also consider the complexity of the processing procedures, the technical requirements specified by CATL Group, the expected production cycle and the utilization of relevant production facilities, to ensure that the prices offered to CATL Group are fair and reasonable.

Annual Cap and Basis of Determination

For the year ending December 31, 2026, the proposed annual cap of the transaction amount is expected to be not more than RMB1,100 million, which is determined based on, among others, the following factors:

(a) the historical transaction amounts for processing services provided to CATL Group, reflecting the scale and growth trend of the cooperation between our Group and CATL Group in relation to lithium battery materials processing services;

(b) the expected demand from CATL Group for processing services in connection with its expanding production scale and the expected increase in demand for battery-grade lithium carbonate and other lithium compound products used in electric vehicles and energy storage systems; and

(c) the anticipated utilization of our Group's processing facilities and production capacity, taking into account the planned production arrangements of our Group and the expected increase in the utilization rate of relevant lithium battery materials processing lines.

2. Transactions with Tianyi Lithium Industry Group

In the ordinary course of business, the operations of our lithium-ion battery materials segment involve a number of practical considerations, including production planning, capacity allocation and utilization across different production bases, customer sales and delivery requirements, as well as the sourcing and availability of raw materials and intermediate products. As these factors may vary from time to time and across different production bases, materials (including finished products, by-products, raw materials, intermediate products and spare parts) may need to be transferred among production bases in order to ensure timely fulfillment of customer orders, continuity of supply and stable production operations. As such, as maybe required from time to time, our Group (excluding Tianyi Lithium Industry Group) purchased materials from Tianyi Lithium Industry Group, primarily consisting of finished products such as battery-grade lithium hydroxide, intermediate products such as mother liquor-grade lithium carbonate, by-products such as sodium sulfate and spare parts (the "**Purchase of Materials from Tianyi Lithium Industry Group**"), and sold certain materials to Tianyi Lithium Industry Group, primarily consisting of raw materials such as lithium concentrate, by-products, intermediate products and spare parts (the "**Sales of Materials to Tianyi Lithium Industry Group**").

We plan to continue these transactions after the [REDACTED] and [have entered] into the Framework Agreements for Tianyi Lithium Industry Group Connected Transactions to establish the terms of such transactions. Please see the paragraph headed "— Partially-exempted Continuing Connected Transactions" of this section for details of the framework agreement.

Details of these connected transactions are set out below:

Nature of the transaction	Counterparty	Waiver sought	Historical amounts during the Track Record Period 2023	2024	2025	Proposed annual cap for the year ending December 31, 2026	2027	2028
			(RMB in thousand)					
1. Purchase of materials	Tianyi Lithium Industry Group	Announcement, circular and independent shareholders' approval requirements	516,686.5	712,393.7	1,532,266.7	2,020,000	2,020,000	2,020,000
2. Sales of materials	Tianyi Lithium Industry Group	Announcement and independent shareholders' approval requirements	1,911,734.1	605,218.0	1,393,109.8	3,411,000	3,411,000	3,411,000

(i) Purchase of Materials from Tianyi Lithium Industry Group

Reasons for the Transactions

Tianyi Lithium Industry Group is principally engaged in the sale of lithium materials and operates certain production bases within the lithium battery materials business segment. As part of the integrated production network across lithium-ion battery materials business segment, Tianyi Lithium Industry Group possesses production capabilities and operational resources that complement those of other production bases.

Our Group (excluding Tianyi Lithium Industry Group) therefore purchases certain materials from Tianyi Lithium Industry Group in the ordinary and usual course of business to facilitate efficient allocation of production resources and ensure operational flexibility. Such purchases primarily include (i) finished products such as battery-grade lithium hydroxide and by-products such as sodium sulfate, where production capacity allocation among production bases or specific customer delivery arrangements require products to be transferred across different production bases in order to ensure timely fulfillment of customer orders; and (ii) intermediate products such as mother liquor-grade lithium carbonate and spare parts, where production plans are adjusted, inventory levels are temporarily insufficient, upstream supply is delayed or urgent equipment maintenance requires replacement parts, thereby ensuring continuity of production operations.

Pricing Policies

The fees to be paid by our Group (excluding Tianyi Lithium Industry Group) for the materials purchased from Tianyi Lithium Industry Group shall be determined through commercial negotiation between the parties on an arm's length basis following our internal policies.

