

CONNECTED TRANSACTIONS

OVERVIEW

We have, in our ordinary and usual course of business, entered into certain transactions with entities that will become our connected persons (as defined under Chapter 14A of the Hong Kong Listing Rules) upon [REDACTED]. Such transactions will continue after the [REDACTED] and will therefore constitute our continuing connected transactions under the Hong Kong Listing Rules.

CONNECTED PERSONS

The table below sets forth certain parties who will become our connected persons upon [REDACTED] and have entered into certain transactions with us which will constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules:

Name of Connected Person	Description of Connected Relationship
Shenzhen Yubang Investment Management Co., Ltd. (深圳宇邦投資管理有限公司) (“Shenzhen Yubang”)	As of the Latest Practicable Date, Shenzhen Yubang is held by Mr. Qin (our executive Director and member of our Controlling Shareholders Group) as to approximately 40.20% and therefore is an associate of connected person of our Company.
Nippon Shokubai Co., Ltd. (株式會社日本觸媒) (“Nippon Shokubai”, together with its subsidiaries, “Nippon Shokubai Group”) ⁽¹⁾	As of the Latest Practicable Date, Nippon Shokubai holds 38% equity interest in Hunan Fluopont, our subsidiary, and therefore is a connected person at subsidiary level of our Company.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of Transaction	Applicable Listing Rules	Waiver sought	Proposed annual caps for the year ending December 31,			
			2026	2027	2028	
			(RMB'000)			
Fully Exempt Continuing Connected Transactions						
1. . . Property Rental Framework Agreement	14A.76(1)(a)	N/A	40	40	40	
2. . . Nippon Shokubai IP License Framework Agreement	14A.76(1)(b)	N/A	9,000	26,000	35,000	
Partially Exempt Continuing Connected Transaction						
3. . . Nippon Shokubai Products Sales Framework Agreement	14A.34, 14A.35, 14A.49, 14A.51 to 14A.59, 14A.71, 14A.76(2)(a) and 14A.105	Announcement requirement	61,000	129,000	176,000	

Note:

- (1) Nippon Shokubai, a company listed on the Tokyo Stock Exchange (stock code: 4114), is principally engaged in the production and sale of chemical materials, including but not limited to ethylene oxide, acrylic acid, acrylate esters and superabsorbent polymers, which are mainly used in the field of daily use materials, building and construction, etc. Its primary customers are large industrial enterprises, and its geographical coverage spans Asia, Europe, North America and Japan. To the best knowledge of our Company, our Directors believe that there is no actual or potential competition between the business of Nippon Shokubai and that of our Company.

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FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions are conducted in the ordinary course of business of our Group and on normal commercial terms or better, where each of the relevant percentage ratios (except for the profits ratio) for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will, as the Directors of our Company currently expect, be less than 0.1% (or 1% if such transaction only involves a connected person at the subsidiary level) on an annual basis. By virtue of Rule 14A.76(1)(a) and (b) of the Listing Rules, the transactions will be exempted from the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

1. Property Rental Framework Agreement

We entered into a property renting framework agreement (the “**Property Rental Framework Agreement**”) with Shenzhen Yubang on [●], 2026, pursuant to which our Group agreed to lease certain properties to the Shenzhen Yubang and its associates from time to time in the ordinary course of business and operation. The pricing policy (including but not limited to the rent to be paid by Shenzhen Yubang, payment progress and method) was determined by the parties on normal commercial terms, negotiated at arm’s length basis, with reference to, among others, (i) the prevailing market rent in respect of similar properties in the nearby area or similar locations; (ii) the conditions of the property, including but not limited to its facilities associated with the property, the property area, quality and surrounding environment; and (iii) the historical rents during the Track Record Period and the estimated trend in the prevailing market rent in the future. The initial term of the Property Rental Framework Agreement will commence on the [REDACTED] and end on December 31, 2028, and will be automatically renewed for a further term of three years unless otherwise agreed between parties thereto. Both parties and their respective subsidiaries or associates could enter into separate underlying agreements which will set out the specific terms and conditions according to the principles provided in the Property Rental Framework Agreement.

