Stock Code: 300568 Ticker: Shenzhen Senior Announcement No.: 2026-014

Shenzhen Senior Technology Material Co., Ltd.
2025 Annual Report

March 2026

2025 Annual Report

Section I Important Notes, Table of Contents and Definitions

The Board of Directors (or the "Board") and the directors, as well as senior management of Shenzhen Senior Technology Material Co., Ltd. (hereinafter referred to as the "Company") hereby guarantee that the contents of this annual report are true, accurate, and complete, without any false records, misleading statements, or material omissions, and assume joint and several liability for its contents.

Chen Xiufeng, the person in charge of the Company, Wang Hao, the person in charge of accounting affairs, and Shen Hui, the person in charge of the accounting firm (chief accountant), hereby declare that the financial report in this annual report is true, accurate, and complete.

All directors attended the Board Meeting to deliberate on this report.

i. During the Reporting Period, the decline in the Company's net profit was primarily attributable to the following reasons:

1. Due to increased market competition, the gross margin of the Company's lithium battery separator products decreased compared to the same period of last year, which affected the overall profitability;

2. To expand its global capacity, the Company accelerated the construction of overseas lithium battery separator production bases, and the related investments drove a significant increase in the costs and expenses for the Reporting Period;

3. The exchange rate fluctuations in the international monetary market in 2025 led to exchange losses, which had a direct impact on net profit for the Reporting Period; and

4. Certain assets of the Company showed signs of impairment. In accordance with relevant regulations, impairment tests were conducted on the relevant assets, and asset impairment provisions were made.

ii. During the Reporting Period, there were no significant adverse changes in the Company's principal business or core competitiveness. Changes in key financial metrics were consistent with industry trends;

iii. The Company did not experience overcapacity, continued downturn, or technological obsolescence;

iv. There were no significant risks affecting the Company's ability to continue as a going concern;

v. In the fourth quarter of 2025, with the growth of downstream demand, the prices of the Company's lithium battery separator products stabilised. In 2026, the Company will focus on advancing various business operations around its core business, operate prudently, continue to advance the ramp-up of overseas capacity, and further strengthen its core competitiveness and sustainable growth. In parallel, the Company will implement cost-control and efficiency-enhancement initiatives to comprehensively improve operating results.

Forward-looking statements, such as future plans involved in this annual report, do not constitute any substantial commitments of the Company to investors. Investors and other relevant parties should be well aware of possible risks and understand the differences between plans, forecasts, and commitments. For details, please refer to the "XI. Outlook for the Company's Future Development" in "Section III Management Discussion and Analysis" of this report. Investors are kindly reminded of investment risks.

The Company's profit distribution plan approved at the Board of Directors meeting is as follows: To distribute a cash dividend of RMB0.10 (tax-inclusive) per 10 shares and zero bonus shares (tax-inclusive) to all shareholders based on the share capital of 1,317,274,799 shares, calculated as the Company's total share capital of 1,345,710,639 shares minus 28,435,840 shares already repurchased and held in the special securities account for the

Company’s repurchase, with the conversion of capital reserves into the share capital of zero shares per 10 shares.

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List of Reference Documents

i. The original copy of the 2025 Annual Report signed by the Chairman of the Company.

ii. The financial statements that bear the signatures and seals of the person in charge of the Company, the person in charge of accounting affairs, and the person in charge of the accounting firm (chief accountant).

iii. The original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period on the websites designated by the China Securities Regulatory Commission (CSRC).

Definitions

Term	Refers to	Definition
The Company, Company, or Senior	Refers to	Shenzhen Senior Technology Material Co., Ltd.
Articles or the *Articles of Association*	Refers to	*Articles of Association of Shenzhen Senior Technology Material Co., Ltd.*
Company Law	Refers to	*Company Law of the People's Republic of China*
Securities Law	Refers to	*Securities Law of the People's Republic of China*
CSRC	Refers to	China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
Senior Hefei	Refers to	Hefei Senior New Energy Materials Co., Ltd., a majority-owned subsidiary of the Company.
Senior Changzhou	Refers to	Changzhou Senior New Energy Materials Co., Ltd., a wholly-owned subsidiary of the Company.
Senior Jiangsu	Refers to	Jiangsu Senior New Material Technology Co., Ltd., a wholly-owned subsidiary of the Company.
Senior Europe	Refers to	Senior Material (Europe) AB, a wholly-owned subsidiary of the Company
Senior Nantong	Refers to	Senior (Nantong) New Material Technology Co., Ltd., a wholly-owned subsidiary of the Company.
Senior Foshan	Refers to	Senior (Foshan) New Material Technology Co., Ltd., a subsidiary of the Company.
INV New Material, INV Malaysia	Refers to	INV New Material Technology (M) Sdn. Bhd., a wholly-owned subsidiary of the Company.
LG Energy Solution	Refers to	LG Energy Solution, a lithium-ion battery manufacturer under LG Chem (South Korea), operates across three power batteries, small batteries, and energy storage systems.
Samsung SDI	Refers to	Samsung SDI, a global battery solution provider engaged in battery materials, battery cells, and battery packs. Its products are mainly used in mobile phones, tablets, e-bikes, and electric motorcycles.
CATL	Refers to	Contemporary Amperex Technology Co., Limited (300750.SZ), a supplier specialised in the R&D and production of lithium-ion batteries for EVs and energy storage systems, electric vehicle (EV) battery modules, EV battery systems, and battery management systems.
BYD	Refers to	BYD Company Limited (002594.SZ), mainly engaged in the R&D, production, and sales of lithium-ion batteries and auto parts. BYD (Huizhou) Battery Company Limited is a subsidiary.
CALB	Refers to	CALB Co., Ltd., specialised in the R&D, production, sales, and market application and development of lithium-ion power batteries, battery management systems (BMS), energy storage batteries, and related integrated products and lithium battery materials.
EVE Energy	Refers to	Huizhou EVE Energy Co., Ltd. (300014.SZ), engaged in the R&D, production, and sales of high-performance primary and secondary lithium batteries.
Gotion High-tech	Refers to	Gotion High-tech Co., Ltd. (002074.SZ), engaged in the R&D, production, sales, and leasing of lithium-ion batteries, solar and wind energy products, and energy-saving optoelectronic and electronic products. Hefei Gotion High-tech Power Energy Co., Ltd. (Hefei Gotion) and Nanjing Gotion Battery Co., Ltd. are its wholly-owned subsidiaries.
Sunwoda	Refers to	Sunwoda Electronic Co., Ltd. (300207.SZ), engaged in the R&D, manufacturing, and sales of batteries, chargers, precision moulds, precision injection moulding, instruments, industrial equipment, and automation equipment; electronic products; and power battery systems, energy storage batteries, and energy storage systems. Nanjing Sunwoda New Energy Co., Ltd., Sunwoda Power Technology Co., Ltd., and Sunwoda Huizhou New Power Co., Ltd. are its subsidiaries.
Qingtao	Refers to	Qingtao (Kunshan) Energy Development Group Co., Ltd., engaged in the R&D, production and sales of solid-state lithium batteries and related materials, is a high-tech enterprise and the first enterprise in China to realize the industrialization of solid-state lithium batteries.
Xiamen Hithium	Refers to	Xiamen Hithium Energy Storage Technology Co., Ltd., engaged in the R&D, production and sales of core lithium battery materials, lithium iron phosphate energy storage batteries and systems, with products covering power generation-side, grid-side and user-side energy storage scenarios.
Zhuhai CosMX	Refers to	Zhuhai CosMX Battery Co., Ltd. (688772.SH), engaged in the R&D, manufacturing and sales of polymer lithium-ion batteries.
Lithium battery or lithium-ion battery	Refers to	A type of rechargeable battery that operates by the movement of lithium ions between the anode and cathode. Major components include the lithium-ion battery separator, cathode material, anode material, and electrolyte. It is commonly referred to as lithium batteries.
Separator, lithium battery separator, or lithium-ion battery separator	Refers to	A critical internal component of lithium-ion batteries, used to separate the anode and cathode to prevent short circuits while allowing ion flow through the electrolyte. Its performance determines the battery's interface structure and internal resistance, and directly affects the battery's capacity, cycle life, and safety. High-performance separators are essential for enhancing battery performance. Polyolefin (PO) separators, mainly polyethylene (PE) and polypropylene (PP), can be single-layer, double-layer, or multi-layer.
Polyolefin or PO	Refers to	Polymers of ethylene, propylene, or higher olefins.
Polyethylene or PE	Refers to	A thermoplastic resin polymerised from ethylene, known for its excellent low-temperature resistance, chemical stability, low water absorption, and outstanding electrical insulation properties.
Polypropylene or PP	Refers to	A thermoplastic resin polymerised from propylene, known for its good mechanical properties, high heat resistance, chemical resistance, negligible water absorption, and excellent electrical insulation.
Dry-process	Refers to	Melt stretching, including uniaxial and biaxial stretching processes. It is a method where polyolefin resins are melted and extruded into crystalline polymer films, crystallised and annealed for high crystallinity, and then stretched at high temperatures to create a porous structure by delaminating the crystalline interface.
Wet-process	Refers to	Thermally induced phase separation (TIPS). It is a method in which a liquid hydrocarbon or high-boil small molecule porogen is mixed with polyolefin resin, heated and melted to form a uniform blend. The blend is then extruded, cast, biaxially stretched, and extracted to form a microporous membrane with interconnected pores.
Extrusion	Refers to	Extrusion moulding or extrusion forming. It is a process in which the materials are melted and plasticised in the barrel of an extruder and pushed forward by a screw, continuously forming products or semi-finished products of various cross-sections through a die head.
Casting	Refers to	A film-making method where a liquid resin, resin solution, or dispersion is applied onto a moving carrier (usually a metal belt), cured by appropriate means, and then stripped off as a thin film.
Stretching	Refers to	A method for aligning polymer chains in the direction of an external force to improve the structure and mechanical properties of polymers. It includes uniaxial and biaxial stretching. The former aligns chains in one direction while the latter in a planar orientation.
Pore size or pore size distribution	Refers to	The shape and size of pores in a porous solid. The pores are usually assumed to be circular and their size is represented by the radius. These pores are typically classified into three categories based on their size: micropores (pore size $\leq$ 2 nm), mesopores (pore size between 2-50 nm), and macropores (pore size $\geq$ 50 nm). Pore size distribution is often related to the adsorption capacity of adsorbents and the catalytic activity of catalysts.
Porosity	Refers to	The proportion of internal pores within the apparent volume of granular materials. It is an important parameter affecting fluid transport performance in porous media.
Characterisation	Refers to	The use of physical or chemical methods to analyse, test, or identify the chemical properties of a substance. The properties characterised include elemental composition (chemical composition), the chemical environment of the elements (bonding situation), the crystalline structure of the material, the surface morphology of the material, and so on.
RMB or RMB10,000	Refers to	Yuan or ten thousand yuan
The Reporting Period	Refers to	1 January 2025 to 31 December 2025

Section II Company Profile and Key Financial Metrics

I. Company Information

Stock abbreviation	Senior	Stock code	300568
Chinese name of the Company	深圳市星源材质科技股份有限公司		
Chinese abbreviation	星源材质		
English name of the Company	Shenzhen Senior Technology Material Co., Ltd.		
English abbreviation	Senior		
Legal representative	Chen Xiufeng		
Registered address	North Tianyuan Road, Gongming Office, Guangming District, Shenzhen, Guangdong Province		
Postal code of registered address	518106		
History of changes in registered address	No change in the registered address since the Company's listing in 2016		
Office address	North Tianyuan Road, Gongming Office, Guangming District, Shenzhen, Guangdong Province		
Postal code of office address	518106		
Company website	www.senior798.com		
Email	zqb@senior798.com		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Li Sheng	Zhang Chensheng
Contact address	North Tianyuan Road, Gongming Office, Guangming District, Shenzhen, Guangdong Province	North Tianyuan Road, Gongming Office, Guangming District, Shenzhen, Guangdong Province
Telephone	0755-21383902	0755-21383902
Fax	0755-21383902	0755-21383902
Email	zqb@senior798.com	zqb@senior798.com

III. Information Disclosure and Archive Location

Website for annual report disclosure	Shenzhen Stock Exchange: http://www.szse.cn
Media agencies and websites for annual report disclosure	Media names: *Securities Times*, *China Securities Journal, Shanghai Securities Journal*, and CNINFO website (http://www.cninfo.com.cn)
Location for archiving the annual report	Board Secretariat of the Company, North Tianyuan Road, Gongming Office, Guangming District, Shenzhen

IV. Other Relevant Information

Accounting firm appointed by the Company

Name of the accounting firm	RSM China CPA LLP
Office address of the accounting firm	Room 1001-1 to 1001-26, 10/F, Building 1, 22 Fuchengmen Outer Street, Xicheng District, Beijing
Signing CPAs	Wu Xiaolei, Wang Lianqiang, Lv Qiming

Sponsor appointed by the Company performing the responsibility of ongoing supervision during the Reporting Period

□ Applicable ☑Not applicable

Financial advisor performing ongoing supervision duties during the Reporting Period

□ Applicable ☑Not applicable

V. Key Accounting Data and Financial Metrics

Whether retrospective adjustments or restatements of prior years' accounting data are required

□ Yes ☑No

	2025	2024	YoY Change	2023
Operating revenue (RMB)	4,125,372,108.61	3,541,106,604.39	16.50%	3,013,233,775.99
Net profit attributable to shareholders of the listed company (RMB)	36,367,767.51	363,826,336.12	-90.00%	576,329,980.48
Net profit attributable to shareholders of the listed company, excluding non-recurring gains and losses (RMB)	-54,290,933.29	282,520,271.97	-119.22%	545,110,929.77
Net cash flow from operating activities (RMB)	752,511,921.04	368,447,491.95	104.24%	1,134,072,683.51
Basic earnings per share (RMB/share)	0.0272	0.2711	-89.97%	0.4506
Diluted earnings per share (RMB/share)	0.0271	0.2711	-90.00%	0.4506
Weighted average return on net assets	0.37%	3.71%	-3.34%	6.63%
	End of 2025	End of 2024	Year-end Change YoY	End of 2023

Total assets (RMB)	24,723,826,767.58	23,145,534,457.87	6.82%	17,945,459,624.58
Net assets attributable to shareholders of the listed company (RMB)	9,862,025,262.29	9,799,137,712.80	0.64%	9,793,675,040.06

Whether the Company's net profit, whichever is lower before and after the deduction of non-recurring profit or loss, was negative for the last three fiscal years, and whether the audit report for the most recent year indicates uncertainty about the Company's ability to continue as a going concern

□ Yes ☑No

Whether the lowest of the Company's audited total profit, net profit, and net profit after the deduction of non-recurring profit and loss during the Reporting Period was negative.

☑Yes □No

Item	2025	2024	Remarks
Operating revenue (RMB)	4,125,372,108.61	3,541,106,604.39	All revenue
Of which: Revenue from other business	48,526,793.60	34,953,578.47	Business revenue irrelevant to principal business
Amount deducted from operating revenue (RMB)	48,526,793.60	34,953,578.47	Revenue from other business
Operating revenue after deduction (RMB)	4,076,845,315.01	3,506,153,025.92	Revenue from principal business

Companies with equity incentive plans and employee stock ownership plans may disclose net profit after deducting the impact of share-based payments.

Whether the Company's share capital changed between the end of the Reporting Period and the disclosure date of the annual report due to the offering of new shares, additional issuance, rights offerings, equity incentive exercises, or repurchases, affecting owners' equity

☑Yes □No

Preferred dividend paid	0.00
Interest on perpetual bonds paid (RMB)	0.00
Fully diluted earnings per share calculated using the latest share capital (RMB/share)	0.0270

VI. Key Quarterly Financial Metrics

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	889,326,970.34	1,008,720,362.17	1,059,820,768.66	1,167,504,007.44
Net profit attributable to shareholders of the listed company	46,708,487.39	53,726,842.99	13,975,968.25	-78,043,531.12
Net profit attributable to shareholders of the listed company, excluding non-recurring gains and losses	34,258,667.29	9,306,207.92	-27,704,732.81	-70,151,075.69
Net cash flow from operating activities	199,803,696.48	336,393,110.42	6,538,055.25	209,777,058.89

Whether the above financial metrics or their aggregate differ significantly from those disclosed in the Company's quarterly or semi-annual reports

□Yes ☑No

VII. Differences in Accounting Data under Domestic and Overseas Accounting Standards

1. Differences in net profit and net assets between financial reports disclosed under International Accounting Standards (IAS) and Chinese Accounting Standards, respectively

□ Applicable ☑Not applicable

There are no differences between the net profit and net assets disclosed in the financial reports prepared in accordance with IAS and those prepared in accordance with Chinese Accounting Standards during the Reporting period.

2. Differences in net profit and net assets between financial reports disclosed under overseas accounting standards and Chinese Accounting Standards, respectively

□ Applicable ☑Not applicable

There are no differences between the net profit and net assets disclosed in the financial reports prepared in accordance with overseas accounting standards and those prepared in accordance with Chinese Accounting Standards during the Reporting Period.

VIII. Non-Recurring Profit and Loss Items and Amounts

☑Applicable □Not applicable

Unit: RMB

Item	Amount for 2025	Amount for 2024	Amount for 2023	Description
Profits or losses from the disposal of non-current assets (including the reversal of previously provided impairment losses)	-16,215,519.20	-1,682,564.82		
Government grants included in current profit or loss (excluding government grants related to normal business operations that are in compliance with national policies, enjoyed based on established standards, and have a continuous impact on profits or losses)	99,368,147.38	84,462,891.72	101,800,932.03	
Profits or losses from fair value changes and profits or losses from the disposal of financial assets and liabilities held by non-financial enterprises, except for effective hedging transactions related to the Company's normal business operations	91,211,864.50	10,509,112.55	42,356,111.45	
One-time costs incurred by the enterprise due to the fact that the relevant business activities are no longer continuing, such as expenses for staff arrangements	-18,624,190.42			
Other non-operating revenue and expenses, excluding the above items	-38,511,672.22	513,598.10	-106,687,295.47	
Other items of profits or losses that meet the definition of non-recurring profits and losses			8,008,433.37	
Subtract: Impact of income tax	20,205,074.17	10,548,566.45	11,700,430.20	
Impact of minority interests (after tax)	6,364,855.07	1,948,406.95	2,558,700.47	
Total	90,658,700.80	81,306,064.15	31,219,050.71	--

Specific details of other items of profits or losses that meet the definition of non-recurring profits and losses:

□Applicable ☑Not applicable

There are no other items of profits or losses that meet the definition of non-recurring profits and losses in the Company.

Explanation of situations where items listed as non-recurring profit and loss items in the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - Extraordinary Profit and Loss* are classified as recurring profits and losses

□Applicable ☑Not applicable

The Company involves no situations where items listed as non-recurring profit and loss items in the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public - Extraordinary Profit and Loss* are classified as recurring profits and losses.

Section III Management Discussion and Analysis

1. Principal Business during the Reporting Period

The Company shall comply with the disclosure requirements for "Lithium-Ion Battery Industrial Chain-Related Business" in the *Guidelines No. 4 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure for the ChiNext Board.*

i. Overview of principal business

The Company is a national high-tech enterprise specialising in the R&D, production, and sales of lithium-ion battery separators in the fields of new energy, new materials, and NEVs. It is the lead drafting unit and deputy group leader of the editorial committee for relevant national standards for lithium-ion battery separators. As a key material in lithium-ion batteries, separators—together with batteries—represent a core component of the new energy sector prioritised and supported by governments worldwide. Guided by the mission of "creating a new life with Senior film," we focus on the new energy and new materials sectors and are committed to contributing to the global green energy transition.

ii. Overview of principal products

The Company's separator products include wet-process separators, dry-process separators, coated-process separators, and various function separators. These products are widely used in NEVs, energy storage power stations, electric bicycles, power tools, aerospace, 3C digital devices, and medical environments. Details are as follows:

Product Series		Main Specifications	Product Appearance	Application Fields
Dry-process separator	Standard/ultra-thin/high-strength/high-toughness/anti-wrinkle after electrolyte filling/multi-component series	3-40 μm		Used in batteries for electric vehicles, electric bicycles, power tools, digital devices, and energy storage.
Wet-process separator	Standard/ultra-thin/small pore size/low shut-down and high molten-down temperature/high-strength/ultra-high-strength/special performance series	3-25 μm		Used in batteries for electric vehicles, power tools, and high-end digital devices.
Coated-process separator	High heat resistance/low moisture and high adhesion/high heat resistance, high peel strength and low impedance/ultra-thin high heat resistance/high delamination and high peel strength/semi-solid and solid-state series	5-25 μm		Used in batteries for power, digital, and energy storage batteries applications with high safety requirements.

iii. Products and application fields

At present, the demand for separators comes from power-type lithium-ion batteries, which are mainly applied in electric vehicles, electric bicycles, large power tools, aerospace, electric ships, electric aircraft, and other emerging applications. In 2025, the growth of NEV sales boosted the demand for power batteries. With the global promotion of the "Dual Carbon" policy, the demand for energy storage batteries continues to rise, becoming another demand source for separators after power batteries. Meanwhile, driven by the 5G market, consumer electronics—such as smartphones, smart wearables, smart speakers, wireless earbuds, and e-cigarettes—are steadily expanding,

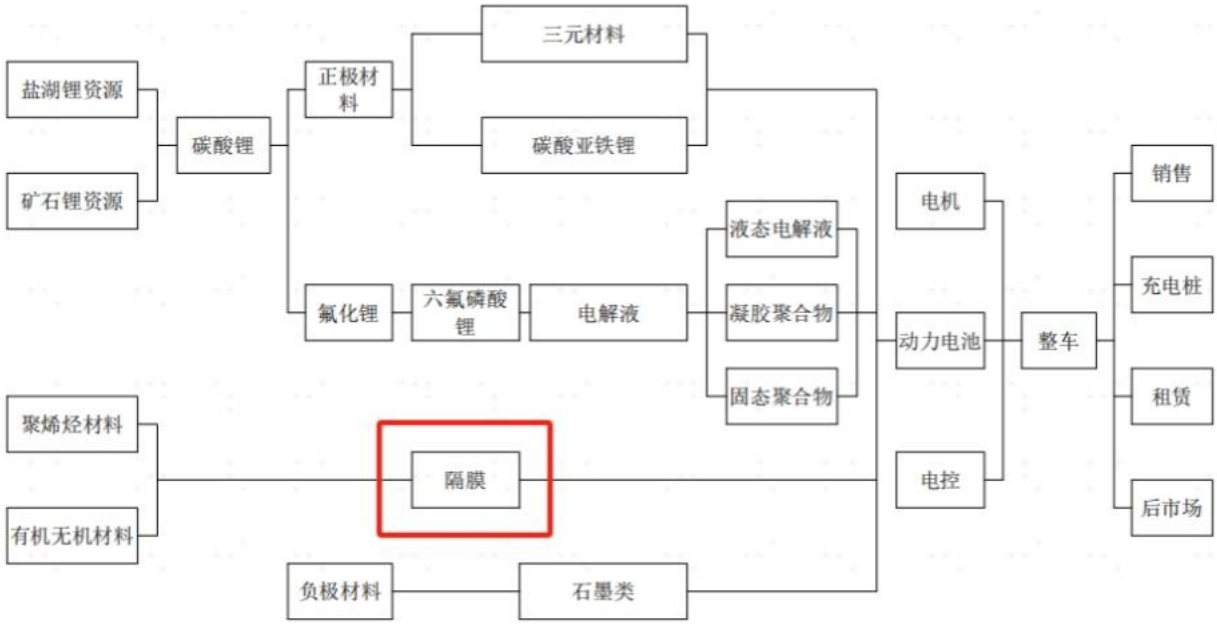
pushing continuous demand growth for consumer lithium batteries, and thus offering another key application segment for separators. Furthermore, with breakthroughs in technologies and industrialisation of sodium-ion batteries and increasing attention to living environment quality, the application scope of separators will further expand.



