
CONNECTED TRANSACTIONS

After the Listing, the transactions between our Group and the Group's connected persons (as defined in the Listing Rules) will constitute connected transactions of our Group under Chapter 14A of the Listing Rules. Our Group expects these transactions will continue following the Listing, thereby constituting continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

Upon the Listing:

- Tianqi Group Company will hold more than 10% of our issued share capital and hence remain as our substantial shareholder; and
- RT Lithium will hold more than 10% of the issued share capital of Windfield, a subsidiary of our Company, and hence remain as a substantial shareholder of Windfield.

Accordingly, the following transactions with Tianqi Group Company, RT Lithium or their respective associates, which will continue after the Listing, will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(1) Trademark License Agreement

Principal terms

On August 1, 2021, our Company, Tianqi Group Company and TQMMM entered into a trademark license agreement (the “**Trademark License Agreement**”), pursuant to which, Tianqi Group Company and TQMMM agreed to grant a license to our Group to use in the PRC the trademarks registered under their names as set out in the section headed “4. Further Information About our Business—B. Our intellectual property rights—Trademarks” in Appendix VIII to this Prospectus for nil consideration. The term of the Trademark License Agreement is from August 1, 2021 to July 31, 2026. Upon expiry of the Trademark License Agreement, if necessary, we will enter into a new trademark license agreement with Tianqi Group Company and TQMMM in compliance with the Listing Rules. Our Directors believe that entering into the Trademark License Agreement with a term of more than 3 years will promote the stability of operations of our Company and is beneficial to our Company and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreements of this type to be of such duration.

Historical transaction amounts

For the years ended December 31, 2019, 2020 and 2021, no consideration was paid by our Group to Tianqi Group Company or TQMMM for any use of trademark owned by Tianqi Group Company or TQMMM.

Listing Rules Implications

Tianqi Group Company is a substantial shareholder of our Company. Accordingly, Tianqi Group Company is our connected person pursuant to Rule 14A.07(1) of the Listing Rules. TQMMM is a subsidiary of Tianqi Group Company and thus also our connected person pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions under the Trademark License Agreement will constitute continuing connected transaction of our Group upon the Listing.

CONNECTED TRANSACTIONS

Since the trademark license is granted for nil consideration, in ordinary course of business and on normal commercial term or better under the Trademark License Agreement and we are not required to pay any fee to Tianqi Group Company or TQMMM in connection with the Trademark License Agreement, the applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules) for the transactions contemplated under the Trademark License Agreement are expected to be less than 0.1% on an annual basis, the transactions contemplated under the Trademark License Agreement are exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

(2) Leasing Framework Agreement

Principal terms

Tianqi Group Company and its subsidiaries have leased certain properties and provided certain related ancillary services to us during the Track Record Period. On December 9, 2021, our Company and Tianqi Group Company entered into a property leasing and ancillary services framework agreement (the "**Leasing Framework Agreement**"), pursuant to which, Tianqi Group Company agreed to lease certain properties and provide certain related ancillary services (including but not limited to property management and catering services) to our Group.

The term of the Leasing Framework Agreement commenced on January 1, 2022 and will end on December 31, 2023. Our Company and Tianqi Group Company (or their respective subsidiaries) will enter into individual leases and/or services agreements with respect to individual properties where required. We may negotiate the actual rental area according to our actual business needs with Tianqi Group Company from time to time provided that the rental area should not exceed 110% of the rental area during the preceding year. The rental fees and pricing of ancillary services under the Leasing Framework Agreement are based on the prevailing market price.

Historical transaction amounts

For the years ended December 31, 2019, 2020 and 2021, the aggregate amount of the total rental and services fee accrued by our Group for the use of the office premises owned by Tianqi Group Company (or its subsidiaries) and for the provision of ancillary services by Tianqi Group Company (or its subsidiaries) was RMB3.55 million, RMB3.40 million and RMB3.42 million, respectively.

Annual caps and basis of caps

We intend to continue the transaction contemplated under the Leasing Framework Agreement after the Listing. The annual cap of the transaction volume under the Leasing Framework Agreement for each of the two years ending December 31, 2022 and 2023 are RMB5.45 million and RMB6.55 million, respectively.