Historically, Shenzhen Yubang has rented certain properties from our Group for its offices and business uses. It is expected that Shenzhen Yubang will continue to rent such properties from our Group upon [REDACTED].

Taking into account the gross area leased, and the consideration received by us for such lease during the Track Record Period, our Directors currently expect that all the relevant percentage ratios for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Therefore, such transactions are de minimis transactions and will be exempted from the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

2. Nippon Shokubai IP License Framework Agreement

We entered into an IP license framework agreement with Nippon Shokubai on [●], 2026 (the “**Nippon Shokubai IP License Framework Agreement**”), pursuant to which Nippon Shokubai Group has agreed to grant our Group license to use certain patents and patent technology (“**IP rights**”) for our business operation from time to time by entering into specific agreements by relevant parties. The initial term of the Nippon Shokubai IP License Framework Agreement will commence on the [REDACTED] and shall remain in effect until the termination or expiry of the underlying specific IP rights license agreements, which is expected to exceed three years. Separate underlying agreements will be entered into which will set out the precise scope of IP rights, IP license fees calculation, method of payment and other details

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in the manner provided in the Nippon Shokubai IP License Framework Agreement. The pricing for the licensing of IP rights was determined by Nippon Shokubai and our Group on normal commercial terms, negotiated at arm’s length basis based on the parties’ assessment of the IP rights’ usage proportion in production as well as the operational performance of the Group and quality of IP rights. For the avoidance of doubt, all specific agreements entered into prior to the date of the Nippon Shokubai IP License Framework Agreement (to the extent which cover IP rights licensing which will continue to be in force after the [REDACTED]) shall be treated as specific agreements made pursuant to the Nippon Shokubai IP License Framework Agreement as from the [REDACTED].

Certain subsidiary of our Company has been historically using such IP rights for research and production purposes. Nippon Shokubai Group has agreed to continue to license us with such IP rights in accordance with specific agreement entered into or to be entered into by relevant parties after arm’s length negotiation. In recognition of the importance of such IP rights, we believe that continuing to use such IP rights upon [REDACTED] is in the best interest of our Group and the Shareholders as a whole.

As required by Rule 14A.52 of the Listing Rules, the period for the agreement for the continuing connected transactions must not exceed three years, except in cases where nature of the transaction requires the agreement to be of a duration longer than three years. The Directors (including our independent non-executive Directors) are of the view that the Nippon Shokubai IP License Framework Agreement was entered into on normal commercial terms and a longer duration of the license agreement will avoid any unnecessary business interruption and help ensure the long-term stable business development and continuity of our R&D and production, which we consider essential to remain market recognition, and it is normal business practice for IP licensing agreements of similar type to be entered into for such duration. The Directors (including our independent non-executive Directors) are of the view that it is in the interests of our Company and the Shareholders as a whole to enter into the Nippon Shokubai IP License Framework Agreement with a term longer than three years. The Joint Sponsors are of the view that nothing causes them to believe that it is not a normal business practice for similar IP licensing agreements to be of a term of longer than three years.

Our Directors currently expect that all the relevant percentage ratios for transactions under the Nippon Shokubai IP License Framework Agreement calculated under Chapter 14A of the Listing Rules will be less than 1% on an annual basis, and such transaction is with a connected person at the subsidiary level. Therefore, such transactions are de minimis transactions and will be fully exempt from the reporting, annual review, announcement, circular and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

The following transaction is conducted in the ordinary and usual course of business of our Group and on normal commercial terms or better, where the highest percentage ratio for the three years ending December 31, 2028 calculated for the purpose of Chapter 14A of the Listing Rules will, as our Directors currently expect, be more than 1% (since the transaction only involves the connected person at the subsidiary level) but less than 5% on an annual basis. By virtue of Rules 14A.49, 14A.71, 14A.35 and 14A.76(2)(a) of the Listing Rules, the transaction will be subject to the reporting, annual review and announcement requirements, but is exempted from the circular and independent Shareholders’ approval requirement.

