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Qingdao Gon Technology Co., Ltd.
青島國恩科技股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2768)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSABLE TRANSACTION IN RELATION TO ACQUISITION OF 80% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement (the "**Announcement**") of Qingdao Gon Technology Co., Ltd. (the "**Company**") dated 12 October 2026 in relation to the acquisition of 80% equity interest in Sichuan Zhongfuneng New Material Technology Co., Ltd.* (四川中氟能新材料科技有限公司) (the "**Target Company**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company wishes to provide the Shareholders and potential investors with the following supplemental information in relation to the Acquisition.

SUPPLEMENTAL INFORMATION IN RELATION TO THE BASIS OF THE CONSIDERATION AND VALUATION OF THE TARGET COMPANY

Information of the Target Company

Founded in 2022 and headquartered in Ya'an City, Sichuan Province, the Target Company has a registered capital of RMB500 million. Its core team boasts over two decades of profound expertise in the fluorine chemical industry. Its core products include sulfur hexafluoride (SF_6), carbon tetrafluoride (CF_4), and nitrogen trifluoride (NF_3). Additionally, it possesses the complete production processes and core technologies for tungsten hexafluoride (WF_6). Its product applications cover high-end manufacturing sectors such as electrical insulation, semiconductor manufacturing, and liquid crystal display (LCD) panels.

The Target Company possesses proprietary expertise in key electrolytic cell and distillation process technologies. The purity level of its products can consistently reach up to 99.9999%. In the power insulation sector, the Target Company is a core supplier in the fields of global ultra-high-voltage (UHV) and extra-high-voltage (EHV) power transmission and distribution insulation, as well as major power infrastructure projects. Its customer base covers leading domestic and international power operators, and it serves as a stable supplier to major power equipment manufacturers in both the PRC and overseas markets. In the semiconductor and display sector, the Target Company's high-purification technology for nitrogen trifluoride (NF_3) is capable of achieving a purity level of 6N. The content of carbon tetrafluoride (CF_4), a key impurity, can be consistently controlled at below 2 ppm. The Target Company has currently achieved stable supply of such products and has obtained qualified supplier accreditation from internationally top enterprises. In addition, the Target Company has planned a 900-tonne-per-annum tungsten hexafluoride (WF_6) project, and the 100-tonne-per-annum pilot production project for tungsten hexafluoride (WF_6) is currently under implementation. Once completed and commissioned, the project will help enhance the domestic supply chain ecosystem and leverage its products to expand into overseas markets, thereby further elevating its global supply capabilities in specialty electronic gases.

The Target Company adopts an integrated production and sales management mechanism under which production is arranged based on sales orders and procurement is conducted based on production requirements. Its products are primarily sold through direct sales channels, supplemented by distributorship arrangements.

Through its operations, the Target Company has accumulated substantial technological expertise and R&D experience in the field of electronic specialty gases. Its core technologies are primarily embodied in proprietary know-how, process technologies and other non-patented technologies, and it possesses technical capabilities in areas including the research and development of high-purity materials, impurity control, and analytical testing. The Target Company owns the following registered trademark:

Trademark	Place of Registration	Registration Number	Class	Validity Period
	China	74212588	1	7 April 2024 to 6 April 2034

Historical Financial Performance

Set out below is a summary of the financial information of the Target Company for the two financial years ended 31 December 2025:

	For the years ended	
	31 December 2024	**31 December 2025**
	(Unaudited)	**(Audited)**
	RMB	*RMB*
Revenue	27,603,169	377,355,205
Profit (loss) before taxation	(3,232,970)	85,400,877
Profit (loss) after taxation	(2,954,593)	71,210,334

Valuation Methodology

The Company engaged the Valuer to conduct a Valuation of the entire shareholders' equity interest in the Target Company. According to the Target Company Valuation Report, both the asset-based approach and the income approach were adopted for the purpose of the Valuation.

The asset-based approach determines value from the perspective of replacement cost by assessing the value of the assets and liabilities recorded on the balance sheet of the Target Company, together with identifiable off-balance-sheet assets and liabilities, as at the Appraisal Benchmark Date. Accordingly, it primarily reflects the replacement value of the existing assets of the Target Company. The income approach determines value from the perspective of the future earning capacity of the Target Company and reflects the overall profitability of the various assets of the enterprise.