手机	Mobile phones
相机	Cameras
电动工具	Power tools
电动汽车	Electric vehicles
航天飞机	Spacecraft
动车组	EMUs (Electric Multiple Units)
交通运输	Transportation
消费电子	Consumer electronics
工业设备	Industrial equipment
储能电站	Energy storage power stations
风力系统	Wind power systems
太阳能系统	Solar power systems
家庭储能	Household energy storage
堆高机	Forklifts
无人搬运车	AGVs (Automated Guided Vehicles)
码头起重机	Port cranes

iv. Upstream and downstream industrial chains of principal products

The Company operates in the battery separator industry. As a core component of batteries, separators occupy the central, midstream segment of the industrial chain. Below is a schematic diagram of the industrial chain of NEVs:



盐湖锂资源	Salt lake lithium resources
矿石锂资源	Ore lithium resources
碳酸锂	Lithium carbonate
正极材料	Cathode materials
三元材料	Ternary materials
碳酸亚铁锂	Lithium iron phosphate
氟化锂	Lithium fluoride
六氟磷酸锂	Lithium hexafluorophosphate
电解液	Electrolyte
液态电解液	Liquid electrolyte
凝胶聚合物	Gel polymer
固态聚合物	Solid polymer
电机	Motor
动力电池	Power battery
电控	Electronic control (or E-control)
整车	Vehicle
销售	Sales
充电桩	Charging stations
租赁	Leasing
后市场	Aftermarket
聚烯烃材料	Polyolefin materials
有机无机材料	Organic/inorganic materials
隔膜	Separator
负极材料	Anode materials
石墨类	Graphite-based materials

1. Upstream industry

The upstream segments of the lithium-ion battery separator industry, in which the Company operates, primarily include the chemical sectors that produce PP, PE, ceramic powder, solid-state electrolyte materials, polymers, white oil, dichloromethane, and various additives.

2. Downstream industry

The lithium-ion battery separator industry is closely linked to the downstream applications of battery products. The end-use applications mainly comprise the industries of new energy, new materials, and NEVs, which align with national industrial and consumption upgrading strategies and have shown growth in recent years. Lithium-ion batteries play a vital role in digital electronic products such as mobile phones, tablets, laptops, smart wearable devices, and power banks, as well as in power-related applications including NEVs, power tools, energy storage stations, and electric bicycles. The rapid development of consumer electronics, NEVs, and the energy storage industry has created a vast market for the separator industry.

v. Main business model

1. R&D Model: The Company adopts a technological innovation path of "concept, pre-research, research, development, and application" and has established a scientific and reasonable R&D process based on IATF16949. We develop new products and applications based on collected market demand and technological development trends. Upon feasibility evaluation, projects proceed through initiation, review, design, trial production, mass production, and final acceptance. A digital management system is employed for systematic management and promotion of the full process and lifecycle of separator R&D to accelerate the transformation of research results.

2. Procurement Model: The Company's material procurement mainly involves raw and auxiliary materials for separator production. Raw materials include PP, PE, and additives, whilst auxiliary materials include packaging and general production materials. We forecast demand based on actual orders and historical data, negotiate with suppliers and distributors, and place procurement orders. A comprehensive supplier selection and evaluation procedure is in place. Qualified suppliers are included in the *List of Approved Suppliers* and undergo strict supply performance assessment and periodic evaluations.

3. Production Model: The Company primarily adopts a make-to-order production model based on sales orders. We have introduced ERP and MES systems and established ISO-production process control procedures and an efficient order processing workflow. Once an order is signed, we manage the entire production process—including planning, procurement, manufacturing, stocking, quality control, and delivery—based on technical metrics, specifications, quantities, and delivery schedules of ordered products. This model enhances our ability to meet diverse customer demands, improves on-time delivery rates and customer satisfaction, ensures product quality consistency, reduces inventory, and optimises cost and capital efficiency. We also maintain inventory based on historical sales and specific customer needs to maximise capacity utilisation.

4. Sales Model: The Company primarily adopts a direct sales model targeting end customers, covering both domestic and international markets. Orders are obtained through online promotion, customer visits, bidding, and participation in industry exhibitions. Due to the complexity of lithium-ion battery material systems and the highly precise control required in the manufacturing process, separator suppliers are expected to provide tailored technical solutions and professional, timely technical support and services—covering pre-sales, in-process, and after-sales stages—adapted to different material and control systems. This ensures the high quality and performance of lithium-ion battery products. To address the challenges posed by a widely distributed customer base, rapid market development, and varying customer scales, the Company adopts a dual management model

combining regional management and major project management. This approach maximises the use of market resources and enables a rapid response in product technology, quality assurance, and logistics, ensuring that customer demands are promptly addressed. For strategic customers, we offer customised production tailored to their specific technical requirements, ensuring stable supply and high performance of separator products. Additionally, dedicated product managers are assigned according to product series to guide customer demands and provide targeted separator technology solutions.

vi. Industry overview

The Company operates in the lithium-ion battery separator industry, a key materials sector prioritised in the development of new energy, new materials, and NEVs. According to the *Guidelines No. 4 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure for the ChiNext Board* (2023 Revision), the separator industry falls under "New Energy Industry – Lithium-ion Battery Industrial Chain-Related Business."

Separators are a niche segment within the light industry and serve as a critical material in the battery industrial chain. They possess excellent mechanical strength, chemical stability, and high-temperature shutdown capability. They serve to isolate the anode and cathode, allow lithium-ion transport, and prevent battery explosions caused by high temperatures. These functions significantly enhance the overall performance of lithium-ion batteries, giving them clear advantages over traditional lead-acid and nickel-cadmium batteries in terms of energy density, cycle life, environmental friendliness, and safety. At present, separators are widely used in applications such as NEVs, energy storage stations, electric bicycles, power tools, aerospace, medical equipment, and consumer electronics.

Globally, Japan, the United States, and South Korea traditionally dominated the lithium-ion battery separator market. However, due to process advancements and increased investment by Chinese enterprises, domestic products have entered overseas markets, significantly reducing the market share of their foreign counterparts. By 2025, Chinese enterprises held over 92% of the global separator market. The separator industry has witnessed rapid growth and a significant increase in shipments. According to statistics provided by ICCSINO, given the typical separator consumption per GWh of lithium-ion battery capacity, global battery production is projected to surpass 6,445 GWh by 2030. This will drive total separator demand to around 90 billion square metres, with Chinese manufacturers expected to account for over 83 billion square metres of that volume.

The Company is one of the early entrants in China engaged in separator R&D and manufacturing and holds a leading industry position. With over twenty years of technological accumulation, we effectively balance separator properties such as thickness, pore size, porosity, mechanical strength, thermal shrinkage, and moisture content. Our products meet high international standards and we are one of the mainstream suppliers of mid- to high-end lithium-ion battery separators globally. We have mastered dry-process, wet-process, and coated-process separator technologies, own proprietary microporous membrane preparation processes, and operate internationally advanced production lines. The Company has established a technological innovation system led by the Company and integrating the resources of the industry, universities, and research institutes. This system continuously enhances platforms for separator design, development, and testing, and aims to build a comprehensive engineering technology development chain that integrates fundamental research, process development, industrial-scale production and development, complete equipment design, product performance evaluation, and market promotion and application services. This robust technical foundation supports the Company's sustainable development. With the continuous improvement of separator manufacturing processes and quality management systems, the Company has achieved a leading global position in the separator industry in terms of design and development

capabilities, production technology, and product performance.

The Company is required to comply with the disclosure requirements related to "Chemical Industry-related Business" in the *Guidelines No. 3 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure.*

Procurement model of principal raw materials

Unit: RMB

Principal Raw Materials	Procurement Model	Proportion of Procurement Amount in Total Procurement	Any Significant Change in Settlement Method	Average Price in H1	Average Price in H2
Raw material A	Direct procurement	10.59%	No	0.92	0.84
Raw material B	Direct procurement	12.09%	No	1.05	1.02

Whether energy procurement prices account for more than 30% of total production costs

□ Applicable ☑Not applicable

Environmental impact assessment approvals newly obtained or under application during the Reporting Period

□ Applicable ☑Not applicable

Any abnormal suspension of production by the listed company during the Reporting Period

□ Applicable ☑Not applicable

Relevant approvals, licenses, qualifications, and their validity periods

□ Applicable ☑Not applicable

Engaged in petroleum processing or petroleum trade industry

□ Yes ☑No

Engaged in fertiliser industry

□ Yes ☑No

Engaged in the pesticide industry

□ Yes ☑No

Engaged in the chloralkali or sodium carbonate industry

□ Yes ☑No

II. Industry Overview during the Reporting Period

The Company is required to comply with the disclosure requirements related to "Chemical Industry-related Business" in the *Guidelines No. 3 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure.*

The Company shall comply with the disclosure requirements for "Lithium-Ion Battery Industrial Chain-Related Business" in the *Guidelines No. 4 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure for the ChiNext Board.*

i. Industry landscape

Against the backdrop of "carbon peaking and carbon neutrality", China's new energy industry has experienced rapid growth, with the overall industrial chain maintaining a globally leading position. The energy structure is accelerating towards low-carbon, clean, and efficient transformation. As one

of the key materials in battery production, battery separators play a vital role in determining battery performance and safety. The development of technological capabilities and production capacity in the separator industry is of great importance to the overall battery industry. As a key material sector supported by national policies within the new energy industry, the battery separator industry is expected to achieve rapid development under continued policy support.

ii. Industry policy information

Separators are one of the critical materials in lithium-ion batteries and belong to a nationally supported key industry. In recent years, China has issued the following relevant industry policies:

Date	Authorities	Policy	Description
February 2023	Ministry of Industry and Information Technology (MIIT)	*Notice on Piloting Full Electrification of Public Vehicles in Pilot Zones*	Accelerate the full electrification of public vehicles, advance new charging and battery swap technologies such as intelligent and orderly charging, high-power charging, automatic charging, and fast battery swap; expedite the integrated "photovoltaics-energy storage-charging/discharging" pilot programme.
June 2023	People's Government of Guangdong Province	*Guangdong Provincial Implementation Rules for Special Funds for Promoting High-Quality Economic Development (Supporting New Energy Storage Industry Development) (Draft for Exposure)*	Scope of support: Engineering R&D and industrialisation projects for lithium batteries, sodium-ion batteries, flow batteries, hydrogen energy storage/fuel cells and other products with significant competitive advantages in the new energy storage industry. Engineering R&D and industrialisation projects for materials, electronic components, and production process equipment used in energy storage batteries.
July 2023	People's Government of Guangming District, Shenzhen	*Measures to Support the Accelerated Development of the New Energy Storage Industry in Guangming District (Draft for Exposure)*	Support R&D in lithium (cathode/anode/separators/process and equipment), sodium (high-density cathode/aqueous/wide-temperature cells), flow/solid-state battery technologies; offer companies that collaborate with local institutions to establish laboratories 20% funding for their investment (up to RMB2 million), funding equivalent to 10%-20% of the contract value for entrusted research, and up to 10% funding (up to RMB2 million/RMB1 million) for national/ provincial or municipal projects, with the annual funding cap for the same unit is RMB5 million.
July 2023	MIIT, National Development and Reform Commission (NDRC), and Ministry of Commerce (MOC)	*Growth Stabilisation Work Plan for the Light Industry (2023–2024)*	Accelerate the research and application of key technologies and materials in lead-acid, lithium-ion, and primary batteries; promote the development of high-safety lithium-ion, aluminium-ion, and sodium-ion batteries and expand their applications in NEVs, energy storage, and telecommunications sectors.
August 2023	MIIT and Ministry of Finance (MOF)	*Action Plan for Stable Growth of the Electronic Information Manufacturing Sector (2023–2024)*	Promote the construction of major projects in integrated circuits, new displays, communication devices, smart hardware, and lithium-ion batteries; ensure production factor support such as energy, resources, labour, and land, attract various resources, enhance effective production capacity, and strive for early production and early results to drive steady investment growth in the entire industry.
September 2023	People's Government of Shenzhen Municipality	*Measures of Shenzhen for Promoting High-Quality Development of the New Materials Industry Cluster*	Support R&D and application of next-generation high-performance new energy materials, with a focus on the development of solid-state electrolytes, lithium metal anode materials, and sulphide cathode materials for the rapid advancement of electrochemical energy storage and NEVs, which have increasingly higher material requirements.
December 2023	NDRC	*Guidance Catalogue for Industrial Structure Adjustment (2024 Edition)*	Promote the high-end, intelligent, and green transformation of manufacturing industries; consolidate the leading position of advantageous industries; accelerate the improvement of shortcomings in critical areas related to security development; and build a high-quality and efficient new service system, with the "Encouraged" section for new energy highlighting hydrogen energy technologies and applications and electrolysis-based hydrogen production.
December 2023	China Society of Automotive Engineers (China-SAE)	*Green and Low-carbon Development Roadmap for the Automotive Industry*	Target a 50% penetration rate of passenger cars by 2025 and 65% by 2030.
December 2023	NDRC and three other authorities	*Implementation Opinions on Strengthening NEV and Grid Integration*	Focus on breakthroughs in the key technologies of power batteries, improving the cycle life of power batteries to 3,000 cycles or more without significantly increasing costs and overcoming battery safety prevention and control technologies under high-precision bidirectional charging and discharging conditions.
January 2024	MIIT, Ministry of Education (MOE), Ministry of Science and Technology (MOST), Ministry of Transport (MOT), Ministry of Culture and Tourism (MOCT), State-owned Assets Supervision and Administration Commission of the State Council, and Chinese Academy of Sciences (CAS)	*Implementation Opinions on Promoting Future Industry Innovation and Development*	Aim to build a full-chain energy equipment system covering "collection-storage-transport-application", encourage the development of new types of high-efficiency solar cells such as crystalline silicon solar cells and thin-film solar cells, as well as related electronic equipment, and promote the development of new energy storage and the integration and upgrading of the energy electronics industry.
January 2024	State Council of the PRC	*Guidelines to Comprehensively Promote the Development of a "Beautiful China"*	Target a 45% share of NEVs in new car sales by 2027.
January 2024	Standardisation Administration of the People's Republic of China (SAC)	*2024 National Standards Initiation Guide*	Establish standards for hydrogen energy technologies, including electrolysis-based hydrogen production equipment, hydrogen compressors, high-pressure hydrogen storage containers, liquid hydrogen equipment, hydrogen pipelines, and hydrogen applications; propose standards for the testing of electrolysis-based hydrogen production systems, hydrogen storage and transport equipment, fuel cells, and components.
January 2024	Guangzhou	*Mid- to Long-Term Plan for the Development of the Automotive Industry (2023–2035)*	Target 1.1 million NEVs (2,500 fuel cell vehicles) and 50 hydrogen refuelling stations by 2025; 3.5 million NEVs (20,000 fuel cell vehicles) and 200 hydrogen refuelling stations by 2035.
June 2024	MIIT	*Regulatory Criteria for the Lithium-ion Battery Industry (2024 Edition)*	Specify performance requirements for separators, including tensile and puncture resilience, to ensure lithium-ion battery safety and performance.
June 2024	MIIT	*Administrative Measures for Standard Announcements in the Lithium-ion Battery Industry (2024 Edition)*	Enhance the announcement management in the lithium-ion battery industry, with lithium-ion battery products, including key materials such as separators, meeting the standardised conditions and passing the announcement management procedure.
September 2024	Wuxi Municipal Bureau of Industry and Information	*Wuxi Three-Year Action Plan for the Development of the High-end*	Formulate a dedicated plan at the municipal level to implement eight specialised initiatives centred on the high-end separator materials industry, providing comprehensive

	Technology	*Membrane Materials Industry (2024–2026)*	support from technological breakthroughs, industrial clustering, application scenarios and financial and talent resources, with clearly defined objectives.
November 2024	MIIT, the Ministry of Ecology and Environment, and two other authorities	*Guidelines on Establishing the Standards System on the National Lithium Battery Industry (2024 Edition)*	Establish a full-chain standard system covering materials, production, safety, and recycling, explicitly proposing the formulation of standards for key materials such as separators, with a target of formulating over 100 new national and industry standards by 2026.
December 2024	MIIT, the Ministry of Ecology and Environment, and two other authorities	*Action Plan for Standard Enhancement to Drive Optimisation and Upgrading of the Raw Materials Industry (2025–2027)*	List battery separator materials and solid-state battery materials as key strategic and frontier new materials for focused standard development and revision, with the aim of guiding the high-end upgrading of the industry through standards.
December 2024	General Office of the People's Government of Guangdong Province	*Implementation Opinions on Promoting Energy Science and Technology Innovation to Support the Development of the Energy Industry*	Aim to establish a centre for science and technology innovation in the energy industry by enhancing overall coordination, reinforcing the principal role of enterprises, and supporting the transformation of scientific achievements, thereby providing systematic innovation support for the R&D of energy materials including lithium batteries.
December 2024	People's Government of Jiangsu Province	*Opinions of the Provincial Government on Accelerating High-quality Development of the Chemical Industry*	List function separator materials as one of the ten key sub-sectors for priority development, support projects aimed at strengthening and supplementing the industrial chain, and offering clear policy direction and a favourable development environment for local function separator material enterprises.
Released in 2022 and reiterated in 2025	MIIT, the State Administration for Market Regulation	*Notice on Coordinated and Stable Development of the Lithium-ion Battery Industry Chain and Supply Chain*	Aim to safeguard the stability of the industry chain, oppose low-level homogeneous development and vicious competition, and emphasise scientific planning, enhanced supply-demand coordination, and quality supervision, offering guidance for regulating the current market.
January 2025	Department of Industry and Information Technology of Guangdong Province, Department of Finance of Guangdong Province	*Implementation Rules for the Management of Special Funds for Key Tasks of Provincial Manufacturing Leadership (Support for New Energy Storage Industry Development)*	Provide post-subsidy support for industrialisation projects in the new energy storage sector (explicitly including materials for energy storage batteries), with subsidy rates of up to 30% and a maximum of RMB10 million per project, representing direct financial support.
February 2025	General Office of the CPC Guangdong Provincial Committee, General Office of the People's Government of Guangdong Province	*2025 Action Plan for Building a Modern Industrial System of Guangdong Province*	Propose to strengthen the advantages of the electrochemical energy storage industry cluster and improve the management of new energy storage power stations. Although separators are not mentioned directly, the plan provides explicit industrial support and market potential for downstream application markets.

Battery separators, along with cathode materials, anode materials, and electrolytes, are one of the core components in battery manufacturing. Among them, separators represent the most technically demanding segment in terms of material science. Within the battery system, they function to separate the anode and cathode, block electron flow during charge and discharge, and allow the free passage of lithium ions through the electrolyte. Under charging, discharging, or elevated temperatures, separators can selectively close micropores to limit excessive current and prevent short circuits. Their performance directly determines the overall performance of the battery.

Thanks to national policy support and the rapid development of downstream industries such as NEVs and energy storage, leading domestic enterprises are progressively shifting towards mid- and high-end product lines and expanding into overseas markets, maintaining strong competitiveness in the global separator market.

iii. Industry development status

(1) Driven by the "Dual Carbon" policy, lithium battery separators are scaling up rapidly.

The lithium battery separator industry is highly correlated with downstream lithium-ion battery application fields, which are mainly focused on NEVs, energy storage, and consumer electronics. With carbon peaking and carbon neutrality becoming global consensus, and under the support of various national policies, the replacement of traditional fuel vehicles by NEVs is clearly accelerating. In energy production, energy storage batteries help resolve the temporal and spatial imbalance of wind and solar energy, presenting vast development potential. The consumer electronics market remains large, with increasing demand particularly in digital and high-rate batteries. These developments have created a broad market space for the separator industry. According to data from Shanghai Iccsino Data Technology Co., Ltd. (ICCSINO), China's lithium battery separator shipment volume reached 33.85 billion square metres in 2025, a YoY increase of 55.7%. Among them, wet-process shipment volume exceeded 27.75 billion square metres, and dry-process shipment volume exceeded 6.10 billion square metres. Chinese-made separators captured 92% of the global market share.

(2) Clear technological and cost advantages propel mid- to high-end separator expansion overseas.

Currently, China is home to numerous separator manufacturers with varying product quality. Mid- to high-end power battery applications impose stringent requirements on separator quality. Attributes such as thickness, stability, consistency, mechanical strength, shut-down and molten-down temperature, and pore size directly impact the battery's energy density, safety, lifespan, and charge/discharge rate. Equipment used in separator manufacturing is evolving towards greater width and higher line speed. Leading companies focused on mid- to high-end products are expanding global market share through excellent product quality and strong capacity expansion capabilities. As domestic companies continue to increase investment and achieve process breakthroughs, the share of Chinese-made separators in overseas markets has grown steadily, reaching 92% of global market share in 2025. As Chinese separator manufacturers achieve increasing technological maturity and cost competitiveness, the global separator industry is expected to shift further towards China, with expanding influence across international markets.

iv. Industry competition landscape

In the long term, as China advances its energy structure transition and vigorously develops green energy, it is accelerating the cultivation of strategic emerging industries centred on new energy, new materials, and advanced manufacturing. With the rapid growth of new quality productive forces and the integration of digital intelligence and artificial intelligence with new energy and new materials, the upstream and downstream segments of the new energy and new materials industrial chains remain full of development potential.

In the global separator market, due to high technical barriers, long construction cycles for production lines, and uncertainties in reaching designed capacity, there remains a shortfall in the supply of mid- to high-end production capacity in the separator market. Although China entered the separator industry relatively late, Chinese manufacturers have quickly caught up through technical improvements and cost advantages. By 2025, industry capacity utilisation is expected to gradually increase. From the perspective of global market share, Chinese companies already accounted for more than 92% of global market share in 2025. As domestic leaders expand capacity and deepen cooperation with top international battery makers, China's shipment share will continue to grow.

In the domestic market, local manufacturers have made notable progress in capacity building, cost control, and technological advancement. Competition is increasingly focused on process technology, product categories and quality, equipment capability, production efficiency, and advantages from economies of scale—including brand influence, customer base, international recognition, and cost. Separator producers with proprietary core technology and cost advantages are expected to solidify their market positions.

III. Core Competitiveness Analysis

Through continuous development, we have refined and strengthened our core competitiveness, enabling us to maintain a leading position in the industry. Our core competencies are reflected in the following areas:

1. R&D advantages

(1) Establishment of an industry-leading R&D platform

Based on a thorough understanding of international advanced technology dynamics and the latest industry development trends, we have consistently focused on investment in proprietary R&D equipment and the development of related platforms. With the support of the government and relevant competent authorities, we established industry-leading separator R&D platforms, including the "Guangdong Microporous Battery Separator Engineering Technology Research Centre," the "Shenzhen Polymer Materials Special Function Membrane Engineering Laboratory," and the

“National and Local Joint Laboratory for Lithium Battery Separator Preparation and Testing Technology.” These institutions specialise in the research of base materials, process technologies, production equipment, end-use applications, and polymer special function separator materials for lithium-ion battery separators. We have engaged in “industry-university-institute” cooperation with Sichuan University and Guangdong University of Technology, co-established a postdoctoral innovation practice base with South China University of Technology, and partnered with universities and research institutes such as Tsinghua University, Peking University, Shanghai Jiao Tong University, Huazhong University of Science and Technology, Chongqing University, Southern University of Science and Technology, Nanjing University of Science and Technology, and the Jiangsu Industrial Technology Research Institute on the development of equipment, process technologies, and talent cultivation for high-performance power lithium-ion battery separators and various function separators. Additionally, to foster international collaboration and attract leading global talent, the Company has established multiple research institutes in Germany, Sweden, Japan, and Jiangsu, thereby creating a global research and development network centred around Shenzhen.

We expand innovation channels through participation in international industry exhibitions, academic exchanges, and consultations and mutual visits with leading global companies.

Over years of development in R&D platforms, we have built a complete industrial chain for engineering technology development and created a technological innovation system led by the Company, integrating the resources of the industry, universities, and research institutes, and focusing on independent R&D. We have achieved breakthroughs in key process technologies and equipment applications, laying a solid technical foundation for developing next-generation separators and function separators.

(2) Establishment of an industry-leading R&D team and mechanism

We have consistently placed great emphasis on building a professional team dedicated to the research and development of lithium-ion battery separators. We established a Technology Committee responsible for reviewing and determining our strategic technology R&D plan and new product development direction, as well as evaluating new technology development projects, major product innovation projects, the introduction of patented technologies, and selection plans for new equipment. This committee serves as the highest body guiding the overall direction of our scientific research. Each committee member has extensive experience in the R&D of lithium-ion battery separators and various function separators, with in-depth insight into the industry. Our R&D work follows a project-based management approach. Through years of internal training and external recruitment, we have built a team of experienced engineering and technical experts with deep knowledge of lithium-ion battery separator development and manufacturing. These key management personnel and technical backbones have become a vital force in our R&D and operational management.

Building on in-house R&D, we fully utilise existing research platforms, industry-university-institute cooperation platforms, technical exchange platforms, innovation platforms involving all employees, and digital management platforms to establish a multidimensional R&D and innovation system. We follow a structured technological innovation path of “concept, pre-research, research, development, and application,” and have set up a scientific and rational R&D process. By mobilising resources across various domains, we continuously enhance our R&D capabilities and technical expertise, thereby strengthening our industry competitiveness.