The above annual cap is determined with reference to (i) the existing rental and usage of ancillary services, (ii) the expected increase of prevailing market price, (iii) the expected rental area and usage of ancillary services, and (iv) the planned expansion of the Group and thus the increase of number of employees.

CONNECTED TRANSACTIONS

Listing Rules Implications

Tianqi Group Company is a substantial shareholder of our Company. Accordingly, Tianqi Group Company is our connected person pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions under the Leasing Framework Agreement will constitute continuing connected transactions of our Group upon the Listing.

As all of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) for the transactions contemplated under the Leasing Framework Agreement are expected to be less than 0.1% on an annual basis, the transactions contemplated under the Leasing Framework Agreement are exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING AND ANNOUNCEMENT REQUIREMENTS

(1) Talison Off-take Agreements and Distribution Agreements

Background

In February 2013, Tianqi Group Company, through Tianqi Group HK, partnered with Leader Investment Corporation (“**Leader Investment**”), to acquire 100% of the equity interest of Talison through Windfield, a subsidiary of Tianqi Group HK, in which Tianqi Group HK and Leader Investment held 65% and 35% of its issued shares, respectively. In November 2013, Rockwood Holdings, Inc. (“**Rockwood**”) through its subsidiary, RT Lithium, entered into an acquisition agreement with Tianqi Group HK and Leader Investment, pursuant to which RT Lithium agreed to purchase in total 49% of the issued shares of Windfield (14% and 35% of which would be purchased from Tianqi Group HK and Leader Investment, respectively), such that Tianqi Group Company and Rockwood would indirectly own 51% and 49% equity interests in Windfield, respectively (the “**Talison Transaction**”). The Talison Transaction was completed in May 2014.

On the same day when the Talison Transaction was completed in May 2014, we, through Tianqi UK (currently known as Tianqi Lithium Energy Australia Pty Ltd “**TLEA**”), acquired the 51% shares in Windfield from Tianqi Group HK and partnered with RT Lithium, an Independent Third Party other than its shareholdings in Windfield, to co-invest in Windfield, in which TLEA and RT Lithium hold 51% and 49% of its issued shares, respectively. Windfield's primary asset is the Greenbushes Mine operated by certain subsidiaries of Windfield, including Talison Lithium Australia. Co-investment structures are a very common model for mine development in the lithium industry and natural resources industry as a whole, and we believed co-investing with RT Lithium in the Greenbushes Mine would allow us to benefit from sharing costs and risks in the development of the Greenbushes Mine, and enhance the international presence of our Group.

As part of the co-investment arrangements, under which the shareholders of Windfield agreed that each shareholder would be entitled to take up to an initial 50% of the annual production of the Greenbushes Mine, on May 28, 2014, Talison Lithium Australia entered into an off-take agreement and a distribution agreement with each of (i) Rockwood Lithium GmbH (now called Albemarle Germany GmbH) (“**Albemarle Germany**”), the controlling shareholder of RT Lithium and a subsidiary of a global chemicals company listed on the New York Stock Exchange, namely, Albemarle Corporation, and (ii) Tianqi Group HK, a subsidiary of Tianqi Group Company and a connected person of the Company, to set out the terms and conditions under which concentrates to be produced from the

CONNECTED TRANSACTIONS

Greenbushes Mine would be distributed to the shareholders of Windfield. The off-take agreement and the distribution agreement between Talison Lithium Australia and Albemarle Germany (the “**Albemarle Off-take Agreement**” and “**Albemarle Distribution Agreement**” respectively, and collectively, the “**Albemarle Agreements**”) and between Talison Lithium Australia and Tianqi Group HK (the “**Tianqi Lithium Off-take Agreement**” and “**Tianqi Lithium Distribution Agreement**” respectively, and collectively, the “**Tianqi Lithium Agreements**”) are on materially identical terms. Tianqi Group HK assigned its rights, benefits and obligations under the Tianqi Lithium Agreements to our Company in October 2014.

On June 28, 2021, our Company, Tianqi Group HK, TLEA and Talison Lithium Australia entered into a novation deed (the “**Talison Novation Deed**”), pursuant to which TLEA was entitled to the rights and benefits of our Company and Tianqi Group HK under the Tianqi Lithium Off-take Agreement and assumed the obligations and liabilities of Tianqi Group HK and our Company under the Tianqi Lithium Off-take Agreement. IGO does not have any rights in the Tianqi Lithium Off-Take Agreement. The term of the Talison Novation Deed became effective on the date on which the transaction between the Company and IGO in relation to TLEA completed, being July 2, 2021.