Target Company Valuation Report has adopted both the asset-based approach and the income approach. The Board is of the view that the Target Company Valuation Report has provided a comprehensive explanation of the differences between the two appraisal methods. The Target Company has completed its infrastructure and most of its production facilities construction and possesses advanced production technologies and adequate production capacity. It has also gradually established stable customer relationships, thereby laying a solid foundation for its future sustainable profitability. As the Target Company's business direction and operating model have become relatively well-defined and it has demonstrated strong profitability and operating performance, and its future earnings can be reasonably forecast, the Valuation conclusion under the income approach is able to better reflect the Target Company's overall growth prospects and earning capability. It is also more consistent with market requirements and international practice and provides a more comprehensive reflection of the value of the shareholders' equity of the Target Company. Based on the foregoing, the Board is of the view that the income approach is more appropriate and is able to more comprehensively reflect the value of the shareholders' equity of the Target Company.

Further Summary of the Target Company Valuation Report – Selection of Main Parameters in Applying the Income Approach

The main parameters applied under the income approach are determined as follows:

(1) Income Period

Having considered the historical development, operating history, current industry conditions and future growth prospects of the Target Company, the income period was determined on a perpetual basis. The earnings forecast was divided into two stages: (i) a five-year detailed forecast period, which was considered sufficient for the Target Company's operations to reach a relatively stable level, taking into account the development stage of its principal products and its specific circumstances; and (ii) the perpetual period, i.e., the period after 2031 which represents the steady-state forecast period, during which profitability metrics will remain stable.

(2) Income Indicator

Based on the specific circumstances of the Target Company, enterprise free cash flow is used as the income indicator for operating assets.

Enterprise Free Cash Flow = Net Profit + Depreciation and Amortisation + After-tax Interest Expense – Increase in Working Capital – Capital Expenditure

The timing of expected income realisation is determined based on the average realisation of expected income in the operating year, set at the midpoint of each calendar year.

(i) Net Profit

Net Profit was derived with reference to the projected profit and loss performance of the Target Company.

The Net Profit forecast is as follows:

Currency: RMB

	August-December 2026	2027	2028	2029	2030	2031	Perpetual Year
Net Profit	43,943,800	130,326,800	160,085,800	184,101,300	198,663,500	212,777,100	221,097,100

(ii) Depreciation and Amortisation

Depreciation and amortisation were determined with reference to the projected utilisation of the relevant assets. The Target Company's existing fixed assets were generally in normal operating condition, and the current scale and configuration of such fixed assets were considered sufficient to support its ongoing business operations. In addition, certain projects under construction were still at the development stage. Accordingly, projected depreciation comprised depreciation charges relating to the retained fixed assets (with replacement assets assumed to be acquired upon retirement and depreciation continuing thereafter) together with the depreciation charges attributable to the projects under construction upon commencement of operation.

Amortisation of intangible assets was mainly estimated based on their respective historical carrying values and remaining amortisation periods. For the terminal period, in order to facilitate the Valuation calculation, depreciation and amortisation charges were determined by discounting the projected depreciation and amortisation amounts over the remaining economic lives of the relevant assets and converting the resulting present value into an equivalent annual amount.

The depreciation and amortisation forecast is as follows:

Currency: RMB

	August-December 2026	2027	2028	2029	2030	2031	Perpetual Year
Depreciation	22,524,400	63,750,500	65,825,500	67,078,700	67,089,000	67,679,200	57,933,800
Amortisation	144,000	345,500	345,500	345,500	345,500	345,500	324,100

(iii) Capital Expenditure

The renewal capital expenditures considered in this Valuation primarily comprise replacement and renewal expenditures relating to the Target Company's existing fixed assets and construction-in-progress. The renewal capital expenditures for each future year were determined based on discussions with the relevant personnel of the Target Company and an assessment of, among other factors, the production capacity, commissioning schedule, economic useful lives, remaining useful lives, replacement values and residual value rates of the existing fixed assets and construction-in-progress.