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3. Nippon Shokubai Products Sales Framework Agreement

Parties

Nippon Shokubai (for itself and on behalf of Nippon Shokubai Group, as purchaser); and

Our Company (for itself and on behalf of its subsidiaries, as supplier)

Principal Terms

We entered into a framework agreement with Nippon Shokubai (for itself and on behalf of Nippon Shokubai Group) on [●], 2026 (the “**Nippon Shokubai Products Sales Framework Agreement**”), pursuant to which, our Group may, from time to time, sell to Nippon Shokubai Group certain products, including but not limited to chemicals used in the production of capacitors and batteries, such as LiFSI.

The initial term of the Nippon Shokubai Products Sales Framework Agreement shall commence on the [REDACTED] and end on December 31, 2028, subject to renewal upon, among others, the mutual agreement of both parties thereto. Both parties or their respective subsidiaries will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of comprehensive products according to the principles provided in the Nippon Shokubai Products Sales Framework Agreement.

Reasons for the Transaction

As illustrated above, our Group and Nippon Shokubai Group have maintained a stable relationship regarding IP licensing, and is further reinforced by ongoing product purchase and sale transactions. The collaboration, which combines Nippon Shokubai Group’s advanced IP technology with our production capabilities, provides great benefits and advantages to our manufacture. Further, under the shareholders’ agreement of Hunan Fluopont, the joint venture established by our Company and Nippon Shokubai, LiFSI produced by Hunan Fluopont will be sold to our Company and Nippon Shokubai at pre-agreed ratio. Our Directors believe that maintaining this business relationship with Nippon Shokubai Group will facilitate our current and future business operations and enhance our supply chain synergy strategy.

The transactions will be conducted on terms no less favourable than those offered to Independent Third Parties, which is in the interests of our Group and the Shareholders as a whole.

Pricing policies

The fees for the products to be sold by our Group to Nippon Shokubai Group shall be determined on normal commercial terms, negotiated at arm’s length basis, with reference to the nature, type and quality of the products, the prevailing market price of similar products and the sales shall be on terms no less favourable to our Group than those prevailing in the market for products of the same or comparable type, nature and quality. Our Group will periodically review transaction terms by collecting relevant market information and comparing with transactions involving Independent Third Parties.

The exact selling prices and the payment terms will be finalized on an arm’s length basis in separate underlying contracts, in accordance with the principles set out in the Nippon Shokubai Products Sales Framework Agreement.

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Historical amount

The product sales transactions between our Group and Nippon Shokubai Group commenced in December 2025. For the year ended December 31, 2025 and the six months ended June 30, 2026, the total transaction amount between the parties amounted to approximately RMB1.1 million and RMB0.6 million, respectively.

Annual caps and basis thereof

The maximum aggregate annual transaction amounts under the Nippon Shokubai Products Sales Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	Year Ended December 31,		
	2026	2027	2028
	(RMB'000)		
Transaction amount to be paid by Nippon Shokubai Group to us	61,000	129,000	176,000

The above proposed annual caps are determined with reference to:

- (a) the estimated transaction amount between the Nippon Shokubai Group and our Group. We anticipate that our LiFSI production capacity will expand significantly from 2026 to 2028 through Phase 3.1 and Phase 3.2 of the Hunan Fluopont Novel Lithium Salt Capacity Expansion Project, which has been approved by the Board in April 2026. Phase 3.1 will deliver 3,000 tonnes of annual capacity in 2026, and Phase 3.2 will add a further 7,000 tonnes in 2027, bringing a total of 10,000 tonnes per year. It is also expected that a relatively stable proportion of the total sales volume of LiFSI by our Group will be supplied to Nippon Shokubai Group. Therefore, the resulting increase in production capacity is projected to correspondingly drive sales growth from our Group to Nippon Shokubai Group; and
- (b) the estimated pricing for the products, with reference to historical price levels and arm's length pricing principles, which is expected to be relatively stable from 2026 to 2028.