The Tianqi Lithium Distribution Agreement was not novated to TLEA along with the Tianqi Lithium Off-take Agreement. The Tianqi Lithium Off-take Agreement governs the distribution of chemical grade products while the Tianqi Lithium Distribution Agreement governs the distribution of technical grade products (for further details, please refer to the section headed “Products and off take allocation” below). Since Albemarle Germany takes up the sales of technical grade products outside of the China region, while our Company takes up the sales of technical grade products within the China region, it is not commercially useful for the Tianqi Lithium Distribution Agreement to be novated to TLEA as TLEA does not have presence in the China region. Therefore, the Tianqi Lithium Distribution Agreement has not been novated to TLEA after the transaction between the Company and IGO in relation to TLEA.

On July 30, 2021, the terms of the Albemarle Off-take Agreement and Tianqi Lithium Off-take Agreement were amended. The key purpose of the amendments was to facilitate domestic deliveries of concentrate to Albemarle Germany’s lithium hydroxide plant in Kemerton, Western Australia (for the purposes of the Albemarle Off-take Agreement) and the Company’s Kwinana Plant in Western Australia (for the purposes of the Tianqi Lithium Off-take Agreement). The changes to each of the Albemarle Off-take Agreement and Tianqi Lithium Off-take Agreement were materially identical.

During the Track Record Period, Talison Lithium Australia has sold concentrates to Albemarle and our Company on materially identical terms including price.

Term of the Albemarle Agreements

Consistent with common co-investment practice, the Albemarle Agreements will end on the later of (i) 20 years after May 28, 2014, and (ii) the end of the term of the shareholders agreement in respect of Windfield entered into by, among others, our Company, TLEA, RT Lithium and Windfield. It is expected that the term of the Albemarle Agreements will cover the mine life of the Greenbushes Mine, which is expected to be approximately 21 years from 2022 based on the current production plan.

CONNECTED TRANSACTIONS

Products and offtake allocation

The Albemarle Off-take Agreement governs the distribution of concentrate used to convert to lithium carbonate, lithium hydroxide, other lithium chemicals (chemical grade products), while the Albemarle Distribution Agreement governs the distribution of other products (technical grade products) produced from the mining operations at Greenbushes Mine. So long as Albemarle Germany or its related body corporate holds shares in Windfield, Albemarle Germany is entitled to take up to an initial 50% of the annual production from the mining operations at Greenbushes Mine.

The annual production volume of the Greenbushes Mine is determined with reference to the expected demand of our Company (through TLEA) and Albemarle Germany (through RT Lithium) respectively, taking into account factors such as market demand and the production plans for further product processing. Windfield will devise a production plan based on such expected demand as well as its inventory level and production capacity. Despite the foregoing, given that we are the controlling shareholder of Windfield, we have ultimate control over the production plan of the Greenbushes Mine by exercising our rights through the applicable governance procedures of Windfield.

Historical transaction amounts

The historical transaction amounts under the Albemarle Agreements for the years ended December 31, 2019, 2020 and 2021, were RMB1,321.69 million, RMB1,041.12 million and RMB1,350.50 million, respectively.

Historical transaction volume

The historical transaction volume under the Albemarle Agreements for the years ended December 31, 2019, 2020 and 2021 were 263,400 tons, 277,155 tons and 392,789 tons, respectively.

Pricing policy

The Albemarle Off-take Agreement

According to the terms of the Albemarle Off-take Agreement (and the Tianqi Off-take Agreement), Talison Lithium Australia, our Company, TLEA (pursuant to the Talison Novation Deed) and Albemarle Germany shall negotiate in good faith annually to agree the export price of concentrate payable under the Albemarle Off-take Agreement and the Tianqi Lithium Off-take Agreement, which shall be (i) if there are sales to any person other than Albemarle Germany and our Company (or their respective related body corporate) during that relevant year, the prevailing market price payable by such third party buyer(s); or (ii) if there are no sales to third party(ies) during that relevant year, the last third party price as adjusted to reflect the changes in the global lithium carbonate price from time to time. Separately, the difference in delivery costs will be taken into account in determining the price for domestic deliveries of concentrate (at the specified delivery place in Western Australia). Talison Lithium Australia will bear the cost of delivery from the Greenbushes Mine to the loading port and Albemarle Germany and TLEA will bear the subsequent delivery cost from the loading port to the place of delivery.