(3) Industry-leading R&D achievements

During the Reporting Period, we made steady progress in team building and project development. Several R&D projects achieved major breakthroughs, including critical technological advancements

in product development and significant improvements in product performance. As of 31 December 2025, the Company and its subsidiaries had filed 1,026 patent applications, including 298 overseas applications. A total of 490 valid patents had been granted, comprising 204 invention patents (including 90 overseas invention patents) and 286 utility models. We independently developed a number of key technologies for lithium-ion battery separators, including separator raw material analysis and characterisation technology, formulation pre-treatment technology, structural forming control technology for rigid-elastic base membranes, detection and characterisation technology for rigid-elastic base membranes, efficient thermal processing and reorganisation technology for base membranes, multi-layer composite technology with stepwise stretching, PP/PE composite separator manufacturing technology, integrated design technology for a complete dry-process production line based on PP/PE extrusion composite technology, electrochemical application analysis for separators, and microporous structure control technology. Our proprietary innovations include ultra-thin high-strength, low-impedance, and high-efficiency polyolefin microporous membrane preparation technology; low shut-down and high molten-down polyolefin microporous membrane preparation technology; ultra-thin high heat-resistant composite membrane preparation technology; high heat-resistant low-moisture ceramic composite membrane preparation technology; adhesive PVDF composite membrane preparation technology; PFAS-free adhesive composite membrane preparation technology; high heat-resistant, fast-wettability fibre polymer formulation and composite membrane preparation technology; high-performance engineering polymer formulation and composite membrane preparation technology; solid electrolyte composite membrane preparation technology; and wet-process nonwoven membrane technology. Our R&D achievements have been widely recognised by the market, governmental competent authorities, and industry associations. The overall technical level remains at the forefront of the global separator industry, providing strong support for our continued expansion into domestic and international mid- to high-end markets.

2. Market advantages

As the “third pole” of a battery, the separator is a core internal component, and its performance plays a critical role in determining the overall performance of the battery. It is also one of the key technologies restricting the development of batteries. With the continuous expansion of application scenarios and the increasing presence of lithium battery products in people’s daily lives, the performance requirements for batteries have become more stringent. To meet the evolving demands of battery development, separators must possess excellent chemical stability, outstanding thermal safety, high mechanical strength, and low production costs. Consequently, downstream battery manufacturers typically conduct lengthy evaluations and audits of separator suppliers before introduction, a process that generally takes between 9 to 24 months. Once certified, suppliers and customers usually establish stable, long-term cooperative relationships. We have a professional team of market and product managers who accurately identify customer and market demands, and who provide professional separator solutions. Coupled with our superior product quality, strong cost performance, and reliable after-sales service, we have earned high levels of partner satisfaction, trust, and loyalty, laying a solid foundation for sustainable growth. This has also effectively shortened the development and market entry cycle for new products, whilst enhancing the visibility and reputation of our products both domestically and internationally. Our dry-process separator series continues to grow robustly, keeping pace with downstream customer demand, whilst the wet-process series is expanding alongside the gradual release of additional production capacity. Guided by a philosophy of refined, high-quality manufacturing, the Company has cultivated a strong brand image over many years and built an excellent customer base, laying a solid foundation for sustained and stable development. In the domestic market, the Company’s major customers include several well-known lithium-ion battery manufacturers such as CATL, BYD, CALB, Gotion High-tech, Sunwoda, Qingtao, EVE Energy, Xiamen Hithium, and Zhuhai CosMX. In the international market,

the Company supplies LGES, Samsung SDI, Envision AESC, SK On, Murata, SAFT, and the power battery subsidiary of Volkswagen Group in batches, and has established business cooperation with numerous leading lithium-ion battery manufacturers. The Company has received multiple awards from top-tier customers, including the LGES "Quality Excellence Award" and "Outstanding Partner", the EVE Energy "Pioneer Award 2025", and the CALB "Outstanding Supplier" award. By systematically enhancing performance and developing innovative products, the Company continues to strengthen its competitive advantage in international markets.

3. Comprehensive solution advantages

Through years of market service and continuous enhancement of our R&D capabilities, we have accumulated extensive industry experience and developed a "product + service" comprehensive solution model. This model encompasses raw material formulation screening and rapid adjustment, micropore preparation technology, independent complete equipment design, the ability to quickly fulfil customer demand for product customisation, and end-to-end technical services.

(1) Advantages in raw material formulation screening and rapid adjustment

In formulation screening, separator raw materials are primarily polyolefins such as PP and PE, supplemented by various additives, ceramic powder, solid-state electrolyte materials, and other coating materials. These materials are diverse in type and application and require multiple rounds of testing to identify formulations that meet various performance requirements. Our independently developed separator raw material analysis and characterisation technology enables the construction of effective models for rapid and accurate formulation identification. Based on the process workflows and parameters of battery manufacturers, we design targeted formulations to meet diverse specifications and quality standards. For formulation adjustment, due to variations in manufacturing processes, product specifications, and operator experience among and within battery manufacturers, the performance requirements for separators often differ. With years of service to medium- and large-sized battery manufacturers and a solid foundation in proprietary formulation technologies, we employ distinctive rapid formulation adjustment technology. This allows for swift screening and adjustments in response to customer demands, ensuring the separator's applicability and stability.

(2) Advantages of micropore preparation technology

One of the key technical challenges in separator production is the preparation and control of micropores. Lithium-ion batteries demand extremely precise control over pore size and distribution of separator, and the nanoporous preparation process is highly complex and technically demanding, directly impacting product yield and quality. We are among the few manufacturers worldwide that have mastered and industrialised patented technologies for dry-process, wet-process, and coated-process separators. Our precise control capabilities across porosity, mechanical strength, pore size, pore size distribution, air permeability, and thermal shrinkage allow us to produce separators with uniform pore size distribution, excellent permeability, strong consistency and stability, and high safety. We also possess a comprehensive and fully functional online performance testing and evaluation platform, enabling real-time monitoring of the entire production process. This allows for precise control of raw material formulations and performance metrics, fulfilling the personalised quality needs of battery manufacturers.

(3) Advantages in compatibility-enhanced formulations

Through advanced surface coating processes using aluminium oxide, boehmite, polymers, nanofibres, and solid-state electrolyte materials, we perform deep processing of the separator to significantly improve base membrane heat resistance and electrochemical performance. Since 2011, we have been developing deep-processing technologies for separators, holding more than 240

related patents. Our product formulations are carefully designed to balance high-temperature thermal shrinkage and low moisture content, with molten-down temperatures exceeding 200°C. The products are supplied in bulk to leading battery manufacturers, with some lines occupying a primary supplier position.

(4) Advantages in independent complete equipment design

The separator industry is both capital-intensive and technology-intensive, characterised by heavy asset investment. The production process of separators is complex and highly demanding in terms of control precision, making the manufacturing of supporting equipment significantly more challenging than that for general membrane products. As such, separator manufacturing equipment must be tailored to align with the Company's proprietary production processes, requiring customisation based on specific process requirements. After years of independent development, we have mastered the core equipment technologies for dry-process, wet-process, and coated-process separator production. Our separator production lines—including raw material processing units, extrusion and casting machines, stretching systems, extraction devices, recycling systems, slitting machines, coating machines, and testing and analysis equipment—are all self-designed and custom-built by professional equipment manufacturers at home and abroad. This ensures a high degree of compatibility between the equipment and our proprietary processes, enabling the production of high-quality separators that meet stringent precision standards. Moreover, our equipment is continuously upgraded based on market and cost demands, ensuring stable product quality and strong responsiveness to market needs.

In August 2023, we launched the world's first fifth-generation super wet-process single production line. With a width exceeding eight metres and a capacity of 250 million square metres per line, this new generation more than doubles the output of the previous fourth-generation line, setting a new benchmark for production efficiency in the industry and establishing a significant equipment-based competitive advantage. The upgraded production line features groundbreaking improvements in automation and intelligence. It is the industry's first to implement the Smart Manufacturing 2.0 platform and incorporates the Warehouse Management System (WMS) and the Warehouse Control System (WCS), which are fully integrated with the Manufacturing Execution System (MES). Through the coordinated operation of MES, WMS, and WCS, the entire production process is monitored in real time, every step is inspected, and each product is assigned a unique ID, enabling full traceability of product quality and ensuring high-standard output. In addition, the fifth-generation super wet-process line delivers ultra-low emissions and ultra-high material recovery, setting new benchmarks across product quality, efficiency, smart manufacturing, and low-carbon production.

(5) Advantages in the ability to quickly fulfil customer demand for product customisation

Due to differences in raw material systems, production equipment, and manufacturing processes among downstream battery manufacturers, their demands for separator products vary significantly. A single standardised separator can no longer meet the diverse needs of different lithium-ion battery manufacturers. Through years of accumulated experience and practice, we have built an industry-leading team of electrochemical experts, an advanced R&D project management system, and lithium-ion battery testing lines. These assets empower us to rapidly understand, absorb, and efficiently respond to customers' requirements for customisation. We design and manufacture tailored products that align with each customer's unique process characteristics, helping them minimise production costs whilst enhancing product quality.

(6) Advantages in end-to-end technical services

To enhance our responsiveness to customer demands and ensure the end-use performance of separators, the Company has established a technical service network that covers major domestic and international battery manufacturers. This network brings together professionals specialising in separator R&D and design, manufacturing, application, quality control, and electrochemical analysis, forming a comprehensive technical service system led by product managers and centred on customer service. The system encompasses pre-sale communication, in-process guidance, and rapid troubleshooting after sales. Before product sales, product managers provide tailored recommendations on separator selection, battery process flows, and process parameters based on customer demands, assisting customers in optimising process design and refining parameters. During product use, we offer end-to-end technical guidance by leveraging in-depth knowledge of lithium-ion battery separator performance, ensuring optimal application results. In the event of any issues during usage, we support customers with swift root cause analysis and formulation of technical solutions. Our professional and comprehensive after-sales service system has laid a solid foundation for establishing a strong brand image and building our advantage as a provider of integrated solutions.

4. Product leadership advantages

The Company is among the first manufacturers in China to achieve mass production of battery separators, and our products have gained widespread recognition in both domestic and international markets. Our separator products cover a full range of categories, specifications, and models, with stable quality, and are widely used in leading market segments such as NEVs, energy storage systems, consumer electronics, power tools, and aerospace batteries. The Company's self-developed patented technology— "A Method for Preparing a Microporous Separator and the Microporous Separator"—was awarded the "China Excellent Patent Award" and the "20th China Excellent Patent Award." We have also been honoured with titles such as "National Intellectual Property Demonstration Enterprise," "Guangdong Province Intellectual Property Advantage Enterprise," and "Guangming District Intellectual Property Advantage Enterprise."

In addition, several of our separator research projects have been included in national-level initiatives such as the "National Torch Programme," the "National High-tech R&D Programme (863 Programme)," and "Significant Projects of Shenzhen." The Company has received numerous prestigious awards including the First Prize of the National Science and Technology Progress Award, the National Key New Product Award, the First Prize of the China Petroleum and Chemical Industry Federation's Technological Invention Award, the Gold Medal at the China International Patent and Brand Expo, the Guangdong Government Quality Prize, Guangdong Provincial Science and Technology Awards, Guangdong Provincial Science and Technology Progress Award, Anhui Provincial Science and Technology Awards, Shenzhen Science and Technology Progress Award, and the Shenzhen Technological Innovation Award. The Company has also been recognised as a National Manufacturing Single-Product Champion Enterprise.

5. Brand advantages

For many years, the Company has been committed to the fundamental research, product development, and equipment design of lithium-ion battery separators and function separators. With continuous breakthroughs in both dry-process uniaxial stretching and wet-process technologies, the consistency, stability, and safety of our separator products have steadily improved. This has enabled us to achieve mass production and volume delivery both domestically and internationally, firmly establishing the "SENIOR" brand as a leading name in the lithium-ion battery separator industry. Our products have been recognised as Guangdong High-Tech Products and Guangdong Famous Trademarks. The Company has also been honoured as one of the "Top 100 Quality Enterprises in Shenzhen," a "Famous Brand of Shenzhen," a "Key Enterprise in Shenzhen's Quality City

Initiative," and a "Leading Enterprise in the Greater Bay Area." We continue to provide leading-edge separator products with comprehensive competitive advantages to first-tier lithium-ion battery manufacturers worldwide. Our strong overall capabilities, solid brand reputation, superior product quality, and operational stability have earned widespread market recognition.

6. Management advantages

The Company has a seasoned team in management, marketing, and technology. Most of our senior managers and core personnel have many years of experience in the separator industry and possess in-depth knowledge of the field. The core management team adopts an open-minded approach. Based on development needs, we continuously strengthen and improve our core management team cultivating talent internally and recruiting externally. This approach has helped optimise the knowledge structure and age profile of our workforce. To ensure stability and enhance the strength of the management team, we have implemented comprehensive performance management and equity incentive programmes for senior management and core business personnel, motivating them to enhance business performance and support the Company's continued, rapid growth.

To further enhance decision-making efficiency in areas such as strategy development, operational targets, and major business initiatives, we have established a dedicated Decision-Making Committee responsible for reviewing strategic planning, annual operating plans, annual financial budgets, final accounts plan, and the management of the Technology and Management committees.

In order to further broaden the horizons of core management team members and improve their management capabilities, we have also built long-term, stable partnerships with academic institutions such as South China University of Technology, Tsinghua University, Peking University, and Huazhong University of Science and Technology. Experts specialising in materials from these universities serve as consultants, helping us maintain continuous technological innovation and meet future talent needs.

Furthermore, we place great emphasis on the innovation and improvement of management processes, systems, and methodologies. We have passed certifications for ISO 9001 Quality Management Systems, IATF 16949 Automotive Quality Management System, and GB/T29490-2013 Intellectual Property Management System. Additionally, we have adopted the VDA6.3 Process Audit Standard of the German Association of the Automotive Industry, Sony's Green Partner Environmental Quality Approval System, and Life Cycle Assessment (LCA) of products. These systems cover the entire workflow from design and development to production and technical service, ensuring that we maintain strong operational management capabilities.

IV. Analysis of Principal Business Operations

1. Overview

During the Reporting Period, the Company achieved operating revenue of RMB4,125 million, representing a year-on-year increase of 16.50%. Net profit attributable to owners of the parent company was RMB36 million, representing a year-on-year decrease of 90.00%. As of 31 December 2025, the Company's total assets amounted to RMB24,724 million, an increase of 6.82% compared to the beginning of the year. Owners' equity attributable to shareholders of the Company amounted to RMB9,862 million, representing an increase of 0.64% from the beginning of the year. The main business developments during the Reporting Period are as follows:

i. Proactively expanding customer base and steadily advancing operations

During the Reporting Period, the Company strengthened communication and business cooperation with leading global enterprises in the industry, providing competitive lithium-ion battery separators

and after-sales services to well-known Chinese and international lithium-ion battery manufacturers. We fully leveraged our brand and product advantages to further expand into domestic and international markets. With advanced separator manufacturing technology, superior product performance, continuous R&D, and rapid-response technical service capabilities, we have built a strong brand image under the name "SENIOR" and gained wide recognition from renowned domestic and international customers.

ii. Actively expanding new production capacity to lay the foundation for market development at home and abroad

We remained committed to our international development strategy, maintaining an open approach aligned with industry trends. Against the backdrop of "carbon peaking and carbon neutrality", more countries are introducing policies to accelerate the transition to renewable energy. Seizing the global opportunities in NEVs and in alignment with our development strategy, we actively advanced the construction of projects at our Nantong, Foshan, Europe, and ASEAN bases. These projects aimed to expand our production capacity for wet-process separators and high-performance coated-process lithium-ion battery separators, better meeting mid- and high-end market demand for our products and enhancing our overall competitiveness. This expansion also laid a solid foundation for future collaboration with leading international automotive manufacturers.

We will intensify efforts to acquire overseas customers, continuously deepen and accelerate the establishment of stable business relationships with large, well-known foreign lithium-ion battery manufacturers, as well as product certification. As we enhanced our global production capacity layout, we also strengthened our ability to provide localised services to downstream customers, further increased global market share, implemented our global strategy, and achieved steady growth in both domestic and international markets.

iii. Driving technological upgrades to enhance new quality productive forces

During the Reporting Period, we continued to increase R&D investment for new technologies and products, effectively accelerating innovation in cutting-edge industry technologies and driving the rapid development of new quality productive forces. In terms of new product development, we accelerated the update and deployment of function separator products, including new cross-linked composite membranes, high-safety polyimide-coated separators, and solid electrolyte composite separators, all of which demonstrate significant product advantages. Regarding production equipment, our wet-process separator equipment has been upgraded to the fifth-generation super wet-process line. These upgrades set new industry benchmarks in quality, efficiency, intelligence, and carbon reduction, promoting the integration of technology and data, and continuously strengthening the internal momentum needed to form new quality productive forces.

2. Revenue and cost

(1) Composition of operating revenue

Overall operating revenue

Unit: RMB

	2025		2024		YoY Change
	Amount	As % of Operating Revenue	Amount	As % of Operating Revenue	
Total operating revenue	4,125,372,108.61	100%	3,541,106,604.39	100%	16.50%
By industry					
New energy materials for lithium-ion battery separator	4,076,845,315.01	98.82%	3,506,153,025.92	99.01%	16.28%
Others	48,526,793.60	1.18%	34,953,578.47	0.99%	38.83%
By product					
New energy materials for lithium-ion battery separator	4,076,845,315.01	98.82%	3,506,153,025.92	99.01%	16.28%

Others	48,526,793.60	1.18%	34,953,578.47	0.99%	38.83%
By region					
Domestic	3,557,072,367.21	86.22%	3,140,132,215.35	88.68%	13.28%
Overseas	568,299,741.40	13.78%	400,974,389.04	11.32%	41.73%
By sales model					
Direct procurement	4,125,372,108.61	100.00%	3,541,106,604.39	100.00%	16.50%

The Company shall comply with the disclosure requirements for "Lithium-Ion Battery Industrial Chain-Related Business" in the *Guidelines No. 4 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure for the ChiNext Board.*

During the Reporting Period, operating revenue from overseas sales of the lithium-ion battery industrial chain-related business accounted for more than 30% of the Company's operating revenue in the same period

□ Applicable ☑Not applicable

(2) Industry, product, region, or sales model contributing over 10% of the Company's operating revenue or profit

☑Applicable □Not applicable

The Company shall comply with the disclosure requirements for "Lithium-Ion Battery Industrial Chain-Related Business" in the *Guidelines No. 4 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure for the ChiNext Board.*

Unit: RMB

	Operating Revenue	Operating Cost	Gross Profit Margin	Change in Operating Revenue Compared to the Same Period Last Year	Change in Operating Cost Compared to the Same Period Last Year	Change in Gross Profit Margin Compared to the Same Period Last Year
By business						
Lithium-ion battery separator	4,076,845,315.01	3,148,177,639.73	22.78%	16.28%	26.09%	-6.01%
By product						
Lithium-ion battery separator	4,076,845,315.01	3,148,177,639.73	22.78%	16.28%	26.09%	-6.01%
By region						
Domestic	3,508,624,029.90	2,759,508,783.34	21.35%	12.99%	20.30%	-4.78%
Overseas	568,221,285.11	388,668,856.39	31.60%	41.71%	91.48%	-17.78%
By sales model						
Direct procurement	4,076,845,315.01	3,148,177,639.73	22.78%	16.28%	26.09%	-6.01%

In the case of adjustments to the Company's principal business data statistics criteria during the Reporting Period, the principal business data of the Company after the adjustments shall be adopted as the data for the most recent year.

□Applicable ☑Not applicable

Key technologies or performance metrics related to the principal products or business across various processes of the lithium-ion battery industry chain

☑Applicable □Not applicable

Technology Roadmap	Performance Metrics			Product Features
	Thickness (μ)	Air Permeability (s)	Porosity (%)	
Dry-process	3-40	80-700	25-75	Low cost, high melting point, and high strength
Wet-process	3-25	10-500	25-75	Ultra-thin, high strength, high safety, and high efficiency
Coated-process	5-25	30-400	25-75	Ultra-thin, low moisture content, high heat resistance, high safety, high wettability, and high adhesion

Products accounting for more than 30% of the Company's sales revenue in the most recent fiscal year whose average selling price has fluctuated by more than 30% compared to the beginning of the Reporting Period.

□Applicable ☑Not applicable

Production and sales of different products or business types

	Capacity	Capacity Under Construction	Capacity Utilisation Rate	Production Volume
By business				
By product				

The Company is required to comply with the disclosure requirements related to "Chemical Industry-related Business" in the *Guidelines No. 3 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure.*

Unit: RMB

	Operating Revenue	Operating Cost	Gross Profit Margin	Change in Operating Revenue Compared to the Same Period Last Year	Change in Operating Cost Compared to the Same Period Last Year	Change in Gross Profit Margin Compared to the Same Period Last Year
By industry						
Lithium-ion battery separator	4,076,845,315.01	3,148,177,639.73	22.78%	16.28%	26.09%	-6.01%
By product						
Lithium-ion battery separator	4,076,845,315.01	3,148,177,639.73	22.78%	16.28%	26.09%	-6.01%
By region						
Domestic	3,508,624,029.90	2,759,508,783.34	21.35%	12.99%	20.30%	-4.78%
Overseas	568,221,285.11	388,668,856.39	31.60%	41.71%	91.48%	-17.78%
By sales model						
Direct procurement	4,076,845,315.01	3,148,177,639.73	22.78%	16.28%	26.09%	-6.01%

In the case of adjustments to the Company's principal business data statistics criteria during the Reporting Period, the principal business data of the Company after the adjustments shall be adopted as the data for the most recent year.

□Applicable ☑Not applicable

The operating income or net profit generated from overseas business accounts for more than 10% of the Company's most recent audited operating income or net profit for the fiscal year.

□ Yes ☑No

(3) Whether the Company's physical goods sales revenue exceeds service revenue

☑Yes □No

By industry	Item	Unit	2025	2024	YoY Change
New energy materials for lithium-ion battery separator	Sales volume	10,000 m^2	466,465.62	398,594.58	17.03%
	Production volume	10,000 m^2	492,273.40	404,594.26	21.67%
	Inventory volume	10,000 m^2	43,870.89	18,063.11	142.88%

Explanation of changes exceeding 30% YoY

☑Applicable □Not applicable

In 2025, the sales volume reached 4,664.6562 million m^2, with a year-on-year increase of 17.03%; the production volume reached 4,922.734 million m^2, with a year-on-year increase of 21.67%; and the inventory volume stood at 438.7089 million m^2, with a year-on-year increase of 142.88%, mainly due to the release of production capacity from new bases and inventory stocking for the delivery of subsequent orders.

(4) Performance of major sales or procurement contracts signed as of the end of the Reporting Period

□ Applicable ☑Not applicable

(5) Composition of operating costs

By industry

By industry

Unit: RMB

By industry	Item	2025		2024		YoY Change
		Amount	As % of Operating Costs	Amount	As % of Operating Costs	
Lithium-ion battery separator	Material costs	1,682,386,130.67	53.44%	1,004,720,224.29	40.24%	67.45%

Description**(6) Whether there were changes in consolidation scope during the Reporting Period**

☑Yes □No

Subsidiary Name	Reason for Change
DAOS TECHNOLOGY CO.LTD.	Deregistration

(7) Major changes or adjustments in business, products, or services during the Reporting Period

□ Applicable ☑Not applicable

(8) Major customers and suppliers

Major customers:

Total sales amount of the top five customers (RMB)	2,484,983,535.31
Percentage of total annual sales represented by sales to the top five customers	60.24%
Percentage of total annual sales represented by sales to related parties in the total sales to the top five customers	0.00%

Top five customers of the Company

No.	Customer Name	Sales Amount (RMB)	As % of Total Annual Sales Revenue
1	Customer 1	669,491,327.03	16.23%
2	Customer 2	510,899,974.52	12.38%
3	Customer 3	474,777,794.47	11.51%
4	Customer 4	453,784,922.45	11.00%
5	Customer 5	376,029,516.84	9.12%
Total	--	2,484,983,535.31	60.24%

Additional notes on major customers:

□Applicable ☑Not applicable

Major suppliers

Total purchase amount from the top five suppliers (RMB)	919,310,134.11
Percentage of total annual purchases represented by purchases from the top five suppliers	47.97%
Percentage of total annual purchases represented by purchases from related parties in the total purchases from the top five suppliers	0.00%

Top five suppliers of the Company

No.	Supplier Name	Procurement Amount (RMB)	% of Total Procurement Amount of the Year
1	Supplier 1	262,188,295.60	13.68%
2	Supplier 2	220,267,829.02	11.49%
3	Supplier 3	214,788,857.63	11.21%
4	Supplier 4	128,020,310.41	6.68%
5	Supplier 5	94,044,841.45	4.91%
Total	--	919,310,134.11	47.97%

Additional notes on major suppliers

□Applicable ☑Not applicable

During the Reporting Period, revenue from the Company's trading business accounted for more than 10% of its total operating revenue.