For purposes of estimating capital expenditures during the terminal period, and for ease of calculation, the projected capital expenditures over the remaining economic useful lives of the relevant assets were discounted to present value and aggregated, and the resulting amount was then converted into an equivalent annualised expenditure.

The capital expenditure forecast is as follows:

Currency: RMB

	August-December 2026	2027	2028	2029	2030	2031	Perpetual Year
Capital expenditure	50,700,400	40,275,800	20,889,900	13,059,000	7,852,900	7,351,400	52,023,600

(iv) Increase in Working Capital

The increase in working capital was calculated as the difference between the working capital required for the current period and that required for the preceding period.

The Target Company's working capital requirements were estimated based on an analysis of its historical working capital utilisation and the relationship between working capital and revenue. Future working capital requirements at the end of each forecast year were determined with reference to the projected revenue levels. The incremental working capital requirement for each explicit forecast period was then calculated by comparing the projected working capital requirement at the end of the period with that at the beginning of the period.

The increase in working capital forecast is as follows:

Currency: RMB

	August-December 2026	2027	2028	2029	2030	2031	Perpetual Year
Increase in working capital	5,644,600	46,079,100	39,506,200	30,267,300	18,170,000	17,202,700	–

(3) Mid-year Discounting

In valuing the Target Company under the income approach, a mid-year discounting convention was adopted. As cash flows are generated throughout the year rather than occurring only at the end of each year, the projected free cash flows to the firm were discounted on a mid-year basis to reflect the timing of cash flow generation more accurately.

The mid-year discounting forecast is as follows:

Currency: RMB

	August-December 2026	2027	2028	2029	2030	2031	Perpetual Year
Discount factor	0.9802	0.9156	0.8316	0.7553	0.6860	0.6231	6.1693
Mid-year discounted value	10,063,900	98,947,000	137,929,800	157,252,900	164,691,500	159,667,900	1,402,475,600

(4) Discount Rate

Consistent with the principle that the discount rate should correspond to the type of economic benefit being discounted, the projected benefits adopted in this Valuation were free cash flows to the firm. Accordingly, the weighted average cost of capital ("**WACC**") was adopted as the discount rate.

The WACC was determined as follows:

$$WACC = R_d \times (1 - T) \times \frac{D}{D + E} + R_e \times \frac{E}{D + E}$$

Where: R_e = expected return on equity;
R_d = expected return on debt;
D = value of debt;
E = value of equity; and
T = applicable income tax rate.

(i) Expected return on equity, R_e

The result calculated directly using the Capital Asset Pricing Model ("**CAPM**") is adopted.

The expected return on equity was estimated using the CAPM:

$$R_e = R_f + \beta \times (R_m - R_f) + \varepsilon$$

Where: R_e = expected return on equity;
R_f = risk-free rate;
β = equity beta coefficient;
$(R_m - R_f)$ = market risk premium; and
ε = specific risk return.

a. Risk-free rate, R_f

The risk-free rate is typically represented by the yield to maturity of government bonds.

According to data compiled by China Central Depository & Clearing Co., Ltd. and published on the China Bond Information Network, the yield to maturity of the ten-year government bond as at the Appraisal Benchmark Date was 1.71% (rounded to two decimal places), which is adopted as the risk-free rate for the purpose of this Valuation.

Accordingly, R_f = 1.71%

b. Market Risk Premium, $(R_m - R_f)$

Market risk premium refers to the expected excess return required by investors in respect of equity investments bearing the same average risk as the overall market, i.e. the compensation for risk over and above the risk-free rate. For the purpose of this Valuation, the annual CSI 300 Index data (adopted to derive the annualised stock market return for each of the past ten years using the geometric mean method) and the ten-year government bond yield to maturity published on the China Bond Information Network (adopted as the risk-free rate for each such year) are used to calculate the market risk premium for China. The annualised stock market return for each of the past ten years is subtracted by the corresponding risk-free rate to arrive at the market risk premium for each year, and the average thereof is taken. Accordingly, the market risk premium adopted for the purpose of this Valuation is 6.11%.