Since January 1, 2016 and up to the Latest Practicable Date, there have not been any sales of lithium concentrate to third parties by Talison Lithium Australia, as both Albemarle Germany and us have taken up the whole of the primary entitled volume of the output of lithium concentrate from the Greenbushes Mine. During the Track Record Period, we have taken into consideration mainly the

CONNECTED TRANSACTIONS

global lithium carbonate and lithium concentrate prices to determine the prices payable under the Albemarle Off-take Agreement and the Tianqi Lithium Off-take Agreement with reference to the last third party price which took place in 2015. Since September 2019, the directors of Windfield resolved at a board meeting that, for the next three years, the selling price shall be updated every six months by reference to the FOB USD per ton price of the preceding quarter published by the Fastmarket, Benchmark Mineral Intelligence and Asian Metal (collectively, the Price Reporting Agencies). Our Company expects to review and renew the approach to the implementation of the pricing policy based on market price and conditions upon the expiry of the three-year term.

As mentioned above, during the Track Record Period, Talison Lithium Australia sells its products to us and to Albemarle Germany on materially identical terms, including price.

The Albemarle Distribution Agreement

According to the terms of the Albemarle Distribution Agreement (and the Tianqi Distribution Agreement), the price of products payable under both agreements is updated annually and is calculated based on the prevailing market price for that product, which will be determined with reference to the import prices of the various lithium products, and also taking into consideration factors including the estimated costs to be incurred in connection with the production of the type of product in the relevant contract year as set out in the approved annual budget (which include, amongst others, packaging costs), the average price received by Talison Lithium Australia from third parties for the type of product, the expected sales volumes, and the grade and specifications of the relevant product. During the Track Record Period, pursuant to the recommendations of the Australian Taxation Office, the price of each technical grade product under both agreements is calculated as follow: our Company and Albemarle Corporation shall provide their forecast weighted average technical grade product price for the first financial quarter (taking into account a reasonable distributor's margin), then the weighted average of the two prices will be taken into account and calculated along with the relative pricing (based on 2018 pricing) of each technical grade product. As mentioned above, Talison Lithium Australia sells its products to us and to Albemarle Germany on materially identical terms, including price. In terms of delivery costs, Talison Lithium Australia will bear the cost of delivery from the Greenbushes Mine to the loading port and Albemarle Germany and TLEA will bear the subsequent delivery cost from the loading port to the place of delivery. Our Directors anticipate that a similar approach will continue to be taken and similar factors will continue to be considered in the future to determine the prices under the Albemarle Distribution Agreement and the Tianqi Lithium Distribution Agreement.

Internal control measures

We have adopted the following measures to review the pricing under the Albemarle Agreements, and to confirm that the price are fair and reasonable and on normal commercial terms or better from our Company's perspective:

- (i) *Periodic market updates*—as part of our ordinary operation, our marketing department constantly monitors the outlook of the global lithium market, and the movement and trend of the prices of lithium products around the world from reliable sources. The relevant findings will be reported to the senior management and the Board. In particular, we have subscribed to authoritative market reports issued by well-known industry expert to keep abreast of the latest development and price trend of the global lithium market. The market knowledge enables our Directors to assess whether the prices are on normal commercial terms or better.

CONNECTED TRANSACTIONS

- (ii) *Independent advisor*—in the event that our Directors consider the existing information is not sufficient for a thorough assessment of the fairness and reasonableness of the pricing and wish to obtain additional expert advice, our Directors may, at our Company’s cost, consult external independent industry advisor on the latest market environment and the fairness and reasonableness of the prices.

Annual caps and basis of caps

We intend to continue the transaction contemplated under the Albemarle Agreements after the Listing and for the duration of the Albemarle Agreements. The annual cap of the transaction volume under the Albemarle Agreements for each of the three years ending December 31, 2022, 2023 and 2024 are 700,000 tons, 740,000 tons and 740,000 tons, respectively.