□ Applicable ☑Not applicable

3. Expenses

Unit: RMB

	2025	2024	YoY Change	Notes on Major Changes
Selling expenses	42,805,421.39	37,112,188.73	15.34%	Mainly due to the increase in employee compensation in the current period.
Administrative expenses	378,419,582.45	276,145,225.42	37.04%	Mainly due to the increase in employee compensation and depreciation & amortization in the current period.
Financial expenses	226,223,675.67	42,844,241.16	428.01%	Mainly due to the increase in net interest expenses and exchange losses during the Reporting Period.
R&D expenses	278,379,559.44	248,024,275.05	12.24%	Mainly due to the Company's continuous strengthening of R&D team building, increased investment in technological innovation and product R&D.

4. R&D investment

☑Applicable □Not applicable

Major R&D Project Name	Purpose	Progress	Objectives to be Achieved	Expected Impact on the Company's Future Development
Phase-II Laboratory Construction Project	Improve in-house R&D infrastructure	Pilot equipment retrofit, introduction of testing equipment, staffing and training	Establish experimental and production conditions from theoretical verification to industrialised supply	The project is expected to enhance the engineering lab's testing, analysis, and processing capabilities, build a more comprehensive platform for separator product testing and characterisation, and promote targeted product and equipment development to accelerate the transformation of research outcomes.
LATP Solid Electrolyte Membrane Development	Expand into the solid-state battery field	The project has entered the mass production phase.	Achieve mass production of first-generation oxide solid-state electrolyte membranes and GWh	The project is expected to support polymer solid-state battery systems and promote the industrialisation of solid-state battery technology.
Lattice Coating Product Development	Develop differentiated products, enhance competitiveness, and reduce material costs	The project has entered the customer introduction phase.	Secure customer introduction and achieve a stable, large-volume supply	The project is expected to help develop high-end composite membranes with enhanced adhesion and controlled appearance to improve slurry utilisation and enhance product competitiveness.
Advanced Product Quality Planning (APQP) Project Development for Domestic and Overseas Customers	Establish a rapid customer response mechanism and initiate APQP	The project has entered the product evaluation, finalisation, and introduction phase.	Promptly resolve technical and quality issues at the customer end, maintain normal supply, and continuously develop new projects	The project is expected to deliver a rapid response mechanism for key customers, enable customised product design, strengthen strategic partnerships, and maintain the Company's industry leadership.
Fluorine-Free Eco-Friendly Microsphere-Coated Separator Development	Stockpile fluorine-free materials and products to prepare for fluorine restriction orders and potential upcoming regulations	The project has entered the mass production phase.	Achieve a stable product supply with costs not exceeding those of the existing product series	The Environmental Separator No. 1 aligns with the Company's mission to create a greener life.
Second-Generation Cross-Link Product Development	Improve performance and reduce the costs of cross-link products	The project has entered the customer introduction phase.	Reduce the moisture content and cost of cross-link products to levels acceptable to customers	The project is expected to improve the thermal stability of separators.
Gel Electrolyte Separator Technology and Product	Expand into the solid-state battery field, screen polymer solid-state	Product development and validation	Finalise polymer solid-state electrolyte membrane materials,	The project is expected to deliver next-generation safe battery

Development	electrolyte materials, formulations, and processes		formulations, and processes	materials.
Heat Exchange Membrane Development	Expand new material business and ensure sustainable development	The project has entered the mass production phase.	Achieve product performance superior to current market offerings and batch supply	The project is expected to expand applications to areas such as fresh air systems and in-vehicle air filtration, opening up the Company's new material business.
Aramid Composite Membrane Development	The project is expected to help the Company expand into high-end power batteries and specialised application fields to strengthen market competitiveness.	Customer introduction, mass production and promotion	Stable mass supply to domestic and international customers	The project is expected to help the Company expand into high-end power batteries and specialised application fields to strengthen market competitiveness.
Development of PEO Composite Membranes	Develop solid-liquid battery materials and enrich the solid-state product line	The project has entered the material selection phase.	Screen and select PEO material types and confirm partners	Develop solid-liquid battery materials and enrich the solid-state product line
Development of Composite Current Collectors	Expand new material business and ensure sustainable corporate development	Sample evaluation and customer introduction	Achieve product performance superior to competing products in the market and enter the supply chain of the top ten customers	New material business
Development of Low-impedance, Long-life Separator Technology	Development of differentiated products to enhance competitiveness	The project has entered the mass production phase.	Achieve a stable mass supply	Differentiated products to enhance product competitiveness
Development of Separators with Excellent Wetted-State Performance	Development of differentiated products to enhance competitiveness	The project has entered the mass production phase.	Achieve a stable mass supply	Differentiated products to enhance product competitiveness
Development of Wetted-state Products for Prismatic Cells	Address the industry challenge of low separator adhesion after electrolyte injection in prismatic batteries, maintaining a first-mover technological advantage	The project has entered the market promotion phase.	Achieve a stable mass supply	Address the industry challenge of low separator adhesion after electrolyte injection in prismatic batteries
Development of Cold-pressed PVDF Products	Development of differentiated products to enhance competitiveness	The project has entered the mass production phase.	Achieve a stable mass supply	Differentiated products to enhance product competitiveness
Development of Fluorine-free Cold-pressed Products	Development of fluorine-free series and differentiated products to enhance competitiveness	Finalisation of design	Achieve a stable mass supply	Reserve of fluorine-free solutions for cold-pressed products
Development of Digital Base Films	Expansion into the digital market	The project has entered the mass production phase.	Achieve a stable mass supply	Expand into the digital sector to enhance profitability

R&D employees

	2025	2024	YoY Change
Number of R&D employees	699	618	13.11%
R&D employees as % of workforce	13.67%	13.30%	0.37%
Educational background of R&D employees			
Bachelor's degree	524	488	7.38%
Master's degree	99	58	70.69%
Doctorate	17	12	41.67%
Age distribution of R&D employees			
Aged below 30	431	356	21.07%
30–40	235	231	1.73%

R&D investment over the past three years and as a percentage of operating revenue

	2025	2024	2023
R&D investment amount (RMB)	278,379,559.44	248,024,275.05	242,463,525.80
R&D investment as a percentage of operating revenue	6.75%	7.00%	8.05%
Amount of capitalised R&D expenditure (RMB)	0.00	0.00	0.00
Capitalised R&D expenditure as a percentage of R&D investment	0.00%	0.00%	0.00%
Capitalised R&D expenditure as a percentage of net profit for the current period	0.00%	0.00%	0.00%

Reasons for significant changes in R&D employee composition and their impacts

□ Applicable ☑Not applicable

Reasons for significant changes in R&D investment as a percentage of operating revenue compared to the previous year

□ Applicable ☑Not applicable

Reasons for the significant change in R&D investment capitalisation ratio and its reasonableness

□ Applicable ☑Not applicable

5. Cash flow

Unit: RMB

Item	2025	2024	YoY Change
Total cash inflows from operating activities	3,652,581,842.08	3,241,415,515.42	12.68%
Total cash outflows from operating activities	2,900,069,921.04	2,872,968,023.47	0.94%
Net cash flow from operating activities	752,511,921.04	368,447,491.95	104.24%
Total cash inflows from investing activities	3,817,218,391.81	13,567,430,411.60	-71.86%
Total cash outflows from investing activities	7,086,778,642.55	16,011,665,319.50	-55.74%
Net cash flow from investing activities	-3,269,560,250.74	-2,444,234,907.90	33.77%
Total cash inflows from financing activities	7,059,928,324.25	7,177,614,162.72	-1.64%
Total cash outflows from financing activities	5,999,076,495.24	4,146,599,110.14	44.67%
Net cash flow from financing activities	1,060,851,829.01	3,031,015,052.58	-65.00%
Net increase in cash and cash equivalents	-1,463,083,034.95	906,345,605.56	-261.43%

Explanation of major factors causing significant YoY changes in related data

□Applicable ☑Not applicable

Explanation for significant discrepancies between net cash flow from operating activities and net profit for the current year during the Reporting Period

□Applicable ☑Not applicable

V. Non-principal Business Activities

☑Applicable □Not applicable

Unit: RMB

	Amount	As % of Total Profits	Explanation of Cause	Is It Sustainable
Investment income	216,355.48	0.42%	Mainly from investment income obtained during the holding period of trading financial assets.	No
Profits or losses from fair value changes	90,995,509.02	177.80%	Mainly from floating gains/losses arising from the period-end fair value changes of funds, stocks, forward foreign exchange products and unlisted company equity held by the Company.	No
Asset impairment	-75,909,335.93	-148.32%	Mainly from provision for inventory impairment losses and fixed asset impairment.	No
Non-operating income	6,612,523.49	12.92%	Mainly from quality compensation income.	No
Non-operating expenses	45,124,195.71	88.17%	Mainly from losses on asset scrapping and late fees paid.	No
Other income	107,292,222.5	209.64%	Mainly from government grants related to daily operating activities.	No

VI. Analysis of Assets and Liabilities

1. Significant changes in asset composition

Unit: RMB

	End of 2025		Beginning of 2025		Change in Proportion	Notes on Major Changes
	Amount	As % of Total Assets	Amount	As % of Total Assets		
Monetary funds	1,992,388,768.29	8.06%	3,677,885,246.57	15.89%	-7.83%	
Accounts receivable	1,891,145,061.03	7.65%	2,019,068,313.18	8.72%	-1.07%	
Contract assets		0.00%		0.00%	0.00%	
Inventory	762,381,371.25	3.08%	518,062,684.04	2.24%	0.84%	
Investment property		0.00%		0.00%	0.00%	
Long-term equity investments	22,570,564.36	0.09%	49,588,958.04	0.21%	-0.12%	
Fixed assets	10,385,124,711.04	42.00%	7,332,214,090.98	31.68%	10.32%	The primary reason is that the newly constructed factory building of the subsidiary company reached the condition for

						intended use during the Period, and was therefore transferred from construction in progress to fixed assets.
Construction in progress	6,114,801,389.86	24.73%	5,232,986,069.55	22.61%	2.12%	
Right-of-use assets	333,454,919.59	1.35%	311,808,719.27	1.35%	0.00%	
Short-term borrowings	4,018,143,155.36	16.25%	3,261,959,548.37	14.09%	2.16%	
Contract liabilities	18,139,182.95	0.07%	4,333,298.86	0.02%	0.05%	
Long-term borrowings	5,325,406,759.88	21.54%	5,797,517,412.61	25.05%	-3.51%	
Lease liabilities	281,767,612.21	1.14%	299,858,452.96	1.30%	-0.16%	

High proportion of overseas assets

□Applicable ☑Not applicable

2. Assets and liabilities at fair value

☑Applicable □Not applicable

Unit: RMB

Item	Opening Balance	Profits/Losses from Fair Value Changes during the Period	Cumulative Fair Value Changes Recognised in Equity	Impairment Provision during the Period	Purchase Amount during the Period	Disposal Amount during the Period	Other Changes	Closing Balance
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	299,366,693.18	85,599,415.38			30,000,000.00	384,965,310.40		30,000,798.16
4. Other equity instrument investment			12,047,000.00		5,000,000.00		13,816,000.00	30,863,000.00
5. Other non-current financial assets	76,981,857.52	17,615,755.21						94,597,612.73
Total financial assets	376,348,550.70	103,215,170.59	12,047,000.00	0.00	35,000,000.00	384,965,310.40	13,816,000.00	155,461,410.89
Receivables financing	292,317,631.51						77,435,094.05	369,752,725.56
Total of the above	668,666,182.21	103,215,170.59	12,047,000.00	0.00	35,000,000.00	384,965,310.40	91,251,094.05	525,214,136.45
Financial liabilities	0.00	-12,219,661.57					-399,895.75	-12,619,557.32

Explanation of other changes

Whether there were significant changes in the measurement attributes of the Company's major assets during the Reporting Period

□Yes ☑No

3. Status of asset restrictions as of the end of the Reporting Period

Item	31 December 2025	
	Carrying value	Reason for restriction
Monetary funds	804,717,438.96	Bank acceptance bill deposits, letter of credit deposits, and other deposits
Notes receivable	285,410,958.64	Notes receivable endorsed or discounted but not yet due
Fixed assets	4,732,459,247.39	Mortgage for borrowings

Intangible assets	453,895,739.30	Mortgage for borrowings
Construction in progress	83,741,520.34	Mortgage for borrowings
Other non-current assets	52,524,958.33	Time deposits
Equity interests in subsidiaries	829,854,909.23	Pledge of equity interests in subsidiaries for bank borrowings
Total	7,242,604,772.19	

VII. Investment Overview

1. Overall situation

☑Applicable □Not applicable

Investment Amount during the Reporting Period (RMB)	Investment Amount during the Same Period Last Year (RMB)	Change (%)
7,086,778,642.55	16,011,665,319.50	-55.74%

2. Major equity investments acquired during the Reporting Period

☐Applicable ☑Not applicable

3. Major non-equity investments ongoing during the Reporting Period

☑Applicable □Not applicable

Unit: RMB

Item	Investment Method	Is It a Fixed Asset Investment	Industry Involved	Investment Amount during the Reporting Period	Cumulative Investment by the End of the Reporting Period	Funding Source	Project Progress	Expected Returns	Cumulative Actual Returns by the End of the Reporting Period	Reasons for Not Meeting Planned Progress and Expected Returns	Disclosure Date (if any)	Disclosure Index (if any)
Phase II Function Separator of Senior South China Base	Self-built	Yes	Lithium-ion battery separator industry	58,997,747.75	638,080,299.21	Self-funded and bank loans	100.00%	0.00		No		
Phase II of the Annual Production of 360 Million Square Metres of High-Performance Ultra-Thin Lithium-Ion Battery Separator Project	Self-built	Yes	Lithium-ion battery separator industry	6,149,240.05	500,831,710.08	Self-funded and bank loans	96.99%	0.00		No		
High-Performance Lithium-Ion Battery Wet-Process and Coated-Process Separator Project (Phase I, Phase II, Phase III)	Self-built	Yes	Lithium-ion battery separator industry	116,032,979.59	4,940,916,202.49	Raised funds, self-funded, and bank loans	65.66%	0.00	332,211,454.52	No	28 May 2021	CNINFO website (announcement numbers: 2021-067, 2021-144)
Swedish Wet-Process and Coated-Process Separator Production Line	Self-built	Yes	Lithium-ion battery separator industry	908,040,540.09	2,404,322,425.45	Bond financing and equity financing	85.88%	0.00		No	15 September 2020	CNINFO website (announcement numbers: 2020-117, 2021-163)
Senior High-Safety, High-Performance Lithium-Ion Battery Separator Project	Self-built	Yes	Lithium-ion battery separator industry	498,059,433.61	3,144,640,327.83	Self-funded and bank loans	31.45%	0.00		No		
High-Performance Lithium-Ion Battery Wet-Process and Coated-Process Separator Project (Malaysia)	Self-built	Yes	Lithium-ion battery separator industry	2,610,675,682.76	3,396,813,039.64	Self-funded and bank loans	64.83%	0.00		No	26 August 2023	CNINFO website (announcement number: 2023-076)
High-Performance Ceramic and Polymer	Self-built	Yes	Lithium-ion battery	501,471,40	623,234,640.	Self-funded	82.65%	0.00		No		

Separator Project (USA)			separator industry	4.73	67	and bank loans						
Total	--	--	--	4,699,427,028.58	15,648,838,645.37	--	--	0.00	332,211,454.52	--	--	--

4. Financial asset investments

(1) Securities investment

☑Applicable □Not applicable

Unit: RMB

Type of Security	Ticker	Abbreviation	Initial Investment Cost	Accounting Measurement Model	Opening Book Value	Profits/Losses from Fair Value Changes during the Period	Cumulative Fair Value Changes Recognised in Equity	Purchase Amount during the Period	Disposal Amount during the Period	Gain/Loss in the Reporting Period	Closing Book Value	Accounting Subject	Funding Source
Funds	004968	Laterite Innovation Currency B	30,000,000.00	Fair value measurements	0.00	798.16	0.00	30,000,000.00		798.16	30,000,798.16	Trading financial assets	Own funds
Domestic and overseas stocks	6890.T	FERROTEC CORP	351,413,399.84	Fair value measurements		79,933,928.48		351,413,399.84	422,859,710.37	71,446,310.53		Trading financial assets	Own funds
Others	300207	Sunwoda	50,200,000.00	Fair value measurements	38,802,793.00	906,130.19	0.00		36,508,923.19	-2,293,869.81		Trading financial assets	Own funds
Other securities investments held at the end of the Period			0.00	--		0.00	0.00					--	--
Total			431,613,399.84	--	38,802,793.00	80,840,856.83	0.00	381,413,399.84	459,368,633.56	69,153,238.88	30,000,798.16	--	--

Note: The amount sold during the Period is the net amount after deducting transaction fees, management fees, service fees, dividends, exchange rate fluctuations, and other related costs.注：

(2) Derivative investment

☑Applicable □Not applicable

1) Derivatives held for hedging purposes during the Reporting Period

☑Applicable □Not applicable

Unit: RMB10,000

Types of Derivative Investment	Initial Investment Amount	Opening Amount	Profits/Losses from Fair Value Changes during the Period	Cumulative Fair Value Changes Recognised in Equity	Purchased during the Reporting Period	Sold during the Reporting Period	Closing Amount	Proportion of Investments at the End of the Period to Net Assets of the Company at the End of the Reporting Period
Purchased put option participating in forward	14,860.00		-1,236.02		14,860.00		-1,236.02	-0.12%
Purchased USD call option	7,135.00		-15.82		7,135.00		-15.82	0.00%
Sold USD put option	14,270.00		-10.12		14,270.00		-10.12	0.00%
Total	36,265.00		-1,261.96		36,265.00		-1,261.96	-0.12%
Description of accounting policies and specific principles of accounting for hedging operations during the Reporting Period, as well as whether there were any significant changes compared with the previous Reporting Period	Not applicable							
Description of actual profits and losses during the Reporting Period	During the Reporting Period, the profit or loss on fair value changes arising from derivative investments for hedging purposes amounted to RMB -12,619,600.							
Description of hedging effects	During the Reporting Period, amid significant exchange rate fluctuations, the hedging transactions resulted in floating losses from fair value changes, which to a certain extent mitigated the impact of exchange rate volatility on the Company’s earnings and assets.							
Sources of funds for derivative investments	Own funds							
Risk analysis and description of control measures for derivative positions during the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	1. Risk monitoring indicators and early warning system: Tools such as Value at Risk (VaR) and stress testing were adopted to quantify market risks and assess the risk resilience of the investment portfolio. A market risk early warning system was established, thresholds for key risk indicators were set, and measures including position reduction and stop-loss trading were implemented; 2. Internal control improvement and enhancement: The responsibilities and authorities of each position were clarified, risk management systems were refined, internal supervision and inspection were enhanced, and regular audits of trading operations, risk management, and internal control were conducted to identify issues and implement rectifications in a timely manner, thereby ensuring the effective operation of internal processes and the risk control system; 3. Professional talent management and trading products: Experienced staff were recruited and their professional competence and operational capabilities were improved through external training and other means.							
Changes of market prices or fair values in the Reporting Period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	Market prices as the parameters							
Lawsuit (if applicable)	Not applicable							
Disclosure date of board of directors announcement on approval of derivative investment (if any)	11 April 2025							
Date of the announcement disclosing the approval of derivative investments at	8 May 2025							

shareholders' meeting (if any)	

The Company is required to comply with the disclosure requirements for "Chemical Industry-Related Business" in the *Guidelines No. 3 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure*.

2) Derivative investments for speculative purposes during the Reporting Period

□Applicable ☑Not applicable

The Company did not engage in derivative investments for speculative purposes during the Reporting Period.

VIII. Disposal of Major Assets and Equity

1. Disposal of major assets

☐Applicable ☑Not applicable

The Company did not dispose of any major assets during the Reporting Period.

2. Disposal of major equity

☐Applicable ☑Not applicable

IX. Analysis of Major Subsidiaries and Associate Companies

☑Applicable □Not applicable

Overview of major subsidiaries and associates contributing over 10% of net profit

Unit: RMB

Company Name	Company Type	Principal Business	Registered Capital	Total Assets	Net Assets	Operating Revenue	Operating Profit	Net Profit
Hefei Senior New Energy Materials Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	RMB650 million	127,570.03	64,809.93	45,094.66	7,895.27	9,504.15
Changzhou Senior New Energy Materials Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	RMB300 million	344,423.05	162,977.57	60,290.69	9,883.80	8,722.35
Jiangsu Senior New Material Technology Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	RMB300 million	305,300.80	164,459.73	130,583.91	-3,936.72	-2,863.80
Senior (Foshan) New Material Technology Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	RMB1 billion	344,357.33	98,807.70	37,795.86	-1,154.91	-1,293.13
Senior Clean Energy (Nantong) Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	RMB20 million	3,066.61	3,004.82	1,516.95	915.75	915.75
Senior (Nantong) New Material Technology Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	RMB1 billion	585,661.85	133,254.18	179,009.43	2,531.86	602.22
Senior Material (Europe) AB	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and	SEK20 million	198,264.79	92,613.70	3,719.62	-4,761.66	-4,675.64

		various function separators						
Senior Material Properties AB	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	SEK25,000	82,078.01	33,494.47		2,263.58	1,815.76
Senior Material Ultimate Holding (Europe) AB	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	SEK25,000	121,599.23	92,101.50		-7,011.32	-7,011.32
Xingyuan International Holdings (Singapore) Co., Ltd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	SGD2.5 million	443,054.35	328,982.27	96,923.79	12,035.66	10,204.33
INV New Material Technology (M) Sdn. Bhd.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	MYR1,422,327,500	417,569.63	252,108.69	1,799.95	6,440.16	6,296.69
Green New Energy Materials Inc.	Subsidiary	R&D, production, sales, and other services of lithium-ion battery separators and various function separators	USD10,000	93,708.92	34,389.77		-1,263.52	-964.04

Acquisition and disposal of subsidiaries during the Reporting Period

☐Applicable ☑Not applicable

Notes on major subsidiaries and associate companies

X. Structured Entities Controlled by the Company

□ Applicable ☑Not applicable

XI. Outlook for Future Development

With the deepening implementation of green development principles and steady advancement and effective implementation of the “Dual Carbon” strategy, the lithium-ion battery separator industry is experiencing robust growth. In recent years, numerous domestic separator manufacturers have launched new production facilities, which are now entering the mass production stage. In this context, the core competitive advantages in the industry are expected to shift from capacity expansion to technological breakthroughs and product innovation. As technological thresholds continue to rise, products that offer high strength, reduced thickness, and enhanced safety will become the primary direction of advancement. The Company has already achieved mass production of several next-generation coated-process separator products, including nanofibre composite separators, polyimide lithium-ion battery separators, and aramid-coated separators. These achievements highlight our core competencies in raw material formula processes, microporous membrane preparation, equipment engineering, and industrial chain resource integration. As the market for high-performance, high-safety batteries expands, competition will increasingly centre on product technology and mass production capabilities.

i. Key development plan and initiatives of the Company for 2026:

1. Deepen core customer relationships and upgrade global market strategy

Under the accelerated global transformation of the energy structure driven by “Dual Carbon” goals, the Company continues to leverage its comprehensive competitive advantages in technology R&D, production capacity, and product quality to expand the global influence of the brand “SENIOR”. We have established long-term, stable partnerships with leading lithium-ion battery manufacturers including CATL, BYD, Gotion High-tech, CALB, EVE Energy, Sunwoda, LG Energy Solution, Samsung SDI, and Murata (Japan). With

the growth of the industry and the continued ramp-up of the Company's production capacity, recent years have seen a deepening and acceleration of stable business partnerships with leading international lithium-ion battery manufacturers, alongside active advancement of related product certification processes.

2. Actively refine the global industrial distribution and further increase the overseas market share

Amid the accelerating transformation of the global energy structure, the lithium-ion battery separator market is experiencing sustained growth, driven by policy support across various countries and large-scale expansion in downstream sectors such as NEVs and energy storage. To capture market opportunities and meet supply chain upgrade needs, the Company will steadily advance systematic capacity expansion both domestically and internationally, and actively promote the construction of the "High-Performance Lithium-Ion Battery Wet-Process and Coated-Process Separator Project" in Malaysia. The successful implementation of these capacity expansion projects will further enhance the Company's production capacity across wet-process and coated-process separators. This will strengthen its position as a specialised and technologically advanced manufacturer of a comprehensive range of lithium battery separators, capable of delivering high-quality, versatile separator solutions for a wide array of global applications.