c. Equity Beta Coefficient, β

Upon review, information on a number of listed companies in the specialty gas industry was first collected. Through screening, five listed companies similar to the Target Company were selected as comparable companies. The risk coefficients, i.e. the raw β coefficients, are as follows:

Stock Code	300346.SZ	688106.SH	688278.SH	600378.SH	688146.SH
Stock Name	Nanda Optoelectronic* (南大光電)	Jinhong Gas* (金宏氣體)	Huate Gas* (華特氣體)	Haohua Technology* (昊華科技)	CSSC Specialty Gas* (中船特氣)
Raw Beta	1.4251	1.1314	1.0171	1.1294	1.2141
Income Tax Rate (%)	25	15	15	25	15

Source: Tonghuashun iFinD (同花順 iFinD)*

Based on the raw β coefficients in the above table and the capital structure of each company, the un-levered β coefficients of the five comparable listed companies are calculated, and the average thereof is taken as the un-levered β coefficient of the Target Company. The formula for calculating the un-levered β coefficient (βL) is as follows:

Levered β = Un-levered β × [1 + (1 – t) × (Debt %/Equity %)]

The calculation results are as follows:

	Nanda Optoelectronic* (南大光電)	Jinhong Gas* (金宏氣體)	Huate Gas* (華特氣體)	Haohua Technology* (昊華科技)	CSSC Specialty Gas* (中船特氣)	Industry Average
Levered β	1.4251	1.1314	1.0171	1.1294	1.2141	1.1834
Un-levered β	1.4107	0.9748	0.9910	1.0755	1.2091	1.1322

Based on the industry of the Target Company and its D/E capital structure, and with reference to the weighted un-levered β coefficient (βU) of comparable listed companies within the industry, the levered β coefficient (βL) applicable to the Target Company is calculated to be 1.1871.

d. Specific risk return, ε

Based on a comprehensive assessment of the Target Company's size, business operations, reliance on major customers and suppliers, and financial risks, its specific risk return is determined to be 1.5%.

e. Expected return on equity, R_e

Based on the CAPM Model and the figures set out above, the expected return on equity is 10.46%.

(ii) Expected return on debt (R_d)

The expected return on debt has been determined using the Loan Prime Rate (LPR) of 3.50% for loans with a term of more than five years, as at the Appraisal Benchmark Date.

(iii) Proportion of Value of Equity [E ÷ (D + E)] and the Proportion of Value of Debt [D ÷ (D + E)]

The average proportions of the comparable companies are adopted.

The Proportion of Value of Equity is 94.6%.

The Proportion of Value of Debt is 5.4%.

(iv) Applicable Income Tax Rate (T)

The applicable income tax rate of the is 15%.

Based on the above analysis and calculation, the discount rate, i.e. the weighted average cost of capital, adopted for the purpose of this valuation is determined to be 10.1%.

(5) Value of Surplus Assets

Surplus assets refer to assets that are not required for the normal operation of the Target Company as at the Appraisal Benchmark Date and are therefore excluded from the forecast of future free cash flows. The value of such assets was determined using the cost approach. The value of surplus assets is RMB8,517,600.

(6) Value of Non-operating Assets (Liabilities)

Non-operating assets (liabilities) refer to assets and liabilities that are not directly related to the operating income of the Target Company and have not been included in the cash flow projections. The value of non-operating assets is RMB32,916,600, and the value of non-operating liabilities is RMB289,082,300.

(7) Perpetual Growth Rate

The perpetual growth rate for this Valuation is zero.

(8) Value of Interest-bearing Debt

Interest-bearing debt mainly comprises borrowings and other interest-bearing obligations owed by the Target Company to financial institutions and other parties.

No interest-bearing debt is noted.

(9) Discount for Lack of Marketability

No discount for lack of marketability was applied in this Valuation under the income approach.

(10) Control Premium (or Discount for Lack of Control)

As the subject of this Valuation is the entire shareholders' equity of the Target Company, no adjustment for control premium (or discount for lack of control) was applied.