The above annual cap is determined with reference to (i) the expected annual production volume of the Greenbushes Mine for each of 2022, 2023 and 2024, which is set with reference to forecast production for the corresponding year included in the Competent Person’s Report as set out in Appendix IV to this Prospectus; (ii) the higher expected demand for lithium products due to increased demand for downstream products; and with reference to the proposed investment plans in lithium processing factories of Albemarle Germany in Australia and China and (iii) the assumption that Albemarle Germany will elect to take up the whole of its primary entitlement of up to 50% of the annual production volume of the Greenbushes Mines.

Implication under the Listing Rules

Albemarle Germany is the controlling shareholder of RT Lithium and an associate of RT Lithium. As RT Lithium is a substantial shareholder of Windfield and a connected person of our Company at subsidiary level, Albemarle Germany is a connected person of our Company at the subsidiary level. As such, the transactions contemplated under the Albemarle Agreements will constitute continuing connected transaction of our Group upon the Listing.

Pursuant to Rule 14A.101 of the Listing Rules, as the transactions are on normal commercial terms or better and (i) have been approved by the Board and (ii) confirmed by the independent non-executive Directors that the terms of the Albemarle Agreements were fair and reasonable, the transaction was entered into on normal commercial terms or better and in the ordinary and usual course of our Group’s business, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, the transactions contemplated under the Albemarle Agreements therefore are subject to the reporting, announcement and annual reviews requirements, but exempt from the circular, independent financial advice and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Application for waivers

As the Albemarle Agreements were entered into prior to the Listing and are disclosed in this Prospectus, and as our potential investors will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement requirement in respect thereof immediately after the Listing would be impractical and unduly burdensome, and would add unnecessary administrative cost to us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement in respect of the Albemarle Agreements.

CONNECTED TRANSACTIONS

In addition, under Rule 14A.53(1) of the Listing Rules, an annual cap expressed in monetary terms must be set for continuing connected transactions. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us from strict compliance with Rule 14A.53(1) in respect of the annual caps of the transactions under the Albemarle Agreements to be expressed as the volume of concentrates to be sold under the Albemarle Agreements on the condition that our Company undertakes to separately disclose the actual transaction volume under the Albemarle Agreements in our future interim and annual financial statements.

Our Directors are of the view that an annual cap with a fixed monetary amount for the transactions under each of the Albemarle Agreements would impose an arbitrary ceiling on the sales of concentrates to Albemarle Germany. The terms of the co-investment with RT Lithium, an independent third party other than its shareholdings in Windfield, were entered into after arm's length negotiations, and central to this arrangement is the agreement to share the production concentrates produced from the Greenbushes Mine evenly. The annual production volume of the Greenbushes Mine is relatively stable and predictable, compared to the annual monetary transactional amount. Given the fluctuations in the global lithium market price, which forms the basis of determining the sales price of concentrates under the Albemarle Agreements, are beyond the control of our Company and Albemarle Germany, setting a fixed monetary cap which would require an arbitrary assumption of concentrate prices and exchange rates for the upcoming three years neither represents an accurate forecast of the actual transaction amounts and/or price of concentrate for the relevant financial years, nor provides any meaningful information to the investors for making any informed decisions or forming any reasonable expectation with regard to the performance and management of our Company for the relevant financial years. Unless unrealistically large amounts are set as the annual caps, a fixed monetary annual cap would unnecessarily restrain our Group from smoothly conducting or expanding our businesses in the ordinary course and as part of our normal businesses, weaken the flexibility of future development and adjustments, and lessen the competitive edge of businesses operated by our Group. The annual caps will also be easily exceeded as a result of increasing concentrate prices and fluctuating foreign exchange rates. Such volatile movement in the price of concentrates is not within the control of, or predictable by, our Company. If we are unable to effect any required upward adjustment of monetary cap on a timely basis, or at all, it may also result in our inability to timely discharge and hence breach our contractual obligations to Albemarle Germany, exposing us to potential claims. Any increased lithium market price may result in increased monetary transaction amount, which in turn could lead to the annual cap being exceeded, thus setting such an annual cap in monetary terms would be inappropriate as it would not be within our Group's control as to whether the annual cap is exceeded. Our Directors are also of the view that setting an annual cap with a fixed monetary amount would cause unnecessary disruption to our Group's operations, and would not be in the best interest of our Group and would not be commercially practicable if we are required to seek our Board's approval regularly to increase the monetary annual cap to align the cap with fluctuations in the lithium market price, considering that the convening of Board meetings shall require compliance with, among others, our internal corporate governance policy, our Articles of Association and the compliance requirements arising from our status as a listed company on both the Shenzhen Stock Exchange and the Stock Exchange. Our Directors consider an alternative non-monetary cap based on the transaction volume to be appropriate in the circumstances because it will be difficult for our Company to reasonably estimate the monetary annual cap for the transactions under the Albemarle Agreements. Our Directors are, therefore, of the view that that it is not in the interest of our Company and our Shareholders to impose an annual cap in monetary terms for the Albemarle Agreements as prescribed by Rule 14A.53(1) of the Listing Rules.