3. Forward-looking technological deployment to create a second growth curve

In line with the development trend of solid-state batteries, the Company formally signed a strategic cooperation agreement with Reasolid New Material. Leveraging the Company's globally leading separator technology and distribution channels, along with Reasolid New Material's expertise in sulfide solid electrolytes, both parties will jointly develop high-performance solid electrolyte separators and related products, and facilitate their commercialisation. Meanwhile, the associated company Shenzhen Xinyuanbang Technology Co., Ltd. has achieved kiloton-scale capacity and hundred-tonne level deliveries for oxide electrolytes. In the field of solid electrolyte separators, the Company has developed both oxide-composite and polymer-composite types, which improve the cycle life and reduce the impedance of semi-solid batteries, significantly enhancing safety. When applied to high-nickel ternary semi-solid batteries, they enable successful passage of 160°C oven tests and nail penetration tests, greatly improving battery safety. For rigid frame-supported membranes, the Company has developed various types including high-strength heat-resistant composite frame-supported membranes, high-porosity skeleton membranes, and large-pore high-temperature-resistant frame-supported membranes. These can be used in the production of fully solid-state batteries such as flexible-rigid polymer batteries, organic–inorganic composite batteries, and sulfide batteries, enabling higher energy density and intrinsic safety. They also improve assembly efficiency and further optimise mechanical and thermal safety.

The Company is committed to focusing on its core business, enhancing production stability and efficiency, and ensuring sustainable development, while continuously consolidating its leading position in the lithium battery separator industry. At the same time, the Company actively seeks strategic opportunities in new materials and semiconductor materials as the direction of its second growth curve for future development. With increasing demand for intelligent and automated equipment worldwide, semiconductor materials are widely used in consumer electronics, medical devices, automotive, and renewable energy sectors. In particular, the growing computing power required by artificial intelligence is driving demand for high-performance chips and related semiconductor materials. As one of the first domestic producers to localise lithium battery separator manufacturing, we bring over 20 years of technical experience in the new energy materials industry and continue to advance under the principles of technological innovation and market expansion. In line with industry trends and our own strategic roadmap, we are actively securing high-quality resources within the semiconductor materials sector, whilst establishing strategic partnerships with leading domestic and international semiconductor material manufacturers. Looking ahead, we will accelerate the transformation of technological achievements and capacity deployment, enhancing both technical and industrial value. We aim to gain a first-mover advantage in the localisation of semiconductor materials and further elevate the Company towards broader and higher-level development.

4. Strengthen refinancing in the capital market to provide funding support for the Company's development strategy

On 28 April 2025, the Company convened the 14th meeting of the 6th Board of Directors and approved the *Proposal on the Public Issuance of H-shares and Listing on The Stock Exchange of Hong Kong Limited*. We proposed to issue overseas-listed foreign shares (H shares) and apply for listing on the Main Board of The Stock Exchange of Hong Kong Limited. On 7 July 2025, the Company submitted an application to The Stock Exchange of Hong Kong Limited for the issuance and listing of overseas-listed foreign shares (H shares) on the Main Board, and on 30 January 2026, we updated the application and certain corporate information and financial data. The proceeds from this issuance are intended to be used for expanding and strengthening the overseas network, R&D of solid-state battery-related products, other function separators and next-generation lithium-ion battery separator products, as well as for investments in enterprises engaged in new materials and semiconductor materials. Through this financing, the Company will further seize industry opportunities and implement its global development strategy, actively expanding its overseas presence. Meanwhile, the Company plans to further optimise its product portfolio, enhance global production capacity, and strengthen its technological innovation and R&D capabilities, aiming to build an integrated global business network covering R&D, manufacturing, sales, and customer service, which will further consolidate the Company's leading position in the industry and capture global market growth opportunities. While continuing to consolidate its leading position in the lithium battery separator industry, the Company will also secure ample funding for its operations in the semiconductor materials sector, actively pursue a second growth curve, and facilitate the achievement of its overall strategic objectives.

XII. Record of Reception of Research, Communication, Interviews, and Other Activities during the Reporting Period

☑Applicable □Not applicable

Reception Date	Reception Location	Reception Method	Type of Visitor	Visitor	Main Topics Discussed and Materials Provided	Basic Research Information Index
12 February 2025	Conference Room, 12/F, Building 2, Senior Advanced Materials Industrial Park, Guangming District, Shenzhen	On-site research	Institution	Institutional investors	Company's operations	See the *300568 Senior Research Activity Information on 12 February 2025* released by the Company on the SZSE's "Hu Dong Yi" platform (irm.cninfo.com.cn) on 12 February 2025.
13 May 2025	"Value Online" (www.ir-online.cn)	Online communication via an online platform	Institution	Institutional investors	2024 Annual Results Briefing	See the *300568 Senior Investor Relations Management Information on 13 May 2025* released by the Company on the SZSE's "Hu Dong Yi" platform (irm.cninfo.com.cn) on 13 May 2025.
11 September 2025	Conference Room, 12/F, Building 2, Senior Advanced Materials Industrial Park, Guangming District, Shenzhen	On-site research	Institution	Institutional investors	Company's operations	See the *300568 Senior Investor Relations Management Information on 11 September 2025* released by the Company on the SZSE's "Hu Dong Yi" platform (irm.cninfo.com.cn) on 11 September 2025.
20 November 2025	Investor Relations Interactive Platform of quanjing.com (https://ir.p5w.net)	Online communication via an online platform	Others	Individual and institutional investors	Company's operations	See the *300568 Senior Investor Relations Management Information on 20 November 2025* released by the Company on the SZSE's "Hu Dong Yi" platform (irm.cninfo.com.cn) on 20 November 2025.

XIII. Formulation and Implementation of the Market Value Management System and Valuation Enhancement Plan

Has the Company established a market value management system?

☑Yes □No

Has the Company disclosed a valuation enhancement plan?

□ Yes ☑No

The Company formulated the *Market Value Management System* in February 2025, which was reviewed and approved by the Company's Sixth Board of Directors at its 11th meeting on 20 February 2025.

XIV. Implementation of the "Quality and Return Improvement" Action Plan

Has the Company disclosed the "quality and return improvement" action plan announcement?

□ Yes ☑No

Section IV Corporate Governance, Environmental and Social Matters

I. Basic Status of Corporate Governance

The Company strictly follows the requirements of the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies in China*, the *Shenzhen Stock Exchange ChiNext Listing Rules*, and the *Self-Regulatory Guidelines No. 2 for Companies Listed on Shenzhen Stock Exchange - Regulations on the Standardised Operation of Growth Enterprise Market Listed Companies* among other laws, regulations, as well as rules issued by the CSRC. The Company has established a layered governance structure, which comprises the Shareholders' Meeting, the Board of Directors, and the management team, continuously improving the corporate governance structure, establishing and refining internal control systems, and further regulating operations to enhance the corporate governance. The Company's governance complies with the requirements set out in the *Code of Corporate Governance for Listed Companies* and the *Self-Regulatory Guidelines No. 2 for Companies Listed on Shenzhen Stock Exchange - Regulations on the Standardised Operation of Growth Enterprise Market Listed Companies*.

i. Shareholders and Shareholders' Meeting

The Shareholders' Meeting is the highest authority of the Company, deciding on business strategies and investment plans, and approving reports from the Board of Directors. The Company organises and convenes the Shareholders' Meetings in strict accordance with the *Rules for the Shareholders' Meeting of Listed Companies*, *Articles of Association*, and *Rules of Procedure of the Shareholders' Meeting*. All the relevant regulations on voting matters and voting procedures are strictly followed at the Shareholders' Meeting, and favourable conditions for the Shareholders' Meeting are created. The Company provides sufficient time for shareholders to express their opinions on matters that need to be reviewed, ensuring full exercise of their rights to protect the interests of the Company and its shareholders. In addition, shareholders can contact the Company via the shareholder hotline during working hours or through the designated email and Shenzhen Stock Exchange's investor relations interactive platform.

ii. Company and controlling shareholders

The Company's governance structure has been increasingly improved, and its internal control system has been continuously strengthened, with independent and complete main business and self-management capabilities. The Company operates independently in personnel, assets, business, management, and financial accounting from the controlling shareholders and the actual controller. The Board of Directors and internal organisations operate independently, ensuring the Company's independent operations, decision-making, responsibility, and risk management. The controlling shareholder and actual controller, Mr. Chen Xiufeng, exercises authority within the scope defined by the law and assumes corresponding obligations. During the Reporting Period, Mr. Chen Xiufeng strictly regulated his behaviour while serving as the Chairman and General Manager of the Company. He did not exceed the authorised authority of the Shareholders' Meeting and the Board of Directors, directly or indirectly interfere with the Company's decision-making and business activities or use his controlling position to harm the interests of other shareholders. He caused no adverse impact on the Company's governance structure and independence. There have been no issues related to fund misappropriation by the controlling shareholders or the Company providing guarantees for the controlling shareholders.

iii. Directors and the Board of Directors

According to the *Articles of Association* and *Rules of Procedure of the Board of Directors*, the Board of Directors is composed of seven directors, including three independent directors. The Company's directors meet the requirements outlined in Article 178 of the *Company Law*, ensuring no violations of regulations that would disqualify them from serving as directors. The appointment and removal of directors comply with the approval procedures of the Board of Directors and the Shareholders' Meeting. There is no conflict with the *Articles of Association* and relevant laws and regulations. The Company's selection of directors, as well as the number, composition, and qualifications of the Board of Directors, all comply with the provisions of laws, regulations, and company rules. The Board of Directors of the Company strictly convenes and holds

meetings in accordance with the procedures set forth in the *Articles of Association* and *Rules of Procedure of the Board of Directors*. The Company's directors carry out their work in accordance with the *Rules of Procedure of the Board of Directors*, the *Working System for Independent Directors*, and the *Self-Regulatory Guidelines No. 2 for Companies Listed on Shenzhen Stock Exchange - Regulations on the Standardised Operation of Growth Enterprise Market Listed Companies*, attend the Board of Directors and the Shareholders' Meeting, exercise their powers in accordance with the law, diligently fulfil their duties and obligations, continuously monitor the Company's operations, actively participate in Board Meetings, fully utilise their professional expertise, make prudent decisions, and safeguard the interests of the Company and its shareholders. At the same time, the directors actively participate in relevant training and have become familiar with relevant laws and regulations. The Company has formulated the *Rules of Procedure of the Board of Directors* to strictly regulate the deliberation methods and decision-making level of the Board of Directors, promote the effective performance of their duties by directors and the Board of Directors, and improve the standardised operation and scientific decision-making level of the Board of Directors. The Company held a total of 12 Board Meetings during the Reporting Period.

Does the actual governance status of the Company differ materially from the relevant laws, administrative regulations, and the CSRC's rules on corporate governance for listed companies?

□ Yes ☑No

The actual governance status of the Company does not differ materially from the relevant laws, administrative regulations, and the CSRC's rules on corporate governance for listed companies.

II. Independence of the Company from the Controlling Shareholder and Actual Controllers Regarding Assets, Personnel, Finance, Institutions, and Business

The Company operates in strict compliance with the *Company Law*, the *Securities Law*, and other relevant laws and regulations, as well as the requirements of the *Articles of Association*, establishing a complete corporate governance structure. The Company is independent in its assets, personnel, finance, institutions, and business from the controlling shareholder and actual controllers, having an independent and complete business system and the ability to operate independently in the market.

i. Asset completeness

The Company was established through the transformation of a limited liability company, with all its business, assets, liabilities, rights, and interests integrated into the joint-stock company. The Company has R&D, procurement, production, and sales systems, and supporting facilities related to the production and operation of lithium-ion battery separators, and it possesses the Legitimate ownership or use rights of the main land, plants, equipment, trademarks, patents, and non-patent technologies related to the production and operation of lithium-ion battery separators. The Company has an independent raw material procurement and product sales system.

ii. Personnel independence

All of the Company's directors and senior management personnel are elected or appointed through legal procedures. There is no situation where shareholders exceed the Board of Directors and the Shareholders' Meeting in making personnel appointments and removal decisions. The Company's senior management personnel, including the General Manager, Deputy General Manager, finance chief, and Board Secretary, as well as other core personnel, are full-time employees, receiving their remuneration from the Company. None of these individuals receives payment from the controlling shareholders or any related parties or holds full-time or part-time positions in other companies engaged in similar or related business. The Company has signed labour contracts with all employees, established independent labour, personnel, and wage management systems, set up a dedicated labour and personnel department, and processed independent social security accounts.

iii. Financial independence

The Company has a fully independent financial department with dedicated personnel. It operates an independent financial accounting system, capable of making independent financial decisions, with standardised financial accounting systems and financial management systems for subsidiaries. It has its own bank accounts, ensuring that no bank accounts are shared with shareholders or other entities.

iv. Institutional independence

The Company has independent production, operation, and office premises and does not engage in mixed operations with its shareholders or related parties. It has a well-established governance structure, including the General Meeting of Shareholders and the Board of Directors, and has formulated corresponding rules of procedure. All organisations function independently and within their respective scopes in line with the *Company Law*, *Articles of Association*, and other laws and regulations. The Company has established an organisational structure aligned with its development needs, with clearly defined functions for each body and the ability to independently conduct production and business activities. There are no superior-subordinate relationships between the Company and its functional departments and those of its shareholders or other related parties. There is no interference by shareholders or other related parties in the Company's organisational setup or business operations.

v. Business independence

The Company specialises in the R&D, production, and sales of lithium-ion battery separators. It has independent R&D, procurement, production, sales, and management systems, and makes its own business decisions independently. Its business is independent of the controlling shareholder, the actual controller, and other enterprises controlled by them. The Company does not face competition from its controlling shareholder, the actual controller, and other enterprises controlled by them, and there are no unfair related-party transactions. The Company has the ability to independently conduct business activities and has complete legal property rights, including decision-making and implementation rights. It has the necessary personnel, assets, technology, and equipment, as well as a complete operational system established on this basis, able to independently control and use production factors such as people, finance, and materials, and smoothly organise and implement production and business activities.

III. Competition in the Same Industry

□ Applicable ☑Not applicable

IV. Differentiated Voting Rights Arrangements

□ Applicable ☑Not applicable

V. Red-chip Structure Corporate Governance

□ Applicable ☑Not applicable

VI. Directors and Senior Management

1. General information

Name	Gender	Age	Position	Employment Status	Term Start Date	Term End Date	Initial Shares Held (Shares)	Shares Increased during the Period (Shares)	Shares Decreased during the Period (Shares)	Other Changes (Shares)	Final Shares Held (Shares)	Reason for Share Increase or Decrease
Chen Xiufeng	Male	60	Chairman, General Manager	Current	1 December 2007	28 December 2026	170,489,491	0	0	0	170,489,491	
Zhang Xiaomin	Male	58	Director, Deputy General Manager	Current	29 December 2023	28 December 2026	0	0	0	0	0	
Xu Liqiang	Male	48	Employee Director	Current	19 June 2025	28 December 2026	76,279	0	-69,987	-1,292	5,000	6,292 restricted stocks were repurchased and cancelled under the 2022 Restricted Stock Incentive Plan; 5,000 restricted stocks vested under the 2024 Restricted Stock Incentive Plan
Zhu Bide	Male	71	Director	Current	11 November 2021	28 December 2026	0	0	0	0	0	

Liu Rui	Male	38	Director, Deputy General Manager	Resigned	29 December 2023	19 June 2025	15,072	0	5,000	124,700	134,772	300 restricted stocks were repurchased and cancelled under the 2022 Restricted Stock Incentive Plan; 125,000 restricted stocks vested under the 2024 Restricted Stock Incentive Plan
Lin Zhiwei	Male	46	Independent Director	Current	2 November 2020	28 December 2026	0	0	0	0	0	
Sun Zhenzhen	Female	41	Independent Director	Current	29 December 2023	28 December 2026	0	0	0	0	0	
Tang Changjiang	Male	56	Independent Director	Current	27 September 2024	28 December 2026	0	0	0	0	0	
Xia Jun	Male	46	Deputy General Manager	Current	11 January 2024	28 December 2026	0	0	0	125,000	125,000	125,000 restricted stocks vested under the 2024 Restricted Stock Incentive Plan
Wang Hao	Male	44	Chief Financial Officer	Current	11 January 2024	28 December 2026	0	0	0	125,000	125,000	125,000 restricted stocks vested under the 2024 Restricted Stock Incentive Plan
Li Sheng	Male	42	Board Secretary	Current	23 September 2024	28 December 2026	0	0	0	0	0	
Total	--	--	--	--	--	--	170,580,842	0	-74,987	373,408	170,879,263	--

Has there been any resignation of directors or senior management personnel during the Reporting Period?

☑Yes □No

Due to work adjustment, Mr. Liu Rui ceased to serve as Director and Deputy General Manager of the 6th Board of Directors but continues to hold other positions within the Company.

Changes in directors and senior management personnel

☑Applicable □Not applicable

Name	Position	Type	Date	Reason
Liu Rui	Director, Deputy General Manager	Dismissed	19 June 2025	Job transfer
Xu Liqiang	Employee Director	Elected	19 June 2025	Job transfer

2. Employment status

The professional background, main work experience, and current main responsibilities of the current directors and senior management personnel of the Company

i. Current directors

1. **Chen Xiufeng,** male, Chinese nationality, no foreign permanent residency. Got a bachelor's degree in Engineering from Huazhong University of Science and Technology and a PhD from Japan Advanced Institute of Science and Technology. He is currently serving as the Executive Vice President of the Shenzhen Polymer Industry Association, Vice President of the 3rd Council of the Shenzhen Quality Strong City Promotion Association, and Vice President of the Guangming District General Chamber of Commerce. Previous experiences include: Manager of the Import and Export Department at Shenzhen Maritime World Co., Ltd. from November 1988 to December 1990; Credit and Foreign Exchange Officer at Shenzhen Shangbu Branch of the Industrial and Commercial Bank of China from January 1991 to August 1997; Studied Applied Electronics at Japan Advanced Institute of Science and Technology from September 1997 to July 1998; Chairman of Shenzhen Rongshifa Investment Co., Ltd. from August 1998 to July 2003; Supervisor of the Company from August 2003 to February 2006; Executive Director from February 2006 to December 2007; Chairman from December 2007 to November 2020; Chairman and General Manager from November 2020 to present.

2. **Zhang Xiaomin**, male, U.S. nationality, U.S. permanent residency. Got a PhD from the Chinese Academy of Sciences and an NSERC Postdoc from the Canadian National Academy of Sciences. Has worked as a researcher at the Institute for Industrial Materials, Canadian National Academy of Sciences, a R&D personnel at GE, and a Senior Scientist and Technical Fellow at Polypore. He is currently serving as the Company's CTO. He has been serving as a Director and the Deputy General Manager of the Company since December 2023.

3. **Xu Zhiqiang**, male, Chinese nationality, no foreign permanent residency. Got a bachelor's degree in Engineering from the School of Engineering, Nantong University. He is currently serving as the Executive Director of the Nantong Materials Society Previous experiences include: Engineer at Wuxi WEIFU High-tech Group Co., Ltd. from July 2000 to August 2001; Manager of the Manufacturing Department at Sony Electronics (Wuxi) Co., Ltd. from September 2001 to September 2019; Deputy General Manager at AMPRIUS (Wuxi) Co., Ltd. from October 2019 to April 2021; Deputy General Manager at Jiangsu Senior New Material Technology Co., Ltd. from May 2021 to March 2022; Deputy General Manager at Senior (Nantong) New Material Technology Co., Ltd. and Deputy General Manager at Changzhou Senior New Energy Materials Co., Ltd. from April 2022 to July 2022; General Manager at Senior (Nantong) New Material Technology Co., Ltd. from July 2022 to June 2024; and East China Base General Manager at Shenzhen Senior Technology Material Co., Ltd. from June 2024 to present. He has been serving as an Employee Director of the Company since June 2025.

4. **Zhu Bide**, male, Chinese nationality, no foreign permanent residency. Got a bachelor's degree in Economics from Yunnan University, a graduate degree from Huazhong University of Science and Technology, and a master's degree in Economics from Central and Southern University of Finance and Economics; Deputy Director of the Institute of Innovative Economy of the Overseas Investment Union of the Investment Association of China. Previous experiences include: Publicity Officer at Xishuangbanna Branch of the Yunnan Agricultural Reclamation Bureau from August 1971 to August 1978; Teacher at Huazhong University of Science and Technology from February 1985 to September 1988; Employee at Shenzhen Shekou Enterprise Group from October 1988 to December 1994; Middle Management at Guangfa Bank and GF Securities Co., Ltd. from 1995 to January 2003; Beijing Chief Representative and General Manager of Sales Department at Guoyuan Securities from February 2003 to December 2004; Vice President at Beijing Intercontinental Investment Co., Ltd. from January 2005 to December 2008; Deputy Director and Chief Economist at China Urban Development Institute from March 2008 to October 2021. He has been serving as a Director of the Company since November 2021.

5. **Lin Zhiwei**, male, Chinese nationality, no foreign permanent residency. Got a bachelor's degree in Financial Management from Shantou University (2004), a master's degree in Accounting from Shenzhen University (2007), a PhD in Accounting from Shanghai University of Finance and Economics (2012), and a Postdoc in Management from Shenzhen Stock Exchange (2014). He has been working as an Assistant Professor and Master Supervisor at Shenzhen University since July 2014 and as a Deputy Director of the Accounting Department since 2018. He has been, from January 2022 to present, serving as an Independent Director of Shenzhen Jieshun Science and Technology Industry Co., Ltd.; from March 2022 to present, serving as an Independent Director of Shenzhen Fanhai Sanjiang Electronics Co., Ltd.; from September 2022 to present, serving as an Independent Director of Jiangsu RDF Precision Technology Co., Ltd.; from August 2025 to present, serving as an Independent Director of Shenzhen Govee Technology Co., Ltd. From November 2020 to present, serving as an Independent Director of the Company.

6. **Sun Zhenzhen**, female, Chinese nationality, no foreign permanent residency. Got a bachelor's degree in Chemical Engineering and Technology from Wuhan Institute of Technology (2008), a master's degree in Material Processing from Chongqing University of Technology (2011), an intermediate professional title in polymer chemistry (2014), and a senior engineer title in polymer chemistry (2020). Previously worked in R&D at Shenzhen Esun Industrial Co., Ltd. (2011-2013), Hubei Guanghe Biotechnology Co., Ltd. (2013-2015), and has been working in the Technology Department of Shenzhen Polymer Industry Association since 2015. She is currently an expert in the evaluation of the Shenzhen Science and Technology Innovation Commission, a standard expert of the Shenzhen Market Supervision and Regulation Bureau, and the Deputy Secretary General of the Shenzhen Polymer Industry Association. She has been serving as an Independent Director of the Company since December 2023.

7. **Tang Changjiang**, male, Chinese nationality, no foreign permanent residency. Got a master's degree in Business Management from Victoria University. Previous experiences include: Deputy General Manager at Attestation of Global compliance (Shenzhen) Co., Ltd. from July 2013 to May 2019; Secretary General of the Guangdong Battery Industry Association since August 2019; Independent Director at several companies,

including Yunnan Energy New Material Co., Ltd. from June 2020 to March 2023, Tianjin Guoan Mengguli New Materials Science & Technology Co., Ltd. from June 2021 to present, and Tayho Advanced Materials Group Co., Ltd. from April 2023 to present. He has been an Independent Director of the Company since September 2024.

ii. Current senior management personnel

1. General Manager: **Chen Xiufeng** (See "Current Directors" section above).

2. Deputy General Manager: **Zhang Xiaomin** (See "Current Directors" section above).

3. Deputy General Manager: **Xia Jun**, male, Chinese nationality, no foreign permanent residency. Got a bachelor's degree in Engineering from Shanghai Jiaotong University, a master's degree in Engineering, and an MBA from Shanghai Jiao Tong University. He successively served as the Sales Representative, Manager and Director at Daikin Fluorochemicals (China) Ltd. from February 2003 to September 2014, the Sales Director for the China region of the US SI Group from September 2014 to January 2018, the Sales Director of Belgium Solvay (China) Co., Ltd. from January 2018 to February 2023, and has been the Vice President of Marketing of the Company since February 2023. He has been serving as the Deputy General Manager of the Company since January 2024.