Fairness and Reasonableness of the Consideration

Under the income approach, the appraised value of the entire shareholders' equity of the Target Company amounted to RMB1,883.4 million, representing an appreciation of RMB1,255.7 million, or an appreciation rate of 200.07%, over its net book assets of RMB627.7 million. Such appreciation was primarily attributable to the enhancement of future cash flows arising from the Target Company's expected operating performance and business growth, rather than any revaluation of assets.

The forecast period adopted for the Valuation covers the five years and one period of August to December 2026, 2027, 2028, 2029, 2030 and 2031 together with a terminal period thereafter. During the Performance Commitment Period from 2026 to 2028, the forecast revenue Compound Annual Growth Rate ("**CAGR**") is 18.88% and the forecast Net Profit is generally consistent with the Committed Net Profit by the Vendor. For the period from 2026 to 2031, the forecast revenue CAGR and Net Profit CAGR are 11.48% and 14.14%, respectively. The forecast period enters the terminal period in 2032, during which both revenue and Net Profit are assumed to remain unchanged.

The above forecast revenue CAGR and forecast Net Profit CAGR of the Target Company for the period from 2026 to 2031 have been determined based on the Target Company's production capacity, existing and prospective orders and other internal supporting factors, as well as external driving factors such as downstream market demand potential. They have also been determined with reference to the historical financial data of five comparable listed companies, namely Nanda Optoelectronic* (南大光電), Jinhong Gas* (金宏氣體), Huate Gas* (華特氣體), Haohua Technology* (昊華科技) and CSSC Specialty Gas* (中船特氣), for the period from 2019 to 2025. The median revenue CAGR and the median CAGR of Net Profit attributable to shareholders of the parent company of such comparable companies for the period from 2019 to 2025 were 15.65% and 19.34%, respectively. Based on the revenue CAGR and the CAGR of Net Profit attributable to shareholders of the parent company of the comparable companies, and taking into account its own development and the industry development trends, the Target Company has adopted more prudent and conservative forecasts of the growth rates after comprehensive consideration of factors including its business development stage, the market competitive landscape and the pace of production capacity ramp-up. Details of the internal supporting factors and external driving factors are set out below:

(1) Internal Supporting Factors

The Target Company has completed the construction of its infrastructure and the majority of its production facilities, possesses proprietary expertise in advanced electrolytic cell and distillation process technologies, and maintains adequate production capacity. In addition, it has gradually established a stable customer network. On this basis, the Target Company continues to expand its customer reach and broaden its market coverage. Since commencing production at the end of 2024, the Target Company's business direction and operating model have become increasingly well-defined. As production capacity is progressively ramped up, the Target Company is actively developing new customers while deepening cooperation with its existing customer base, and is concurrently advancing product qualification and order conversion, thereby generating sustainable sources of revenue growth.

(2) External Driving Factors

Benefiting from increased investment in the power sector and the continued expansion of the semiconductor industry, demand for specialty gases has been growing steadily, and the overall market size of the industry continues to expand. This creates favourable conditions for the Target Company to develop new customers and increase product sales.

The Company's Auditor has issued a report in respect of the calculations of the discounted future estimated cash flows contained in the Target Company Valuation Report. The consideration for the Acquisition was determined with reference to the Valuation set out in the Target Company Valuation Report and the Board considers such consideration to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

SUPPLEMENTAL INFORMATION IN RELATION TO THE PERFORMANCE COMMITMENT

Basis of the Performance Commitment

According to the Target Company Valuation Report, the forecast Net Profit of the Target Company for the period from August to December 2026, the financial year 2027 and the financial year 2028 are RMB43.94 million, RMB130.3 million and RMB160.1 million, respectively. Together with the audited Net Profit of RMB65.91 million recorded by the Target Company for the period from January to July 2026, the Target Company is expected to achieve Net Profit of RMB109.9 million, RMB130.3 million and RMB160.1 million for 2026, 2027 and 2028, respectively. The Committed Net Profit as set out in the Announcement are generally consistent with such forecast Net Profit.

The Committed Net Profit were determined with reference to the Target Company's forecast Net Profit and are considered to be fair and reasonable by the Board.