CONNECTED TRANSACTIONS

Confirmation from our Directors

Our Directors, including our independent non-executive Directors are of the view that the Trademark Licensing Agreement, the Albemarle Agreements and the Leasing Framework Agreement have been entered into on normal commercial terms or better, in the ordinary and usual course of our Group's business, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the Albemarle Agreements are fair and reasonable and in the interests of our Shareholders as a whole.

Our Directors, including our independent non-executive Directors, are also of the view that each of the Albemarle Agreements requires a period corresponding to the cooperation term of both our Group and RT Lithium and exceeding three years as stipulated in Rule 14A.52 of the Listing Rules, due to the following reasons:

- (i) the Albemarle Agreements were agreed in connection with, and as a condition of Albemarle's acquisition of the interest in Windfield in 2014, reflecting the basis upon which the respective shareholder's investments into Windfield were made, and it will be difficult for us to renegotiate and amend the terms of the Albemarle Agreements;
- (ii) the ability to sell and distribute lithium concentrates produced from the Greenbushes Mine is core to our Group's business. Considering the nature of our Group's business and our co-investment relationship with RT Lithium, any disruption to this relationship or the need to renegotiate terms every three years would have a detrimental effect on the business continuity and successful operation of our Group; and
- (iii) it is a common practice in the mining industry that such offtake and distribution arrangements agreements in co-investment arrangements are fixed with a long term more than three years, and in this case expected to cover the mine life of the Greenbushes Mine.

Hence, our Directors, including our independent non-executive Directors, are of the view that it is normal business practice for agreements such as the Albemarle Agreements to be of relatively long duration corresponding to the mine life of the Greenbushes Mine.

Confirmation from the Joint Sponsors

Based on the documents, information and historical figures provided by the Company and the Joint Sponsors' due diligence conducted and discussions with the Company, the Joint Sponsors are of the view that the Albemarle Agreements have been entered into on normal commercial terms or better, in the ordinary and usual course of our Group's business, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the Albemarle Agreements are fair and reasonable and in the interests of our Shareholders as a whole.

The Joint Sponsors are also of the view that each of the Albemarle Agreements requires a period corresponding to the cooperation term of both our Group and RT Lithium and exceeding three years as stipulated in Rule 14A.52 of the Listing Rules, due to the following reasons:

- (i) the Albemarle Agreements were agreed in connection with, and as a condition of Albemarle's acquisition of the interest in Windfield in 2014, reflecting the basis upon which the respective shareholder's investments into Windfield were made, and it will be difficult for the Company to renegotiate and amend the terms of the Albemarle Agreements;

CONNECTED TRANSACTIONS

- (ii) the ability to sell and distribute lithium concentrates produced from the Greenbushes Mine is core to the Group's business. Considering the nature of the Group's business and its co-investment relationship with RT Lithium, any disruption to this relationship or the need to renegotiate terms every three years would have a detrimental effect on the business continuity and successful operation of the Group; and
- (iii) it is a common practice in the mining industry that such offtake and distribution arrangements agreements in co-investment arrangements are fixed with a long term more than three years, and in this case expected to cover the mine life of the Greenbushes Mine. The Joint Sponsors are, therefore, of the view that it is normal business practice for agreements such as the Albemarle Agreements to be of relatively long duration corresponding to the mine life of the Greenbushes Mine.