4. CFO: **Wang Hao**, male, Chinese nationality, no foreign permanent residency. Bachelor's degree in Accounting. Previously served as CFO and Director at Ningbo Jifeng Automotive Components Co., Ltd., Vice President of Finance and Director at Yisi Medical Technology Co., Ltd., and CFO and Senior Deputy President of Daoyuan Electronic Technology (Shanghai) Co., Ltd. He has been the CFO of the Company since January 2024.

5. Board Secretary: **Li Sheng**, male, Chinese nationality, no foreign permanent residency. Master's degree in Finance from Sun Yat-sen University. He worked at the institutional customer headquarters, financial and economic research institute, and sales and trading headquarters of China Industrial Securities Co., Ltd. from May 2011 to August 2021. From September 2021 to September 2024, he served as the head of the South China group of the institutional customer headquarters of Shenwan Hongyuan Securities Co., Ltd. He has been serving as the Board Secretary of the Company since September 2024.

Circumstances in which the controlling shareholder or actual controller concurrently serves as Chairman and General Manager of the listed company

□Applicable ☑Not applicable

Position held in shareholding units

□ Applicable ☑Not applicable

Position held in other units

☑Applicable □Not applicable

Name	Other Unit Name	Position in Other Unit	Term Start Date	Term End Date	Receives Remuneration or Allowance from Other Unit (Yes/No)
Chen Xiufeng	Shenzhen Senior Investment Development Co., Ltd.	Executive Director	14 April 2017		No
Chen Xiufeng	Shenzhen Qianhai Senior Development Holding Co., Ltd.	Supervisor	13 April 2018		No
Chen Xiufeng	Shenzhen Senior Construction Development Co., Ltd.	Executive Director	30 September 2018		No
Chen Xiufeng	Hainan Bense Impression Cultural Media Co., Ltd.	Executive Director	25 May 2021		No
Chen Xiufeng	Xingyuan International Holdings (Singapore) Co., Ltd.	Chairman	2 June 2022		Yes
Chen Xiufeng	Senior Material Holding Company (Europe) AB	Director	19 April 2023		No
Xu Liqiang	Yantai Xinghe Battery Materials Technology Co., Ltd.	Director	27 March 2024		No
Lin Zhiwei	Shenzhen Jieshun Science and Technology Industry Co., Ltd.	Independent Director	25 January 2022	18 September 2028	Yes
Lin Zhiwei	Shenzhen Fanhai Sanjiang Electronics Co., Ltd.	Independent Director	31 March 2022		Yes
Lin Zhiwei	Jiangsu RDF Precision	Independent Director	1 September 2024		Yes

	Technology Co., Ltd.				
Lin Zhiwei	Shenzhen Govee Technology Co., Ltd.	Independent Director	1 August 2025		Yes
Tang Changjiang	Guangdong Battery Industry Association	Secretary General	1 August 2019		Yes
Tang Changjiang	Tianjin Guoan Mengguli New Materials Science & Technology Co., Ltd.	Independent Director	1 June 2021	2 January 2027	Yes
Tang Changjiang	Tayho Advanced Materials Group Co., Ltd.	Independent Director	11 April 2023	10 April 2026	Yes
Tang Changjiang	Shenzhen Chengjie Intelligent Equipment Co., Ltd.	Independent Director	1 January 2024		Yes
Sun Zhenzhen	Shenzhen Polymer Industry Association	Deputy Secretary General	1 April 2015		Yes

Punishments imposed by securities regulatory authorities on current and resigned directors and senior management personnel of the Company in the past three years during the Reporting Period

□ Applicable ☑Not applicable

3. Remuneration of directors and senior management personnel

Decision-making procedures, basis for determining, and actual payment of remuneration for directors and senior management personnel:

The remuneration for directors is decided by the Shareholders' Meeting, while the remuneration for senior management personnel is determined by the Board of Directors. Non-independent directors of the sixth Board of Directors of the Company who are also Senior Management are paid according to their specific positions and performance of duties, without receiving additional allowances. Independent directors and other non-independent directors receive allowances.

According to the *Resolution on Determining the Remuneration of Directors of the Sixth Board of Directors of the Company* approved at the 2023 Fifth Extraordinary General Meeting of Shareholders held on 29 December 2023, the non-independent directors of the Sixth Board of Directors of the Company who are also senior management are paid according to their specific positions and performance of duties, without receiving additional allowances. The allowance for independent directors and other non-independent directors is RMB80,000/year (pre-tax), with personal income tax withheld by the Company.

Remuneration of directors and senior management during the Reporting Period

Unit: RMB10,000

Name	Gender	Age	Position	Employment Status	Pre-tax Total Remuneration from the Company (RMB)	Remuneration from Related Parties
Chen Xiufeng	Male	60	Chairman, General Manager	Current	167.92	No
Zhang Xiaomin	Male	58	Director, Deputy General Manager	Current	118.55	No
Xu Liqiang	Male	48	Employee Director	Current	41.22	No
Zhu Bide	Male	71	Director	Current	8	No
Liu Rui	Male	38	Director, Deputy General Manager	Resigned	41.37	No
Lin Zhiwei	Male	46	Independent Director	Current	8	No
Sun Zhenzhen	Female	41	Independent Director	Current	8	No
Tang Changjiang	Male	56	Independent Director	Current	8	No
Xia Jun	Male	46	Deputy General Manager	Current	102.18	No
Wang Hao	Male	44	Chief Financial Officer	Current	102.04	No
Li Sheng	Male	42	Board Secretary	Current	53.02	No
Total	--	--	--	--	658.3	--

Performance appraisal basis for actual remuneration of all directors and senior management personnel at the end of the Reporting Period	2025 Remuneration Plan for Directors and Senior Management
Performance completion status for actual remuneration of all directors and senior management personnel at the end of the Reporting Period	Completed
Deferred payment arrangements for actual remuneration of all directors and senior management personnel at the end of the Reporting Period	None
Suspension or clawback arrangements for actual remuneration of all directors and senior management personnel at the end of the Reporting Period	None

Other information

☐Applicable ☑Not applicable

VII. Performance of Duties of the Board of Directors during the Reporting Period

1. Attendance of directors at Board Meetings and Shareholders' Meetings

Attendance of Directors at Board Meetings and Shareholders' Meetings							
Director Name	Total Board Meetings Attended in the Reporting Period	On-site Attendance	Attendance via Communication	Proxy Attendance	Absence	Consecutive Absence from Two Board Meetings	Number of Shareholder' Meetings Attended
Chen Xiufeng	12	1	11	0	0	No	4
Zhang Xiaomin	12	1	11	0	0	No	7
Xu Liqiang	6	0	6	0	0	No	2
Zhu Bide	12	0	12	0	0	No	7
Liu Rui	6	0	6	0	0	No	5
Lin Zhiwei	12	0	12	0	0	No	7
Sun Zhenzhen	12	1	11	0	0	No	7
Tang Changjiang	12	1	11	0	0	No	7

Explanation for consecutive absence from two Board Meetings

Not applicable

2. Directors' objections to Company matters

Did any directors raise objections regarding company matters during the Reporting Period?

□ Yes ☑No

No objections were raised by any director during the Reporting Period.

3. Other explanation on directors' performance

Were the directors' suggestions regarding the Company adopted?

☑Yes □No

Explanation on the adoption or non-adoption of the directors' relevant suggestions to the Company

During the Reporting Period, the non-independent directors and independent directors of the Company strictly adhered to the *Company Law*, the *Securities Law*, the *Shenzhen Stock Exchange ChiNext Listing Rules*, the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, the *Working System for Independent Directors*, and other relevant regulations to carry out their duties. They worked diligently and responsibly, offering relevant opinions on the Company's significant governance and operational decisions based on the Company's actual situation. After sufficient communication and discussion, they reached a consensus and resolutely supervised and promoted the execution of Board Resolutions. This ensured that decisions were made in a scientific, timely, and efficient manner, safeguarding the legitimate rights and interests of the Company and all shareholders.

VIII. The Committees under the Board of Directors during the Reporting Period

Committee Name	Members	Number of Meetings Held	Meeting Date	Meeting Content	Important Opinions and Suggestions	Other Duties Performed	Specific Issues (if any)
Strategy and Development Management Committee of the Board of Directors	Chen Xiufeng, Tang Changjiang, Sun Zhenzhen	1	28 April 2025	1. Proposal on the Public Issuance of H-shares and Listing on The Stock Exchange of Hong Kong Limited 2. Proposal on the Plan for the Company's Public Issuance of H-shares and Listing on The Stock Exchange of Hong Kong Limited 3. Proposal on the Company's Conversion to a Joint Stock Company Raising Funds Abroad and Listing 4. Proposal on the Plan for the Use of Raised Funds for the Issuance of H-shares by the Company			
Audit Committee of the Board of Directors and Meeting of Independent Directors	Lin Zhiwei, Tang Changjiang, Zhu Bide, Sun Zhenzhen	5	17 April 2025	1. Report on Preliminary Audit Results for 2024 Financial Report by Huaxing Certified Public Accountants LLP 2. Proposal on the 2024 Audit Report and 2025 Audit Plan			
Audit Committee of the Board of Directors	Lin Zhiwei, Tang Changjiang, Zhu Bide	5	28 April 2025	1. 2024 Annual Report and Summary 2. 2024 Internal Control Self-Evaluation Report 3. Proposal on the Audit Fees for the 2024 Audit 4. Special Report on the Deposit and Use of Raised Funds in 2024 5. Proposal on the 2025 Q1 Audit Report and 2025 Q2 Audit Plan 6. Report on the 2024 Performance of the Accounting Firm and the Supervision of Duties 7. 2025 Q1 Report 8. Proposal on the Distribution of Retained Earnings and Assumption of Uncovered Losses Prior to the Public Issuance of H-shares 9. Proposal on the Engagement of the Audit Firm for the H-share Issuance and Listing of the Company 10. Proposal on the Report on the Use of Funds from the Previous			

				Fundraising			
Audit Committee of the Board of Directors	Lin Zhiwei, Zhu Bide, Tang Changjiang	5	19 August 2025	1. Proposal for *Reviewing the 2025 Half-Year Report and Summary* 2. Special Report on the Deposit and Use of Raised Funds in H1 2025 3. Proposal on the 2025 Q2 Audit Report and 2025 Q3 Audit Plan 4. Proposal on Adjusting the Grant Price for the Reserved Portion of the 2024 Restricted Stock Incentive Plan 5. Proposal on Granting Reserved Restricted Stocks to Incentive Recipients of the Company's 2024 Restricted Stock Incentive Plan			
Audit Committee of the Board of Directors	Lin Zhiwei, Zhu Bide, Tang Changjiang	5	24 October 2025	1. 2025 Q3 Report 2. Proposal on the 2025 Q3 Audit Report and 2025 Q4 Audit Plan 3. Proposal on the Proposed Change of the Accounting Firm			
Audit Committee of the Board of Directors and Meeting of Independent Directors	Lin Zhiwei, Tang Changjiang, Zhu Bide, Sun Zhenzhen	5	24 December 2025	1. Report of RSM China CPA LLP on the Audit Plan for the Company's 2025 Financial Report			
Remuneration and Appraisal Committee of the Board of Directors	Tang Changjiang, Lin Zhiwei, Liu Rui	2	28 April 2025	1. Resolution on Repurchasing and Cancelling Part of the Restricted Stocks Granted but Not Yet Released from Restrictions under the 2022 Restricted Stock Incentive Plan 2. Proposal on the Nullification of Certain Granted but Unvested Restricted Shares Due to Unfulfilled Vesting Conditions under the First Vesting Period of the 2023 Restricted Stock Incentive Plan 3. Proposal on Determining the 2024 Remuneration and the 2025 Remuneration Plan for Non-independent Directors and Senior Management			
Remuneration and Appraisal Committee of the Board of Directors	Tang Changjiang, Lin Zhiwei, Xu Liqiang	2	10 October 2025	1. Proposal on Adjusting the Initial Grant Price under the 2024 Restricted Stock Incentive Plan 2. Proposal on the Fulfilment of Vesting Conditions for the First Vesting Period of the Initial Grant under the 2024 Restricted Stock Incentive Plan 3. Proposal on the Lapse of Certain Granted but Unvested Restricted Stocks under the 2024 Restricted Stock Incentive Plan			
Nomination Committee of the Board of Directors	Sun Zhenzhen, Zhang Xiaomin, Tang Changjiang	1	3 June 2025	1. Proposal on the Election of the Company's Independent Directors 2. Proposal on the Determination of Roles for the Company's Directors			

IX. Work Status of the Audit Committee

Whether the Audit Committee identified any risks in its supervisory activities during the Reporting Period

□ Yes ☑No

The Audit Committee raised no objections regarding its supervisory matters during the Reporting Period.

X. Employee Information

1. Employee quantity, professional composition, and educational level

Number of employees at the parent company as of the end of the Reporting Period (persons)	321
Number of employees at major subsidiaries as of the end of the Reporting Period (persons)	4,792
Total number of employees receiving remuneration during the period (persons) 5,113	
Number of resigned and retired employees whose pension expenses are borne by the parent company and major subsidiaries (persons)	5,113
Number of employees at the parent company as of the end of the Reporting Period (persons)	2
Professional Composition	
Category	Number (persons)
Production staff	3,448
Sales staff	66
Technical staff	699
Financial staff	59
Administrative staff	841
Total	5,113
Educational Level	
Category	Number (persons)
Master and above	212
Bachelor's degree	1,097
Associate degree	1,871
Below associate degree	1,933
Total	5,113

2. Remuneration policy

The Company follows a people-oriented approach that encourages hard work and continuous innovation. The remuneration system is based on job positions, capabilities, and performance, with the aim of encouraging employees to work diligently, respect their positions, and contribute to the Company's sustainable development.

1. The basic remuneration is determined based on job positions and abilities. Through the establishment of a qualification system, employees are encouraged to continuously improve their professional skills and work performance. The performance-based remuneration system encourages employees to actively create greater economic benefits for investors while sharing in the business results.

2. The Company strictly follows relevant national laws and regulations, and diligently carries out processes for the signing, modification, and termination of contracts, and social insurance and housing fund management. High-level welfare benefits are provided to attract and retain talent, especially technical talent.

3. Training programme

1. The Company is committed to building a multi-level and comprehensive talent development model at the Company, department, and job levels;

2. A hierarchical and classified talent training system has been established based on job qualification standards, including the creation of the Senior Special Training Camp. This includes both online and offline training, such as employee onboarding, company-level management training, departmental professional training, job skills training, mentorship training, technical forums, management seminars, and action learning, establishing a blended learning model that combines online and offline learning. An internal lecturer team has been formed, and an internal training system has been established to enhance overall employee quality and capabilities, ensuring the implementation of the Company's strategic and operational objectives.

4. Outsourced labour

☑Applicable □Not applicable

Total outsourced labour hours (hours)	1,089,130.5
Total remuneration paid for outsourced labour (RMB)	24,611,249.37

XI. Profit Distribution and Capital Reserve Transfer to Share Capital

The formulation, implementation, or adjustment of profit distribution policies, especially cash dividend policies, during the Reporting Period

☑Applicable □Not applicable

i. Profit distribution system based on the *Company's Articles of Association*:

1. Conditions and proportions for profit distribution

(1) Conditions and proportions for cash distribution: If the Company is profitable and has a positive accumulated undistributed profit, and the Company is capable of continuing operations and long-term development, it shall distribute dividends in cash provided there are no significant investment plans or cash expenditures. The Company shall distribute no less than 10% of the distributable profits of each year as cash dividends. Over the last three years, the cumulative cash dividends shall be no less than 30% of the average annual distributable profits of the recent three years. The specific annual dividend ratio shall be determined by the Board of Directors based on the Company's operating conditions and related regulations, and shall be submitted to the Shareholders' Meeting for approval.

(2) Conditions for stock dividend distribution: Under the condition that the minimum cash dividend ratio is ensured, if the Company's business conditions are good and the Board of Directors believes that issuing stock dividends is in the best interest of all shareholders, stock dividend distribution proposals may be put forward while ensuring the minimum cash dividend ratio.

2. The Board of Directors shall consider the following factors: the industry characteristics, the Company's development stage, business model, profitability, and whether there are significant capital expenditure plans, and propose differentiated cash dividend policies for the following conditions according to the procedures stipulated in this constitution:

(1) If the Company is in a mature stage and has no major capital expenditures, when distributing profits, the cash dividend shall account for at least 80% of the total distribution;

(2) If the Company is in a mature stage and has significant capital expenditures, when distributing profits, the cash dividend shall account for at least 40% of the total distribution;

(3) If the Company is in a growth stage and has significant capital expenditures, when distributing profits, the cash dividend shall account for at least 20% of the total distribution;

If the development stage is not easily distinguishable, but there are significant capital expenditures, the previous rules apply.

3. The profit distribution proposal shall be formulated by the Board of Directors and approved by the Shareholders' Meeting. After the resolution is made at the Shareholders' Meeting, the Board of Directors shall complete the distribution of dividends (or shares) within two months. The Board of Directors shall fully listen to the opinions of independent directors when formulating the profit distribution proposal. Before the Shareholders' Meeting deliberates on the specific plan for cash dividends, the Board of Directors shall solicit opinions from minority shareholders through various channels (such as telephone, fax, email, and the investor relations platform). If the Board of Directors does not propose a cash profit distribution plan when the conditions for cash dividends are met, the reasons shall be disclosed in the regular report.

4. Any proposal to adjust the profit distribution policy shall be approved by the majority of directors, by more than half of the independent directors, and by the majority of the Audit Committee before being submitted to the Shareholders' Meeting for deliberation. The proposal shall be passed by more than two-thirds of the voting shareholders at the Shareholders' Meeting.

ii. On 21 May 2025, the Company convened the 2024 Annual General Meeting of Shareholders, which approved the *Proposal on the 2024 Profit Distribution Plan*. The Company currently has a total share capital of 1,342,902,078 shares, with 10,993,700 shares repurchased and held in the Company's repurchase account. The profit distribution will be based on the total share capital of 1,331,908,378 shares, excluding the shares repurchased by the Company (in accordance with relevant regulations, shares held by listed companies in the repurchase account do not have the right to participate in profit distribution). The Company will distribute a cash dividend of RMB0.5 per 10 shares (tax-inclusive) to all shareholders, totalling RMB66,595,418.90 in cash dividends. There will be no bonus shares issued, nor will there be a capital reserve conversion to additional shares. The distribution was completed on 17 July 2025.

Specific Description of the Cash Dividend Policy	
Does the policy comply with the Company's Articles of Association and the resolutions of the Shareholders' Meeting?	Yes
Is the dividend standard and ratio clear and unambiguous?	Yes
Are the relevant decision-making procedures and mechanisms complete?	Yes
Have the independent directors fulfilled their duties and played their expected role?	Yes
If the Company did not distribute a cash dividend, the specific reasons shall be disclosed, along with measures to enhance investor return levels?	Not applicable
Did the minority shareholders have sufficient opportunity to express their opinions, and were their legitimate rights fully protected?	Yes
If the cash dividend policy was adjusted or changed, were the conditions and procedures compliant and transparent?	Not applicable

The profit distribution plan and capital reserve transfer to share capital plan for the Reporting Period are consistent with the regulations of the Company's Articles of Association and dividend management measures

☑Yes □No □Not applicable

The profit distribution plan and capital reserve transfer to share capital plan for the Reporting Period are in line with the Company's Articles of Association and relevant regulations.

Profit distribution and capital reserve transfer to share capital for the year

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (tax-inclusive)	0.10
Number of shares to be converted per 10 shares (shares)	0
Base capital shares for profit distribution plan (shares)	1,317,274,799
Cash dividend amount (RMB) (tax-inclusive)	13,172,747.99
Cash dividend amount in other forms (e.g., share repurchase)	299,966,033.07
Total cash dividend amount (including other forms) (RMB)	313,138,781.06
Distributable profit (RMB)	231,048,767.35
Percentage of total cash dividend amount (including other forms) of total profit distribution	100.00%
Cash Dividend Details	

In cases where the Company's development stage is hard to distinguish but there are significant capital expenditure arrangements, the cash dividend proportion in the profit distribution should be at least 20% of the total profit distribution.
Detailed Explanation of the Profit Distribution or Capital Reserve Conversion to Share Capital Plan
The Company currently has a total share capital of 1,345,710,639 shares, with 28,435,840 shares repurchased and held in the Company's repurchase account. The profit distribution will be based on the total share capital of 1,317,274,799 shares, excluding the shares repurchased by the Company (in accordance with relevant regulations, shares held by listed companies in the repurchase account do not have the right to participate in profit distribution). The Company will distribute a cash dividend of RMB0.10 per 10 shares (tax-inclusive) to all shareholders, totalling RMB13,172,747.99 in cash dividends. There will be no bonus shares issued, nor will there be a capital reserve conversion to additional shares. If there is any change in the total share capital between the disclosure date of the profit distribution proposal and the equity registration date for the distribution, the total amount of cash dividends will be adjusted according to the principle of maintaining the distribution ratio.

The Company reported a profit during the Reporting Period, and the parent company had a positive profit available for distribution to shareholders. However, no cash dividend distribution plan was proposed during this period.

□ Applicable ☑Not applicable

XII. Implementation of the Company's Stock Incentive Plan, Employee Stock Ownership Plan, or Other Employee Incentive Measures

☑Applicable □Not applicable

1. Stock incentive

i. 2022 Restricted stock incentive plan

On 10 April 2024, the Company held the 12th session of the Sixth Board of Directors and the tenth session of the Sixth Board of Supervisors, where the *Resolution on the Repurchase and Cancellation of Part of the Granted but Locked-up Restricted Shares* was approved. According to the relevant provisions of the *Company's 2022 Restricted Stock Incentive Plan*, and given that 13 incentive recipients of the initial grant and four incentive recipients of the reserved grant under the 2022 Restricted Stock Incentive Plan have resigned due to personal reasons, the Board of Directors resolved that the Company repurchase and cancel the 47,999 restricted stocks that have been granted but are not yet vested. The relevant legal opinion was provided by the legal counsel. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website (http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

On 28 April 2025, the Company held the 14th session of the Sixth Board of Directors and the 12th session of the Sixth Board of Supervisors, and approved the *Resolution on Repurchasing and Cancelling Part of the Restricted Stocks Granted but Not Yet Released* from Restrictions under the *2022 Restricted Stock Incentive Plan*. According to the relevant provisions of the *Company's 2022 Restricted Stock Incentive Plan,* and due to the failure to meet the company-level performance targets for the third unlocking period of the initial grant and the second unlocking period of the reserved grant under the *Incentive Plan*, the Company was agreed to repurchase and cancel the 962,440 restricted stocks that had been granted but were still subject to lock-up restrictions. The relevant legal opinion was provided by the legal counsel. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website(http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

On 8 May 2025, the Company convened its 3rd Extraordinary General Meeting of Shareholders in 2025 and approved the *Resolution on the Repurchase and Cancellation of Part of the Granted but Locked-up Restricted Shares*. Given that 13 incentive recipients of the initial grant and four incentive recipients of the reserved grant under the 2022 Restricted Stock Incentive Plan have resigned due to personal reasons, the Board of Directors resolved that the Company repurchase and cancel the 47,999 restricted stocks that have been granted but are not yet vested. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website(http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

On 21 May 2025, the Company convened its 2024 Annual General Meeting of Shareholders and approved the *Resolution on Repurchasing and Cancelling Part of the Restricted Stocks Granted but Not Yet Released from Restrictions under the 2022 Restricted Stock Incentive Plan*. According to the relevant provisions of the *Company's 2022 Restricted Stock Incentive Plan*, and due to the failure to meet the company-level

performance targets for the third unlocking period of the initial grant and the second unlocking period of the reserved grant under the *Incentive Plan*, the Company was agreed to repurchase and cancel the 962,440 restricted stocks that had been granted but were still subject to lock-up restrictions. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website(http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

ii. 2023 Restricted stock incentive plan

On 28 April 2025, the Company convened the 14th meeting of the Sixth Board of Directors and the 12th meeting of the Sixth Board of Supervisors, and approved the *Proposal on the Nullification of Certain Granted but Unvested Restricted Shares Due to Unfulfilled Vesting Conditions under the First Vesting Period of the 2023 Restricted Stock Incentive Plan*. In accordance with the provisions of the *Company's 2023 Restricted Stock Incentive Plan*, due to the failure of the Company-level performance assessment for the first vesting period of the first grant, and the resignation of three incentive recipients of the initial grant for personal reasons, the Board of Directors approved the lapse of 1.405 million restricted stocks that had been granted but unvested. The relevant legal opinion was provided by the legal counsel. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website(http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

iii.2024 Restricted stock incentive plan

On 19 August 2025, the Company convened the 17th meeting of the Sixth Board of Directors and approved the *Proposal on Adjusting the Grant Price for the Reserved Portion under the 2024 Restricted Stock Incentive Plan* and the *Proposal on Granting Reserved Restricted Stocks to Incentive Recipients of the Company's 2024 Restricted Stock Incentive Plan*. Pursuant to the *Measures for the Administration of Independent Directors of Listed Companies*, the C*ompany's 2024 Restricted Stock Incentive Plan (Draft)*, and the authorisation of the First Extraordinary General Meeting of Shareholders of 2024, the Board of Directors confirmed that the grant conditions had been fulfilled. 370,000 restricted stocks were granted to five eligible incentive recipients on 19 August 2025, at a grant price of RMB3.70 per share. The relevant legal opinion was provided by the legal counsel. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website(http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

On 10 October 2025, the Company convened the 19th meeting of the Sixth Board of Directors and approved the Proposal on Adjusting the Initial Grant Price under the 2024 Restricted Stock Incentive Plan, the Proposal on the Lapse of Certain Granted but Unvested Restricted Stocks under the 2024 Restricted Stock Incentive Plan, and the Proposal on the Fulfilment of Vesting Conditions for the First Vesting Period of the Initial Grant under the 2024 Restricted Stock Incentive Plan. Pursuant to the Measures for the Administration of Independent Directors of Listed Companies, the Company's 2024 Restricted Stock Incentive Plan (Draft), and the authorisation of the First Extraordinary General Meeting of Shareholders of 2024, due to the resignation of three initial incentive recipients, the Board of Directors approved the lapse of 165,000 granted but unvested restricted stocks. The Board of Directors also approved the vesting of 6,232,500 second-type restricted stocks to 47 eligible incentive recipients at a grant price of RMB3.70 per share. The relevant legal opinion was provided by the legal counsel. For more details, please refer to the relevant announcement disclosed by the Company on the CNINFO website(http://www.cninfo.com.cn) and other information disclosure media designated by CSRC for the ChiNext board.