For the purchase of finished products and by-products, our Group generally adopts a market-based pricing approach. The purchase price is determined with reference to prevailing market prices for comparable materials, which ensures that procurement costs are aligned with market conditions.

For the purchase of intermediate products, spare parts and similar items, our Group generally adopts a cost-based pricing mechanism. Prices are determined based on the actual or standard cost of the relevant materials, reflecting the business substance of the transaction.

Annual Cap and Basis of Determination

The proposed annual cap of the transaction amount for each of the years ending December 31, 2026, 2027 and 2028 is expected to be not more than RMB2,020 million, primarily with reference to (i) historical procurement amounts for similar materials and (ii) the expected operational demands of the relevant production bases.

In particular, the annual cap takes into account the stability of upstream raw materials supply, the production plans and operational requirements of the relevant production bases, and the expected consumption of raw materials, intermediate products, spare parts and other operational materials, reflects the anticipated output and consolidation requirements of by-products, as well as the expected level of internal procurement necessary to ensure continuity of production operations and efficient allocation of production resources across production bases.

(ii) Sales of Materials to Tianyi Lithium Industry Group

Reasons for the Transactions

Our Group (excluding Tianyi Lithium Industry Group) may also sell certain materials to Tianyi Lithium Industry Group, primarily involving raw materials such as lithium concentrate, leveraging our Group's access to upstream resources and procurement channels. Intermediate products, and spare parts may similarly be supplied among production bases as part of production planning adjustments, inventory balancing and equipment maintenance arrangements, thereby supporting stable production operations and efficient resource allocation across our Group. In addition, finished products and by-products may be transferred among production bases to facilitate order fulfillment and ensure continuity of supply.

As production requirements, resource availability and customer delivery arrangements may vary from time to time, such transactions arise on a regular basis to ensure continuity of supply and stable production operations, and are conducted in the ordinary and usual course of business.

Pricing Policies

The fees to be charged by our Group (excluding Tianyi Lithium Industry Group) for the materials sold to Tianyi Lithium Industry Group shall be determined through commercial negotiation between the parties on an arm's length basis following our internal policies.

Prices for finished products and by-products are determined with reference to actual production costs and prevailing market prices for comparable products. This approach ensures that the terms of intra-group transactions are comparable to those of external transactions and are consistent with the arm's length principle, thereby reducing potential tax risks. Where no directly comparable market price is available for certain products, we may adopt a cost-plus approach, with a markup determined with reference to industry benchmarks or internal pricing guidelines.

For the sale of raw materials, intermediate products and spare parts, prices are determined primarily based on the actual production or procurement cost of the relevant materials, taking into account the underlying business substance of the transaction.

Annual Cap and Basis of Determination

The proposed annual cap of the transaction amount for each of the years ending December 31, 2026, 2027 and 2028 is expected to be not more than RMB3,411.0 million, primarily with reference to (i) historical transaction amounts for similar product sales and (ii) our Group's expected production output and sales plans.

In estimating the expected transaction amount, our Group has taken into account the expected supply of upstream mineral resources, the annual production plans and capacity allocation among production bases, as well as anticipated market demand for the relevant materials, and reflects the expected level of internal transfers of finished products, raw materials, intermediate products and by-products among production bases in order to facilitate production coordination and timely fulfillment of customer orders.

LISTING RULES IMPLICATIONS

1. Partially-exempted Continuing Connected Transactions

As the highest applicable percentage ratio of each of the Provision of Services to Tianyi Lithium Industry Group, the Procurement of Services from Tianyi Lithium Industry Group and the Procurement of Logistics Services from Trans-easy and Tembida Logistics Group calculated under Chapter 14A of the Listing Rules for each of the three years ending December 31, 2028 is expected to exceed 0.1% but less than 5%, each of the Provision of Services to Tianyi Lithium Industry Group, the Procurement of Services from Tianyi Lithium Industry Group and the Procurement of Logistics Services from Trans-easy and Tembida Logistics Group will, upon [REDACTED], constitute a partially-exempt continuing connected transaction of our Company that are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Provision of Services to Tianyi Lithium Industry Group, the Procurement of Services from Tianyi Lithium Industry Group, the Purchase of Materials from Tianyi Lithium Industry Group and the Sales of Materials to Tianyi Lithium Industry Group are not aggregated with any of each other for the purpose of classification of connected transactions under Rule 14A.82 of the Listing Rules considering the transactions are of different nature or involve different transaction flows.