The Target Company has completed the construction of infrastructure and most of its production facilities construction and possesses advanced production technologies and adequate production capacity. It has also gradually established stable customer relationships. Since commencing production at the end of 2024, the Target Company's business direction and operating model have become relatively well-defined, its production capacity has been gradually ramped up and demand from downstream markets has continued to grow.

The Target Company recorded revenue of RMB377,355,205 and RMB338,490,438, and Net Profit of RMB71,210,334 and RMB65,909,976, for the financial year ended 31 December 2025 and the seven months ended 31 July 2026, respectively.

The Target Company's forecast revenue for the financial years 2026, 2027 and 2028 is RMB635,338,827, RMB780,808,822 and RMB897,930,145, respectively, representing a compound annual growth rate of 18.88%. Its forecast Net Profit for the financial years 2026, 2027 and 2028 is RMB109,853,834, RMB130,326,804 and RMB160,085,867, respectively, representing a compound annual growth rate of 14.14%.

The Company has been deeply engaged in the advanced materials sector for many years and has established extensive relationships with key customers across industry chains, including the optical display industry. The Target Company's electronic specialty gas products are widely applied in semiconductor wafer and display panel manufacturing, serving critical production processes such as cleaning and etching.

Upon Completion, the Company and the Target Company will establish a synergistic business platform in the semiconductor industry through the integration of "base materials + core consumables". The Company will be able to introduce its customer resources in the display materials sector to the Target Company, while the Target Company, leveraging its customer base in the electronic specialty gases sector, will facilitate the introduction of the Company's material products into supply chains relating to semiconductor materials packaging. The market resources of the Company and the Target Company are considered to be complementary to each other, creating opportunities for business collaboration and mutual support.

Taking into account, among other factors, the Target Company's historical operating performance for 2025 and the seven months ended 31 July 2026, the continued ramp-up of production capacity, the growth in downstream market demand, and the synergies arising from the complementary market resources of the Company and the Target Company, the Board considers that the forecast revenue and Net Profit for the period from 2026 to 2028 are supported by a reasonable operational basis. Having considered the above, the Board is of the view that the Committed Net Profit achievable as well as fair and reasonable.

To ensure the Vendor's ability to fulfil its compensation obligations, the Purchaser and the Vendor have incorporated a number of safeguard measures in the Equity Interest Acquisition Agreement, including arrangements for a transaction consideration Escrow Account, a performance security deposit and restrictions on the disposal of the remaining equity interests in the Target Company. For details, please see below:

(1) Within 15 business days after the Completion Date, the Purchaser shall deposit the third instalment of the consideration in the amount of RMB601.60 million into the Escrow Account in the name of the Purchaser. Within three (3) months after the expiry of the Performance Commitment Period, the Purchaser shall engage a public accounting firm qualified to undertake securities and futures-related business in the PRC to issue a special audit report in respect of the Target Company. Within twenty (20) business

days after the issuance of such special audit report, the Purchaser shall instruct the bank at which the Escrow Account is maintained to release the third instalment of the consideration, together with any accrued interest thereon, from the Escrow Account to the bank account designated by the Vendor. The amount of consideration to be actually paid by the Purchaser to the Vendor through the Escrow Account shall be subject to deduction of any performance compensation, indemnity payments and/or liquidated damages payable by the Vendor to the Purchaser pursuant to the Equity Interest Acquisition Agreement. Any shortfall shall be separately paid by the Vendor in accordance with the terms of the Equity Interest Acquisition Agreement.

(2) As at the Appraisal Benchmark Date, the Target Company recorded other payables due to the Vendor in the aggregate amount of RMB280.50 million. Within five business days after the Equity Interest Acquisition Agreement becomes effective, the Target Company shall repay RMB0.50 million to the Vendor (without interest). The remaining RMB280.00 million shall be retained as a performance security deposit for the Vendor's indemnification obligations under the Equity Interest Acquisition Agreement in respect of the Target Company and its subsidiaries. After deducting any indemnity payments and/or cash top-up payments payable by the Vendor (if any), the Target Company shall refund the remaining balance of such performance security deposit to the Vendor on 30 April 2029 (without interest).