Equity incentives granted to directors and senior management personnel

☑Applicable □Not applicable

Unit: Shares

Name	Position	Initial Stock Options	New Stock Options	Exercisable Options	Options Exercised	Exercise Price	End of Period Stock	Market Price at End of the	Initial Restricted	Unlocked Restricted	New Restricted	Grant Price (RMB/share)	End of Period

			Granted in the Reporting Period	during the Reporting Period	during the Reporting Period	(RMB/share) during the Reporting Period	Options	Reporting Period (RMB/share)	Stock	Stocks	Stocks Granted in the Reporting Period		Restricted Stocks
Xu Liqiang	Employee Director	0	0	0	0	0	0	0	6,292	0	0	0	5,000
Xia Jun	Deputy General Manager	0	0	0	0	0	0	0	0	0	0	0	125,000
Wang Hao	Chief Financial Officer	0	0	0	0	0	0	0	0	0	0	0	125,000
Total	--	0	0	0	0	--	0	--	6,292		0	--	255,000
Note (if any)		The 6,292 restricted stocks initially held by Employee Director Mr. Xu Liqiang were repurchased and cancelled due to the Company's failure to meet performance targets for the third vesting period of the initial grant under the 2022 Restricted Stock Incentive Plan. As of the end of the Reporting Period, the restricted stocks held by the aforementioned director and senior management personnel are second-type restricted stocks under the equity incentive plan.											

Evaluation and incentive mechanism for senior management personnel

The Company's senior management personnel are all appointed by the Board of Directors. The Company has established the *Remuneration Management System*, the *Performance Management System,* and other assessment management systems. The appointment of senior management personnel follows a competitive process, adhering to the evaluation mechanism of "the capable are promoted, the average is retained, and the ineffective are removed." The performance assessment of senior management personnel is based on the Company's strategic goals, with the principles of the balanced scorecard applied. The relevant KPIs (Key Performance Indicators) and KOs (Key Objectives) are set, and data is collected quarterly. At mid-year and year-end, performance reviews are conducted to evaluate the entire year's results.

The performance reviews provide an objective, scientific, fair, and effective evaluation of the senior management personnel's work for the half-year and the full year. These evaluations summarise work experience, methods, highlights, shortcomings, and mistakes, helping to improve the senior management personnel's adaptability to the market, innovation capabilities, risk prevention abilities, ability to handle complex situations, team leadership, and collaboration across teams. Ultimately, these assessments drive the management to strive for high-performance goals.

A dual incentive mechanism of performance-based salary and benefit bonuses is adopted for senior management personnel. Performance-based salaries are assessed quarterly, incentivising senior management personnel to achieve stage business goals. The benefit bonus is designed to motivate senior management personnel to meet annual business goals, create greater value, and provide returns to investors.

2. Implementation of employee stock ownership plans

□ Applicable ☑Not applicable

3. Other incentive measures for employees

□ Applicable ☑Not applicable

XIII. Internal Control System Construction and Implementation during the Reporting Period

1. Internal control construction and implementation

The Company, in accordance with the *Basic Norms for Enterprise Internal Control* and its supporting guidelines and other internal control regulatory requirements, combined with its internal control systems and evaluation methods, on the basis of daily and special supervision of internal control, persists in a risk-based approach to continuously improve and optimise the internal control system, adapting to the ever-changing external environment and internal management requirements. The Company's Board of Directors, in accordance with the norms of enterprise internal control, has established and effectively implemented internal controls, evaluated their effectiveness, and truthfully disclosed the internal control evaluation report. The Company's Management is responsible for organising and leading the day-to-day operations of internal controls. The Company's Board of Directors has set up the Audit Committee, which oversees and reviews the Company's periodic reports, internal control reports, and other significant matters and reports to the Board of Directors. The Audit Committee of the Board of Directors has an independent internal audit department that, under the guidance of the Audit Committee of the Board of Directors, independently carries

out audits and is fully responsible for internal audits and checks. The department is staffed with dedicated internal auditors to audit and oversee the establishment and implementation of internal control systems, the Company's operations and finances, and exercise its auditing powers independently. Based on the recognition of significant deficiencies in the internal control of financial reporting, the Company has no major deficiencies in internal control related to financial reporting on the base date of the internal control evaluation report. The Company has maintained effective financial reporting internal controls in all significant aspects according to the internal control system standards and relevant regulations. Based on the recognition of significant deficiencies in non-financial reporting internal control, the Company has no significant deficiencies in non-financial reporting internal control on the base date of the internal control evaluation report. No factors affecting the effectiveness of internal control evaluations have occurred between the evaluation base date and the issuance of the internal control evaluation report.

2. Major internal control deficiencies found during the Reporting Period

□ Yes ☑No

XIV. Subsidiary Management and Control during the Reporting Period

Company Name	Integration Plan	Integration Progress	Problems Encountered in Integration	Measures Taken	Solution Progress	Future Plans
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Abnormalities in the management and control of subsidiaries

□ Yes ☑No

XV. Internal Control Evaluation Report and Internal Control Audit Report

1. Internal control evaluation report

Full disclosure date of the internal control evaluation report	31 March 2026	
Full disclosure index of the internal control evaluation report	CNINFO website http://www.cninfo.com.cn	
The proportion of the total assets of the included entities in the total assets of the company's consolidated financial statements	100.00%	
The proportion of the operating income of the included entities in the operating income of the company's consolidated financial statements	100.00%	
Deficiency Identification Standards		
Category	Financial Reporting	Non-financial Reporting
Qualitative standard	Major defect: A major violation in the Company's accounting or financial reports; the Audit Committee and internal audit function fail to effectively perform their supervisory roles; the auditor issues an opinion other than an unqualified opinion on the Company's financial statements. Important defect: Refers to a combination of one or more control defects whose severity and economic consequences are lower than major defects but may still lead to deviations from control objectives. General defect: Internal control deficiencies that do not meet the standards of major or important defects.	Major defect: The Company's important business lacks system control or the system fails; there are major security risks in the information systems; the major deficiencies identified in the internal control evaluation have not been rectified. Important defect: The Company's general business lacks system control or the system fails; there are security risks in the information systems; important deficiencies in internal control evaluations have not been rectified. General defect: Internal control deficiencies that do not meet the standards of major or important defects.
Quantitative standard	The quantitative standard uses operating income, total profit, and total assets as measurement indicators. If a deficiency in internal control leads to or could lead to a financial reporting error of less than 3% of operating income, it is recognised as a general defect; if it exceeds 3% but is less than 5%, it is recognised as an important defect; if it exceeds 5%, it is recognised as a major defect. Internal control deficiencies related to profit are measured by total profit. If the deficiency could lead to an error of less than 5% of total profit, it is recognised as a general defect; if it exceeds 5% but is less than 10%, it is recognised as an important defect; if it exceeds 10%, it is recognised as a major defect. Internal control deficiencies related to asset management are measured by total assets. If the deficiency could lead to an error of less than 1% of total assets, it is recognised as a general defect; if it exceeds 1% but is less than 5%, it is recognised as an important defect; if it exceeds 5%, it is recognised as a major defect.	The quantitative standard uses operating income, total profit, and total assets as measurement indicators. If a deficiency in internal control leads to or could lead to a financial reporting error of less than 3% of operating income, it is recognised as a general defect; if it exceeds 3% but is less than 5%, it is recognised as an important defect; if it exceeds 5%, it is recognised as a major defect. Internal control deficiencies related to profit are measured by total profit. If the deficiency could lead to an error of less than 5% of total profit, it is recognised as a general defect; if it exceeds 5% but is less than 10%, it is recognised as an important defect; if it exceeds 10%, it is recognised as a major defect. Internal control deficiencies related to asset management are measured by total assets. If the deficiency could lead to an error of less than 1% of total assets, it is recognised as a general defect; if it exceeds 1% but is less than 5%, it is recognised as an important defect; if it exceeds 5%, it is recognised as a major defect.
Major defects in financial reporting	0	
Major defects in non-financial reporting	0	
Important defects in financial reporting	0	
Important defects in non-financial reporting	0	

2. Internal control audit report

☑Applicable □Not applicable

Review Opinion in the Internal Control Audit Report	
Senior has effectively maintained internal controls related to financial statements in all significant aspects in accordance with the *Basic Norms for Enterprise Internal Control* as of 31 December 2025.	
Disclosure of the internal control audit report	Disclosure
Full disclosure date of the internal control audit report	31 March 2026

Full disclosure index of the internal control audit report	*Internal Control Audit Report* on the CNINFO website http://www.cninfo.com.cn
Opinion type of the internal control audit report	Standard unqualified opinion
Existence of major defects in non-financial reporting	No

Does the accounting firm issue a non-standard opinion in the internal control audit report?

□ Yes ☑No

Does the accounting firm's internal control audit report agree with the Board of Directors' self-assessment report?

☑Yes □No

Did a non-standard audit opinion on internal control issued during the Reporting Period or the previous year?

□ Yes ☑No

XVI. Special Action on Listed Company Governance and Self-inspection Issue Rectification

After self-inspection, the Company confirms there are no significant violations affecting its governance level. The Company has established a relatively complete and reasonable corporate governance structure and internal control system in accordance with relevant laws and regulations such as the *Company Law*, the *Securities Law*, and the *Code of Corporate Governance for Listed Companies*. However, with the continuous expansion of the Company's business scale and the changing external macroeconomic and market environments, the Company needs to further improve its internal control system, continue to strengthen its self-development, and enhance its standardised operations and governance effectiveness. The Company aims to make scientific decisions, operate steadily, develop in a regulated manner, and continuously improve the quality of corporate governance for listed companies.

XVII. Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises legally required to disclose environmental information

□ Yes ☑No

The Company is required to comply with the disclosure requirements related to "Chemical Industry-related Business" in the *Guidelines No. 3 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure.*

Related environmental accidents information

During the Reporting Period, the Company did not experience any environmental incidents.

XVIII. Social Responsibility

For specific details, please refer to the *2025 Environmental, Social, and Governance (ESG) Report* disclosed by the Company on 31 March 2026 on the CNINFO website.

The Company is required to comply with the disclosure requirements related to "Chemical Industry-related Business" in the *Guidelines No. 3 for Self-Regulation of Listed Companies on the Shenzhen Stock Exchange — Industry Information Disclosure.*

During the Reporting Period, the Company did not experience any major safety incidents.

XIX. Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalisation

During the Reporting Period, the Company did not engage in any poverty alleviation or rural revitalisation work.

Section V Important Matters

I. Fulfilment of Commitment Matters

1. Commitments made by the actual controllers, shareholders, related parties, acquirers, and other parties related to the Company, which have been fulfilled during the Reporting Period and those that have not been fulfilled by the end of the Reporting Period.

☑Applicable □Not applicable

Commitment Reason	Committer	Commitment Type	Commitment Content	Commitment Date	Commitment Term	Performance Status
Commitment made during the IPO or refinancing	Chen Xiufeng, Chen Liang	Shareholding reduction	After the Company's listing on the ChiNext board, the controlling shareholders and actual controllers, Chen Xiufeng and Chen Liang, will ensure and realise their controlling position in the Company by holding shares for the long term. If, after the lock-up period (including any extended lock-up period, the same below) expires, Chen Xiufeng and Chen Liang intend to reduce their holdings, they will carefully comply with the relevant regulations of the CSRC and the Stock Exchange regarding shareholders' share reduction, and will prudently formulate a reduction plan based on the Company's needs for stabilising its stock price, production operations, and capital management. The specific arrangements for share reduction by Chen Xiufeng and Chen Liang within two years from the expiration of the lock-up period are as follows: (1) Reduction quantity: If, within two years after the lock-up period expires, the shareholder intends to reduce their holdings, the total number of shares to be reduced each year shall not exceed 25% of the total shares registered under their name on the last trading day of the previous year. In the event of changes to the shares held by the shareholder due to corporate actions such as equity distribution or capital reduction, the transferable share quota for that year will be adjusted accordingly. (2) Reduction methods: The share reduction shall comply with relevant laws, regulations, and rules, and the reduction methods may include, but are not limited to, methods such as centralised bidding on the Stock Exchange, block trading, and agreement transfer. (3) Reduction price: If, within two years after the lock-up period expires, the shareholder intends to reduce their holdings, the reduction price shall not be lower than the issue price. (4) Reduction period and information disclosure: If the shareholder intends to reduce their holdings, they shall announce the reduction plan three trading days prior to the reduction. The reduction period shall be six months from the announcement of the reduction plan. If the shareholder intends to continue reducing shares after the end of the reduction period, they shall follow the aforementioned procedure for a new reduction announcement (except when the shareholder's holdings fall below 5%).	1 December 2016	Long-term validity	Performing normally
Commitment made during the IPO or refinancing	Company, Chen Xiufeng, Chen Liang	Share repurchase	The Company undertakes: If the prospectus is found to have significant misstatements, omissions, or misleading statements that substantially affect the judgment of the Company's compliance with legal requirements for issuing shares, the Company will repurchase all newly issued shares within five trading days at market prices. The controlling shareholder and actual controller undertake that if the Company's prospectus is determined by relevant regulatory authorities to contain false records, misleading statements or significant omissions, which have a significant and substantial impact on determining whether the Company meets the issuance conditions stipulated by law, they will repurchase the original restricted stocks (if any) that they I have publicly offered at the time of initial public offering in accordance with the law when the securities regulatory authority makes the above determination, and initiate the repurchase procedure within ten trading days, with the repurchase price being the market price of the Company's stock at the time of repurchase.	1 December 2016	Long-term validity	Performing normally
Commitment made during the IPO or refinancing	Company, its controlling shareholders, actual controllers, all directors, supervisors, and senior management personnel	Commitment to bear compensation or liability in accordance with the law	The Company, its controlling shareholders, actual controllers, directors, supervisors, and senior management personnel commit that: If the Company's prospectus contains false records, misleading statements, or significant omissions causing loss to investors in securities trading, the Company and all responsible parties will legally compensate investors for their losses.	1 December 2016	Long-term validity	Performing normally
Commitment made during the IPO or refinancing	Chen Xiufeng, Chen Liang	Avoiding same-industry competition	1. The committers currently do not and will not, in any form (including but not limited to sole operation or joint venture, cooperation, equity participation, third-party operation, or assistance in third-party operation), engage in any direct or indirect business that is similar, substantially competitive, or may potentially compete with the business scope of the Company. 2. If for any reason, the committers directly or indirectly hold shares or controls other enterprises (hereinafter referred to as "restricted enterprises") that directly or indirectly engage in business that competes or may compete with the Company, the committers promise to take the following measures to resolve the situation: (1) The Company will take priority in undertaking the business, and the restricted enterprises will not engage in the business; at the request of the Company, the committers promise to transfer all the rights and interests of the restricted enterprise directly or indirectly held by them, and promise to give the Company the right of first refusal for such rights and interests under the same conditions. They will make every effort to ensure that the price of the relevant transaction is determined on the basis of fairness, reasonableness, and normal commercial transactions with independent third parties. (2) The committers will prompt the restricted enterprise to promptly transfer or terminate the aforementioned business. 3. If the committers discover any new business opportunity that competes or may compete with the main business of the Company, they will immediately notify the Company in writing and make every effort to ensure that the business opportunity is first provided to the Company on reasonable and fair terms and conditions. 4. The committers promise not to use the position of actual controller in the Company to harm the interests of the Company and other small and medium-sized shareholders. 5. The committers are willing to bear individual and joint liability for all economic losses caused to the Company due to the violation of the above commitment. 6. This commitment is valid from the date of signing until the committers cease to be the actual controller of the Company or the Company terminates its listing on the Chinese stock exchange.	25 December 2014	Long-term validity	Performing normally
Whether the commitment has	Yes					

been fulfilled on time	
If the commitment has not been fulfilled within the deadline, a detailed explanation of the reasons for non-fulfilment and the next steps to be taken shall be provided	Not applicable

2. If the Company has made a profit forecast for any assets or projects and is still within the forecast period during the Reporting Period, the Company shall provide an explanation regarding whether the asset or project has met the original profit forecast, along with the reasons.

□ Applicable ☑Not applicable

3. Performance commitments involving the Company

□ Applicable ☑Not applicable

II. Non-operating Funds Occupied by Controlling Shareholders and Other Related Parties

□ Applicable ☑Not applicable

The Company has no non-operating funds occupied by controlling shareholders and other related parties during the Reporting Period.

III. Violation of External Guarantees

□ Applicable ☑Not applicable

The Company did not engage in any violations related to external guarantees during the Reporting Period.

IV. Explanation of the Board of Directors on the Latest "Non-standard Audit Report"

□ Applicable ☑Not applicable

V. Explanation of the Board of Directors, the Audit Committee, and Independent Directors (if Any) on the "Non-standard Audit Report" for the Reporting Period

□ Applicable ☑Not applicable

VI. Explanation of the Board of Directors on Changes in Accounting Policies, Accounting Estimates, or Correction of Major Accounting Errors in the Reporting Period

☐Applicable ☑Not applicable

VII. Explanation on Changes in the Scope of Consolidated Financial Statements Compared to the Previous Year's Financial Report

☑Applicable □Not applicable

Subsidiary Name	Reason for Change
DAOS TECHNOLOGY CO.LTD.	Deregistration

VIII. Appointment and Dismissal of the Accounting Firm

Currently appointed accounting firms

Domestic accounting firm name	RSM China CPA LLP
Remuneration for the domestic accounting firm (Unit: RMB10,000)	180
Number of years the domestic accounting firm has audited	1 year
CPA name	Wu Xiaolei, Wang Lianqiang, Lv Qiming
CPA's continuous service years	1 year

Is the accounting firm being replaced?

☑Yes □No

Whether the accounting firm was replaced during the audit period.

□ Yes ☑No

Whether the replacement of the accounting firm has fulfilled the review and approval procedures.

☑Yes □No

Explanation on appointment and removal of accounting firms

The Company's former auditor was Huaxing Certified Public Accountants LLP, which provided auditing services to the Company for two consecutive years. The audit opinion on the Company's 2024 financial reports was an unqualified standard opinion. In light of the Company's business development needs and future audit requirements, and based on a comprehensive internal assessment and prudent consideration, the Company appointed RSM China CPA LLP as the auditor for 2025 through an invitation and selection process to better advance audit work. This change of accounting firm was approved at the 11th meeting of the Audit Committee of the Sixth Board of Directors, the 20th meeting of the Sixth Board of Directors, and the Sixth Extraordinary General Meeting of Shareholders in 2025 held on 24 October 2025 and 11 November 2025, respectively.

Appointment of internal control audit accounting firms, financial advisors, or sponsors

□ Applicable ☑Not applicable

IX. Risk of Delisting after Annual Report Disclosure

□ Applicable ☑Not applicable

X. Bankruptcy and Restructuring

□ Applicable ☑Not applicable

The Company has not experienced any bankruptcy or restructuring issues during the Reporting Period.

XI. Major Lawsuits or Arbitration

☐Applicable ☑Not applicable

There were no major lawsuits or arbitration in the year.

XII. Penalties and Remediation

□ Applicable ☑Not applicable

There were no penalties or remediation cases during the Reporting Period.

XIII. Integrity of the Company, Controlling Shareholders, and Actual Controllers

☑Applicable □Not applicable

During the Reporting Period, neither the Company nor its controlling shareholders or actual controllers were subject to any unresolved court judgments or had any significant overdue debts.

XIV. Major Related Party Transactions

1. Related party transactions in daily operations

□ Applicable ☑Not applicable

The Company did not have any related party transactions in its daily operations during the Reporting Period.

2. Related party transactions in asset or share acquisitions or sales

□ Applicable ☑Not applicable

The Company did not have any related party transactions in asset or share acquisitions or sales during the Reporting Period.

3. Related party transactions for joint external investments

□ Applicable ☑Not applicable

The Company had no related party transaction of joint external investments in the Reporting Period.

4. Related party debts and credits

□ Applicable ☑Not applicable

There were no related party debts or credits during the Reporting Period.

5. Transactions with financial companies having related party relationships

□ Applicable ☑Not applicable

There were no deposits, loans, credit extensions, or other financial services between the Company and any financial company with related party relationships.

6. Transactions between the Company's controlling financial company and related parties

□ Applicable ☑Not applicable

There were no deposits, loans, credit extensions, or other financial services between the Company's controlling financial company and related parties.

7. Other significant related party transactions

□ Applicable ☑Not applicable

There were no other significant related party transactions during the Reporting Period.

XV. Significant Contracts and Their Performance

1. Custody, contracting, and leasing matters

(1) Custody matters

□ Applicable ☑Not applicable

There were no custody matters during the Reporting Period.

(2) Contracting matters

□ Applicable ☑Not applicable

There were no contracting matters during the Reporting Period.

(3) Leasing matters

☑Applicable □Not applicable

Leasing details:

On 1 April 2024, the Company (Lessor) signed a property lease agreement with Shenzhen Ruishida New Material Technology Co., Ltd. The lease commenced on 1 April 2024 and will expire on 31 March 2025, with a monthly rental of RMB17,640 (tax inclusive). On 1 April 2025, the Company (Lessor) signed a property lease agreement with Shenzhen Ruishida New Material Technology Co., Ltd. The lease

commenced on 1 April 2025 and will expire on 31 October 2025, with a monthly rental of RMB17,640 (tax inclusive). On 1 November 2025, the Company (Lessor) signed a property lease agreement with Shenzhen Ruishida New Material Technology Co., Ltd. The lease commenced on 1 November 2025 and will expire on 30 April 2026, with a monthly rental of RMB17,640 (tax inclusive).

On 1 April 2021, the Company's wholly-owned subsidiary, Senior Europe (Lessee), signed a lease agreement with Fastihests Co., Ltd. The lease commenced on 1 April 2021 and will expire on 28 February 2033, with an annual rental of SEK7,300,000 (tax inclusive).

On 21 August 2023, Senior Nantong (Lessor) signed a property lease agreement with Nantong Ximei Plastic Co., Ltd. The lease commenced on 22 August 2023 and will expire on 22 August 2026, with a monthly rental of RMB75,000 (tax inclusive).

On 25 May 2024, the Company (Lessor) signed a property lease agreement with Shenzhen Deep Material Technology Co., Ltd. The lease commenced on 25 May 2024 and will expire on 24 May 2027. From 25 May 2024 to 24 May 2025, the monthly rental is RMB59,324.83. From 25 May 2026 to 24 May 2027, the monthly rental is RMB62,291.07.

On 10 August 2024, the Company's wholly-owned subsidiary, GREEN NEW ENERGY MATERIALS (Lessee), signed a lease agreement with CHIPT CHARLOTTE LINCOLN WEST, L.L.C. The lease commenced on 1 October 2024 and will expire on 1 October 2035. Rental for the first 18 months is USD272,186.00 per month, and thereafter it will be adjusted periodically based on the annual base rent rate per square foot.