2. Non-exempted Continuing Connected Transactions

As (i) the highest applicable percentage ratio of each of the transactions contemplated under the paragraph headed "— Non-exempted Continuing Connected Transactions — 1. Transactions with CATL Group" of this section for the year ending December 31, 2026, and (ii) the highest applicable percentage ratio of each of the transactions contemplated under the paragraph headed "— Non-exempted Continuing Connected Transactions — 2. Transactions with Tianyi Lithium Industry Group" of this section for the three years ending December 31, 2028, in each case calculated under Chapter 14A of the Listing Rules, are expected to exceed 5%, such transactions will, upon [REDACTED], constitute non-exempted continuing connected transactions of the Company subject to the annual reporting, announcement and the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

WAIVER APPLICATIONS

1. Partially-exempted Continuing Connected Transactions

As the Provision of Services to Tianyi Lithium Industry Group, the Procurement of Services from Tianyi Lithium Industry Group and the Procurement of Logistics Services from Trans-easy and Tembida Logistics Group are expected to be conducted on a regular and ongoing basis as fully disclosed in this document, our Directors are of the view that compliance with the announcement requirements under Rule 14A.35 of the Listing Rules would be unduly burdensome and in particular would create or increase unnecessary administrative costs for our Company.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the announcement requirements under Chapter 14A of the Listing Rules in relation to the Provision of Services to Tianyi Lithium Industry Group, the Procurement of Services from Tianyi Lithium Industry Group and the Procurement of Logistics Services from Trans-easy and Tembida Logistics Group, provided that the aggregate transaction amount of each of such continuing connected transactions for the three years ending December 31, 2028 shall not exceed the proposed annual caps described above.

2. Non-exempted Continuing Connected Transactions

As the transactions under the paragraph headed "— Non-exempted Continuing Connected Transactions" of this section are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement and/or independent shareholders' approval requirements would be impractical, would add unnecessary administrative costs to us and would be unduly burdensome to us.

Accordingly, we have applied for, and the Stock Exchange [has granted] us, pursuant to Rule 14A.105 of the Listing Rules, waivers from strict compliance with the announcement and independent Shareholders' approval requirements under Rule 14A.35 and Rule 14A.36 of the Listing Rules in respect of these transactions, provided that the total amount of respective transactions for the year ending December 31, 2026 or the three years ending December 31, 2028, where applicable, will not exceed the relevant proposed annual caps as set out in this section. Any material changes to the terms of these continuing connected transactions will be approved by independent Shareholders. The independent non-executive Directors and auditors of our Company will review annually whether these continuing connected transactions have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreement as disclosed in this section pursuant to Rules 14A.55 to 14A.59 of the Listing Rules. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

INTERNAL CONTROL MEASURES

Our Group has an independent internal control, accounting and financial management system as well as an independent finance department which makes financial decisions according to our Group's own business needs. In order to ensure that the terms under the specific agreements to be entered into between Company and the relevant connected persons for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to or from Independent Third Parties, and are carried out under normal commercial terms, we will adopt the following internal control procedures:

(i) our various internal departments will be responsible for the control and daily management in respect of the continuing connected transactions, and evaluating the terms under the specific agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each transaction;

(ii) our various internal departments will regularly monitor the fulfillment status of the annual caps and the transaction updates under the specific agreements to be entered into between Company and the relevant connected persons; and

(iii) our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions and provide annual confirmation to ensure that, in accordance with the Listing Rules, the transactions are conducted in accordance with the terms of the relevant framework agreements (if any), on normal commercial terms and in accordance with the relevant pricing policies.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that (i) the continuing connected transactions as set out in this section have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, which are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) the proposed annual caps for such continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have (i) reviewed the relevant documents and information provided by our Company in relation to the continuing connected transactions in this section; (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 aforementioned, the Joint Sponsors are of the view that (i) the continuing connected transactions as set out in this section, for which waivers have been sought, have been entered into in the ordinary and usual course of our business on normal commercial terms that are fair and reasonable and in the interest of our Company and the Shareholders as a whole; and (ii) the proposed annual caps of these transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.