Listing Rules Implications

As the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules in respect of the annual caps under the Nippon Shokubai Products Sales Framework Agreement is expected to be above 1% but less than 5%, and the transaction is with a connected person at the subsidiary level, the transaction contemplated thereunder is exempt from the circular and independent Shareholders' approval requirement under Rule 14A.101 of the Listing Rules, but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

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INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), we have established the following internal control measures in relation to the transaction under the subsection headed “— Partially Exempt Continuing Connected Transaction” to closely monitor such connected transactions and ensure that our existing and future connected transactions are on normal commercial terms that are no less favourable to our Group than terms available to or offered by Independent Third Parties:

- We have adopted a connected transaction management policy for the purpose of ensuring that connected transactions of our Group will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;
- We have put in place a series of internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;
- Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transaction contemplated under the subsection headed “— Partially Exempt Continuing Connected Transaction” entered into by our Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transaction has been entered into in the ordinary and usual course of business of our Group, is on normal commercial terms and is in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transaction has not been approved by the Board, is not in accordance with the pricing policies of our Group in all material respects, is not entered into in accordance with the relevant agreements in all material respects or has exceeded the annual cap; and
- When considering any renewal or revisions to the Nippon Shokubai Products Sales Framework Agreement after the [REDACTED], the interested Directors and/or Shareholders shall abstain from voting on the resolutions to approve such transactions at board meetings and/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 Nippon Shokubai Products Sales Framework Agreement to the extent that they constitute non-exempt continuing connected transactions under Rule 14A.35 of the Listing Rules.

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WAIVERS FROM STRICT COMPLIANCE WITH THE HONG KONG LISTING RULES

Under Rule 14A.76(2) of the Listing Rules, the transaction under the subsection headed “— Partially Exempt Continuing Connected Transaction” will constitute our continuing connected transaction subject to those requirements under Chapter 14A of the Listing Rules (as the case may be).

As the partially exempt continuing connected transaction is expected to continue on a recurring and continuing basis and has been fully disclosed in this document, our Directors consider that compliance with the announcement would be impractical, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], pursuant to Rule 14A.105 of the Listing Rules, waivers exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transaction as disclosed in “— Partially Exempt Continuing Connected Transactions” in this section, subject to the condition that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the relevant amount set forth in the respective annual cap (as stated above). The independent non-executive Directors and auditors of the Company will review whether the transactions under the above partially exempt continuing connected transaction have been entered into pursuant to the principal terms and pricing policies under the relevant framework agreement as disclosed in this section. The confirmation from our independent non-executive Directors and our auditors will be disclosed annually according to the requirements of the Listing Rules.

Apart from the announcement requirement for which a waiver is sought, the Company will comply with all other applicable requirements under Chapter 14A of the Listing Rules. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

CONFIRMATION OF OUR DIRECTORS

Our Directors (including independent non-executive Directors) are of the view that: (i) the continuing connected transaction under the subsection headed “— Partially Exempt Continuing Connected Transactions” has been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transaction under the subsection headed “— Partially Exempt Continuing Connected Transactions” are fair and reasonable and in the interests of our Company and Shareholders as a whole.

CONFIRMATION OF THE JOINT SPONSORS

The Joint Sponsors are of the view that: (i) the continuing connected transaction under the subsection headed “— Partially Exempt Continuing Connected Transactions” has been and will be carried out in our ordinary and usual course of business and on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and Shareholders as a whole; and (ii) the proposed annual caps of the continuing connected transactions under the subsection headed “— Partially Exempt Continuing Connected Transactions” are fair and reasonable and in the interests of our Company and Shareholders as a whole.