(3) During the Performance Commitment Period, without the prior written consent of the Purchaser, the Vendor shall not, directly or indirectly, dispose of any of its remaining equity interests in the Target Company by way of transfer, pledge, trust arrangement, nominee holding arrangement or any other similar means, nor shall the Vendor create any encumbrance or third-party rights over such equity interests.

The Board is of the view that the above arrangements constitute an effective compensation protection mechanism and provide sufficient assurance that, in the event that guarantees such as the Committed Net Profit are not achieved, the Vendor will have the financial capacity to make full and prompt cash compensation to the Company.

Performance Compensation Mechanism

Following the Completion, during the Performance Commitment Period, the Company agrees to maintain the stability of the Target Company's core personnel. The general manager of the Target Company shall be nominated by the Vendor, while the financial controller of the Target Company shall be designated by the Company. The heads of the internal audit department and legal department of the Target Company shall also be appointed by the Company. Save for the foregoing positions, staffing arrangements for all other positions of the Target Company shall be determined by the general manager of the Target Company.

During the Performance Commitment Period, the Company agrees to maintain the stability of the Target Company's core personnel to ensure operational stability. On the basis of such personnel arrangements, a performance compensation mechanism has been established for the Acquisition.

The amount of performance compensation is determined based on two times the shortfall between the actual Net Profit achieved by the Target Company during the Performance Commitment Period and the Committed Net Profit of the Vendor. The enhanced compensation multiple is intended to incentivise the management team of the Target Company nominated by the Vendor to manage the Target Company's operations effectively and achieve its business objectives.

As set out in the Announcement, the performance compensation mechanism incorporates both annual compensation and cumulative compensation arrangements, which are designed to better safeguard the achievement of the Target Company's performance targets and protect the interests of the Company and its Shareholders.

The Company clarifies that in the event that the Target Company records loss during the Performance Commitment Period, the same calculation methodology for performance compensation applies. In such cases, the Net Profit value in the formulae for the Cash Compensation Amount set out in the Announcement will be negative.

Excess Performance Reward

As set out in the Announcement, on the basis of the aforementioned personnel arrangements and performance compensation mechanism, an excess performance reward mechanism has been further established for the Acquisition. Upon expiry of the Performance Commitment Period, if the actual Net Profit achieved by the Target Company for each year during the Performance Commitment Period and the aggregate actual Net Profit achieved during the Performance Commitment Period are both greater than the corresponding Committed Net Profit, 30% of the excess amount shall be payable as an excess performance reward to the members of the Target Company's core technical and management team then in office. The total amount of the excess performance reward shall not exceed 20% of the total consideration payable under the Acquisition.

The Board is of the view that the excess performance reward will only be triggered if the Target Company exceeds its performance targets. Both the incentive ratio and the maximum incentive amount are subject to reasonable caps, and the incentive recipients are limited to members of the core technical and management team. The arrangement is intended to retain key talent and enhance long-term operating performance. At the same time, the Vendor is required to compensate the Purchaser at two times the amount of any profit shortfall if the performance commitment are not achieved, such that the incentive and accountability mechanisms are appropriately balanced.

Accordingly, the Board is satisfied that, when viewed as a whole, the performance compensation mechanism and the excess performance reward are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

New Project Implementation Plan

The Target Company has planned a 900-tonne-per-annum tungsten hexafluoride (WF_6) project, and the 100-tonne-per-annum pilot production project for tungsten hexafluoride (WF_6) is currently under implementation.

The "New Project Implementation Plan" referred to in the Announcement comprises the Target Company's:

- 100-tonne-per-annum pilot production project for tungsten hexafluoride (WF_6); and
- 800-tonne-per-annum commercial production project for tungsten hexafluoride (WF_6).

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

* *For identification purposes only*

By Order of the Board
Qingdao Gon Technology Co., Ltd.
青島國恩科技股份有限公司
Mr. Wang Aiguo
Chairman and executive Director

Hong Kong
28 October 2026

As of the date of this announcement, the Board comprises: (i) Mr. Wang Aiguo, Mr. Li Zonghao, Ms. Li Huiying and Mr. Han Bo as executive Directors; and (ii) Mr. Sun Jianqiang, Ms. Hong Ting and Mr. Huang Zhaoge as independent non-executive Directors.