On 18 June 2024, the Nanshan Branch of the Company (Lessee) signed a lease agreement with Shenzhen Diantong Investment Development Co., Ltd. The lease commenced on 1 July 2024 and will expire on 30 June 2027, with a monthly rental of RMB238,095.24 (tax inclusive).

On 1 April 2025, the Company (Lessor) signed a property lease agreement with Shenzhen Xinglanxin New Materials Technology Co., Ltd. The lease commenced on 1 April 2025 and will expire on 31 December 2027, with a 3-month rental-free period granted to the lessee and a monthly rental of RMB60,000 (tax inclusive). On 1 April 2025, the Company (Lessor) signed an equipment lease agreement with Shenzhen Xinglanxin New Materials Technology Co., Ltd. The lease commenced on 1 April 2025 and will expire on 31 December 2027, with an agreed monthly equipment rental of RMB166,700, plus a monthly personnel rental of RMB20,000, bringing the total monthly rental to RMB186,700 (tax inclusive), and a 3-month rental-free period granted to the lessee.

On 1 April 2025, the Company (Lessor) signed a property lease agreement with Shenzhen Creator Co., Ltd. The lease commenced on 1 April 2025 and will expire on 31 March 2030, with a 6-month rental-free period granted to the lessee and a monthly rental of RMB80,000 (tax inclusive). On 1 March 2025, the Company (Lessor) signed an equipment lease agreement with Shenzhen Creator Co., Ltd. The lease commenced on 1 March 2025 and will expire on 28 February 2030, with an annual rental of RMB97,200 (tax inclusive).

On 1 June 2024, the Company's subsidiary, Changzhou Senior New Energy Materials Co., Ltd. (Lessor), signed a factory lease agreement with Changzhou Jialifeng New Material Co., Ltd. The lease commenced on 1 June 2024 and will expire on 31 May 2025, with a monthly rental of RMB25,500 (tax inclusive). On 1 June 2025, the Company's subsidiary, Changzhou Senior New Energy Materials Co., Ltd. (Lessor), signed a factory lease agreement with Changzhou Jialifeng New Material Co., Ltd. The lease commenced on 1 June 2025 and will expire on 31 May 2026, with a monthly rental of RMB25,500 (tax inclusive).

Projects that brought profit or loss to the Company amounting to more than 10% of the total profit for the Reporting Period

☐Applicable ☑Not applicable

There were no projects that brought profit or loss to the Company amounting to more than 10% of the total profit for the Reporting Period.

2. Major guarantees

☑Applicable □Not applicable

Unit: RMB10,000

External Guarantees of the Company and Its Subsidiaries (Excluding Guarantees to Subsidiaries)										
Guaranteed Party Name	Guarantee Limit Disclosure Date	Guarantee Limit	Actual Occurrence Date	Actual Guarantee Amount	Guarantee Type	Collateral (If Any)	Counter Guarantee (If Any)	Guarantee Period	Fulfilled (Yes/No)	Related Party Guarantee (Yes/No)
Guarantees to Subsidiaries by the Company										
Guaranteed Party Name	Guarantee Limit Disclosure Date	Guarantee Limit	Actual Occurrence Date	Actual Guarantee Amount	Guarantee Type	Collateral (If Any)	Counter Guarantee (If Any)	Guarantee Period	Fulfilled (Yes/No)	Related Party Guarantee (Yes/No)
Senior Hefei	24 March 2022	30,000	24 October 2022	1,503.11	Joint liability guarantee			15 July 2022 to 30 June 2028	Yes	No
Senior Hefei	24 March 2022	30,000	24 October 2022	751.55	Joint liability guarantee			15 July 2022 to 30 June 2028	Yes	No
Senior Hefei	24 March 2022	30,000	7 November 2022	825.49	Joint liability guarantee			15 July 2022 to 30 June 2028	Yes	No
Senior Hefei	24 March 2022	30,000	7 November 2022	412.75	Joint liability guarantee			15 July 2022 to 30 June 2028	Yes	No
Senior Hefei	24 March 2022	30,000	7 November 2022	2,390.52	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	7 November 2022	1,195.25	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	15 February 2023	517.73	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	15 February 2023	258.86	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	16 March 2023	115.72	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	16 March 2023	57.86	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	28 March 2023	327.33	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	28 March 2023	163.67	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	14 April 2023	284.02	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	14 April 2023	142.01	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	27 April 2023	100.26	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	27 April 2023	50.13	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	10 May 2023	205.2	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	10 May 2023	102.6	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	18 May 2023	149.64	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	18 May 2023	74.82	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	24 July 2023	794.01	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	24 July 2023	397	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	30 August 2023	157.53	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	30 August 2023	78.76	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	10 October 2023	191.47	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	10 October 2023	95.74	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	31 October 2023	186.92	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	31 October 2023	93.46	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	16 November 2023	401.14	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	30,000	16 November 2023	200.57	Joint liability guarantee			15 July 2022 to 30 June 2028	No	No
Senior Hefei	24 March 2022	8,000	12 August 2024	63	Joint liability guarantee			12 August 2024 to 12 February 2025	Yes	No
Senior Hefei	24 March 2022	8,000	27 September 2024	360	Joint liability guarantee			27 September 2024 to 27 March 2025	Yes	No
Senior Hefei	24 March 2022	8,000	25 November 2024	315	Joint liability guarantee			25 November 2024 to 25 May 2025	Yes	No
Senior Hefei	24 March 2022	8,000	10 December 2024	3,600	Joint liability guarantee			10 December 2024 to 30 October 2025	Yes	No
Senior Hefei	16 April 2024	3,000	1 January 2025	1,800	Joint liability guarantee			1 January 2025 to 31 December 2025	Yes	No
Senior Hefei	16 April 2024	3,000	8 January 2025	6	Joint liability guarantee			8 January 2025 to 7 January 2027	Yes	No
Senior Hefei	16 April 2024	3,000	8 January 2025	1,794	Joint liability			8 January 2025	No	No

					guarantee			to 7 January 2027		
Senior Jiangsu	24 March 2022	50,000	29 June 2022	6,250	Joint liability guarantee			29 June 2022 to 30 June 2030	Yes	No
Senior Jiangsu	24 March 2022	50,000	29 June 2022	28,125	Joint liability guarantee			29 June 2022 to 30 June 2030	No	No
Senior Jiangsu	28 April 2025	30,000	31 March 2025	18,000	Joint liability guarantee			19 June 2025 to 31 March 2030	No	No
Senior Jiangsu	28 April 2025	30,000	31 March 2025	2,000	Joint liability guarantee			19 June 2025 to 31 March 2030	Yes	No
Senior Nantong	29 March 2022	230,000	31 March 2022	2,194.65	Joint liability guarantee			31 March 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	22 June 2022	3,843.82	Joint liability guarantee			31 March 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	11 May 2022	874.67	Joint liability guarantee			11 May 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	20 May 2022	808.79	Joint liability guarantee			20 May 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	20 May 2022	390	Joint liability guarantee			20 May 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	3 August 2022	1,650.36	Joint liability guarantee			20 June 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	15 June 2022	1,708.48	Joint liability guarantee			15 June 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	8 July 2022	4,870	Joint liability guarantee			15 June 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	14 June 2022	2,011.01	Joint liability guarantee			14 June 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	26 October 2022	1,090.5	Joint liability guarantee			8 July 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	29 July 2022	2,183.20	Joint liability guarantee			29 July 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	7 July 2022	1,291.55	Joint liability guarantee			7 July 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	11 August 2022	2,681.53	Joint liability guarantee			7 July 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	20 July 2022	3,882.28	Joint liability guarantee			20 July 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	9 August 2022	2,233.75	Joint liability guarantee			20 July 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	3 August 2022	2,376.96	Joint liability guarantee			3 August 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	9 August 2022	79.23	Joint liability guarantee			9 August 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	24 August 2022	659.33	Joint liability guarantee			11 August 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	22 August 2022	1,657.06	Joint liability guarantee			22 August 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	22 August 2022	539.73	Joint liability guarantee			22 August 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	23 August 2022	3,827.39	Joint liability guarantee			23 August 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	24 August 2022	1,303.1	Joint liability guarantee			24 August 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	7 September 2022	3,799.36	Joint liability guarantee			7 September 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	10 November 2022	1,686.72	Joint liability guarantee			7 September 2022 to 31 August 2029	Yes	No
Senior Nantong	29 March 2022	230,000	8 September 2022	989.08	Joint liability guarantee			8 September 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	20 October 2022	5,378.44	Joint liability guarantee			20 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	26 October 2022	4,287.94	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	4 November 2022	4,028.89	Joint liability guarantee			4 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	10 November 2022	82.07	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	18 November 2022	1,901.87	Joint liability guarantee			18 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	28 November 2022	4,523.41	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	16 December 2022	1,837.63	Joint liability guarantee			16 December 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	12 January 2023	6,164.18	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	19 January 2023	6,164.18	Joint liability			4 November	No	No

					guarantee			2022 to 31 August 2029		
Senior Nantong	29 March 2022	230,000	13 January 2023	2,134.70	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	17 January 2023	2,029.46	Joint liability guarantee			18 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	16 February 2023	1,530.52	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	20 February 2023	1,500	Joint liability guarantee			16 December 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	15 February 2023	2,305.95	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	7 March 2023	4,495.14	Joint liability guarantee			4 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	30 March 2023	3,505.70	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	29 March 2023	4,238.05	Joint liability guarantee			18 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	22 March 2023	2,842.53	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	29 March 2023	2,457.47	Joint liability guarantee			16 December 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	18 May 2023	5,557	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	15 May 2023	2,006.96	Joint liability guarantee			4 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	15 May 2023	2,006.96	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	26 May 2023	1,774.78	Joint liability guarantee			18 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	26 May 2023	7,718.87	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	8 June 2023	1,481.52	Joint liability guarantee			16 December 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	20 July 2023	3,101.77	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	21 July 2023	2,000	Joint liability guarantee			4 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	17 August 2023	2,370.61	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	25 August 2023	2,854.21	Joint liability guarantee			18 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	4 August 2023	4,090.15	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	23 August 2023	2,370.61	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	25 September 2023	3,497.19	Joint liability guarantee			16 December 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	19 September 2023	4,404.49	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	18 September 2023	4,404.49	Joint liability guarantee			4 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	25 October 2023	3,871.49	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	25 October 2023	1,392.96	Joint liability guarantee			18 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	15 November 2023	6,761.38	Joint liability guarantee			28 November 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	14 December 2023	5,694.01	Joint liability guarantee			16 December 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	25 December 2023	3,000	Joint liability guarantee			26 October 2022 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	18 October 2023	3,871.49	Joint liability guarantee			10 November 2022 to 31 August 2029	No	No

Senior Nantong	29 March 2022	230,000	2 January 2024	1,475.79	Joint liability guarantee			2 January 2024 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	1 February 2024	3,996.43	Joint liability guarantee			1 February 2024 to 31 August 2029	No	No
Senior Nantong	29 March 2022	230,000	6 March 2024	1,489.62	Joint liability guarantee			6 March 2024 to 31 August 2029	No	No
Senior Nantong	24 April 2023	84,000	9 May 2023	1,499.96	Joint liability guarantee			9 May 2023 to 21 April 2031	Yes	No
Senior Nantong	24 April 2023	84,000	9 May 2023	2,433.54	Joint liability guarantee			9 May 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	16 May 2023	1,254.39	Joint liability guarantee			16 May 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	29 May 2023	335.96	Joint liability guarantee			29 May 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	31 May 2023	517.72	Joint liability guarantee			31 May 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	13 June 2023	2,266.51	Joint liability guarantee			13 June 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	4 August 2023	5,166.57	Joint liability guarantee			4 August 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	29 November 2023	1,058.2	Joint liability guarantee			29 November 2023 to 21 April 2031	Yes	No
Senior Nantong	24 April 2023	84,000	29 November 2023	3,021.54	Joint liability guarantee			29 November 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	12 December 2023	4,586.28	Joint liability guarantee			12 December 2023 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	9 January 2024	3,017.54	Joint liability guarantee			9 January 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	13 May 2024	1,214.41	Joint liability guarantee			13 May 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	23 May 2024	3,467.95	Joint liability guarantee			23 May 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	2 February 2024	1,664.34	Joint liability guarantee			2 February 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	13 March 2024	778.07	Joint liability guarantee			13 March 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	1 April 2024	2,053.87	Joint liability guarantee			1 April 2024 to 21 April 2031	No	No
Senior Nantong	16 April 2024	84,000	19 June 2024	1,473.13	Joint liability guarantee			19 June 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	11 July 2024	691.28	Joint liability guarantee			11 July 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	14 January 2024	2,644.99	Joint liability guarantee			14 August 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	12 September 2024	3,192.29	Joint liability guarantee			12 September 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	28 November 2025	3,386.63	Joint liability guarantee			12 September 2024 to 21 April 2031	No	No
Senior Nantong	16 April 2024	84,000	15 November 2024	1,460.26	Joint liability guarantee			15 November 2024 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	20 February 2025	3,491.76	Joint liability guarantee			20 February 2025 to 21 April 2031	No	No
Senior Nantong	16 April 2024	84,000	24 January 2025	1,790.27	Joint liability guarantee			24 January 2025 to 21 April 2031	No	No
Senior Nantong	24 April 2023	84,000	2 January 2025	1,663.41	Joint liability guarantee			2 January 2025 to 21 April 2031	No	No
Senior Nantong	16 April 2024	84,000	9 April 2025	419.01	Joint liability guarantee			9 April 2025 to 21 April 2031	No	No
Senior Foshan	24 April 2023	400,000	23 January 2024	16,000	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	29 February 2024	10,100	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	23 January 2024	2,280	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	23 January 2024	120	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	23 January 2024	1,020	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	29 February 2024	4,900	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	19 March 2024	15,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	22 March 2024	16,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	22 March 2024	800	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	22 March 2024	5,210	Joint liability			29 December	No	No

					guarantee			2023 to 29 December 2033		
Senior Foshan	24 April 2023	400,000	22 March 2024	990	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	19 April 2024	12,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	19 April 2024	7,800	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	23 January 2024	580	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	19 April 2024	5,200	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	17 May 2024	30,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	27 June 2024	14,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	25 July 2024	6,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	21 August 2024	15,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	16 October 2024	566.1	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	16 October 2024	99.9	Joint liability guarantee			29 December 2023 to 29 December 2033	Yes	No
Senior Foshan	24 April 2023	400,000	24 October 2024	10,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	3 December 2024	10,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	24 December 2024	10,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	8 January 2025	5,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Foshan	24 April 2023	400,000	1 January 2025	5,000	Joint liability guarantee			29 December 2023 to 29 December 2033	No	No
Senior Changzhou	28 April 2025	30,000	2 April 2025	13,345.25	Joint liability guarantee			15 June 2025 to 2 April 2030	No	No
Senior Changzhou	28 April 2025	30,000	2 April 2025	1,654.75	Joint liability guarantee			15 June 2025 to 2 April 2030	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	1,239.57	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	2,065.96	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	4,131.91	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	6,886.52	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	826.38	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	1,377.3	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	2,313.87	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	3,856.45	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	2,355.19	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	3,926.09	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding	24 April 2023	105,907	15 May 2024	578.47	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No

Company (Europe) AB										
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	964.11	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	123.96	Joint liability guarantee			15 May 2024 to 10 May 2032	Yes	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	15 May 2024	206.6	Joint liability guarantee			15 May 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	3,367.80	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	2,245.20	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	6,286.56	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	6,398.82	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	1,571.64	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	11,226	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	4 September 2024	336.78	Joint liability guarantee			4 September 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	4,954.69	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	3,303.13	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	9,248.76	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	9,413.92	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	2,312.19	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	16,515.64	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
Senior Material Holding Company (Europe) AB	24 April 2023	105,907	29 October 2024	495.47	Joint liability guarantee			29 October 2024 to 10 May 2032	No	No
INV Malaysia	21 May 2025	70,000	14 November 2025	2,585.87	Joint liability guarantee			14 November 2025 to 14 November 2032	No	No
INV Malaysia	21 May 2025	80,000	14 November 2025	2,954.88	Joint liability guarantee			14 November 2025 to 14 November 2032	No	No
INV Malaysia	21 May 2025	70,000	24 December 2025	7,095.7	Joint liability guarantee			24 December 2025 to 14 November 2032	No	No
INV Malaysia	21 May 2025	80,000	24 December 2025	8,111.71	Joint liability guarantee			24 December 2025 to 14 November 2032	No	No
Total approved guarantee amount for subsidiaries during the Reporting Period (B1)		1,680,000		Total actual amount of guarantees provided to subsidiaries during the Reporting Period (B2)						80,099.24
Total approved guarantee limit for subsidiaries at the end of the Reporting Period (B3)		5,670,372.07		Total actual guarantee balance of subsidiaries at the end of the Reporting Period (B4)						563,788.47
Guarantee Information for Subsidiary-to-Subsidiary Guarantees										
Guaranteed Party Name	Guarantee Limit Disclosure Date	Guarantee Limit	Actual Occurrence Date	Actual Guarantee Amount	Guarantee Type	Collateral (If Any)	Counter Guarantee (If Any)	Guarantee Period	Fulfilled (Yes/No)	Related Party Guarantee (Yes/No)
Total Guarantee Amount of the Company (i.e., Sum of the First Three Items Above)										
Total approved guarantee limit during the Reporting Period (A1+B1+C1)		1,680,000		Total actual amount of guarantees incurred during the Reporting Period (A2+B2+C2)						80,099.24

Total approved guarantee limit at the end of the Reporting Period (A3+B3+C3)	5,670,372.07	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	563,788.48
Total guarantee balance (A4+B4+C4) as % of the Company's net assets			57.17%
Of which:			
Balance of guarantees provided to shareholders, actual controllers, and their related parties (D)			0
Balance of debt guarantees directly or indirectly provided to the guaranteed object with an asset liability ratio exceeding 70% (E)			376,084.22
Amount of guarantee exceeding 50% of net assets (F)			70,687.22
Total amount of the three guarantees mentioned above (D+E+F)			446,771.44
Explanation of the occurrence of guarantee liability or evidence indicating the possibility of joint and several liability for the unexpired guarantee contract during the Reporting Period (if any)			None
Explanation of providing guarantees to external parties in violation of prescribed procedures (if any)			None

Where composite guarantees are used, specific explanations

3. Entrusting others for cash asset management

(1) Entrusted financial management situation

☑Applicable □Not applicable

Overview of entrusted financial management during the Reporting Period:

Unit: RMB10,000

Product Category	Risk Characteristics	Balance of Entrusted Financial Management during the Reporting Period	Overdue Amount (RMB)
Bank wealth management products	Low risk	3,000	0
Public offering fund products	Low risk	3,000	0

Circumstances where the Company acts as the sole entrustor and entrusts financial institutions to manage assets, or where investments are made in high-risk entrusted wealth management products with low security and poor liquidity

☐Applicable ☑Not applicable

a) Details of idle raised funds used for cash management:

Product Name	Amount (RMB 10,000)	Start Date	Maturity Date	Principal and Interest (RMB)
Minsheng Bank Structured Deposit	9,000	2024/10/17	2025/1/17	90,326,345.42
Ping An Bank Structured Deposit	10,000	2024/10/18	2025/1/20	100,468,712.30
Ningbo Bank Structured Deposit 7202501019	8,500	2025/1/8	2025/1/22	85,068,465.75
China Merchants Bank Structured Deposit (upside, two-tier interval, 17 days)	9,000	2025/1/10	2025/1/27	90,069,164.38
Minsheng Bank Structured Deposit	9,000	2025/1/22	2025/2/27	90,195,287.67
Ping An Bank Structured Deposit	5,000	2025/1/22	2025/2/26	50,087,260.27
Minsheng Bank Structured Deposit	9,000	2025/3/5	2025/4/7	90,167,914.85
Ping An Bank Structured Deposit	5,000	2025/3/6	2025/4/10	50,081,986.30
ingbo Bank Structured Deposit 7202501628	8,500	2025/3/7	2025/3/28	85,102,698.63

b) Details of idle own funds used for cash management:

Product Name	Amount (RMB 10,000)	Start Date	Maturity Date	Principal and Interest (RMB)
Bank of China Time Deposit	1,000	2023-11-29	2026-11-29	Not yet due
Bank of China Time Deposit	1,000	2023-11-22	2026-11-22	Not yet due
Minsheng Bank Time Deposit	1,000	2022-9-20	2025-9-20	10,375,000.00
Minsheng Bank Time Deposit	1,000	2022-9-20	2025-9-20	10,375,000.00
Minsheng Bank Time Deposit	1,000	2022-9-20	2025-9-20	10,375,000.00
Minsheng Bank Time Deposit	1,000	2022-9-20	2025-9-20	10,375,000.00
Minsheng Bank Time Deposit	1,000	2022-9-20	2025-9-20	10,375,000.00
Guangfa Bank 35-day Structured Deposit	4,000	2024-12-6	2025-1-10	40,092,054.79

China Zheshang Bank One-month Structured Deposit	3,000	2024-12-27	2025-1-27	30,052,958.34
Guangfa Bank 14-day Structured Deposit	4,000	2025-1-23	2025-2-6	40,021,916.71
Guangfa Bank 14-day Structured Deposit	4,000	2025-2-6	2025-2-19	40,026,373.70
China Zheshang Bank 31-day Structured Deposit	3,000	2025-2-10	2025-3-13	30,048,437.50
China Zheshang Bank 32-day Structured Deposit	3,000	2025-3-28	2025-4-28	30,048,437.50
China Zheshang Bank One-month Structured Deposit	3,000	2025-4-30	2025-5-30	30,051,250.00
Laterite Innovation Youchun Currency Fund B	3,000	2025-12-30	At any time	30,011,837.32
Suyin Wealth Management Qiyuan Cash No. 4 A	5,000	2025-12-24	2025-12-25	50,004,166.73
Corporate Stable Profit 25JG3565 (Monthly Rollover A)	1,000	2025-10-9	2025-10-31	10,010,083.33
Suyin Wealth Management Qiyuan Cash No.6 A	2,000	2025-9-30	2025-10-9	20,008,624.37
Other monetary funds-time deposits	1,000	2025-9-30	2026-9-30	Not yet due

(2) Entrusted loan situation

□ Applicable ☑Not applicable

There were no entrusted loans during the Reporting Period

4. Other significant contracts

□ Applicable ☑Not applicable

The Company did not have any other significant contracts during the Reporting Period.

XVI. Use of Proceeds

☑Applicable □Not applicable

1. Overall use of proceeds

☑Applicable □Not applicable

Unit: RMB10,000

Year of Fundraising	Fundraising Method	Listing Date	Total Proceeds	Net Proceeds (1)	Proceeds Used in the Reporting Period	Cumulative Proceeds Used (2)	Proceeds Usage Ratio by the End of the Reporting Period (3) = (2)/(1)	Amount of Reallocated Proceeds during the Reporting Period	Cumulative Reallocated Proceeds	Proportion of Reallocated Proceeds	Unused Proceeds	Use and Destination of Unused Proceeds	Idle Proceeds > Two Years
2022	Private placement of shares	29 July 2022	350,000	347,862.39	214,632.35	360,512.29	103.64%	208,000	208,000	59.79%	10.62	As of 31 December 2025, unused proceeds were all deposited in the special proceeds account.	0
Total	--	--	350,000	347,862.39	214,632.35	360,512.29	103.64%	208,000	208,000	59.79%	10.62	--	0

Explanation of overall use of proceeds:

1. Use of proceeds from the private placement of shares in 2021

Approved by CSRC under document [2022] No. 891 and with the consent of the SZSE, the Company issued 125,673,249 shares via private placement, raising RMB3,499,999,984.65. After deducting issuance expenses of RMB21,376,087.52 (excluding tax), the net proceeds amounted to RMB3,478,623,897.13, which were fully received by 13 July 2022. Capital verification was conducted by Grant Thornton LLP, which issued a *Capital Verification Report* (Z.T.Y.Z. [2022] No. 440C000398).

As of 31 December 2025, the cumulative amount of proceeds used by the Company totalled RMB3,605,122,900 (of which RMB3,605,062,000 for project expenditures and RMB609,000 for bank

handling charges). Subsequent to the proceeds being received, the cumulative issuance expenses paid amounted to RMB11,583,100, total interest income from settlement banks received amounted to RMB16,033,900, total interest income from wealth management products received amounted to RMB121,629,700, and exchange loss amounted to RMB11,058,400. As of 31 December 2025, the balance in the special proceeds account was RMB106,200, the temporary replenishment was RMB0.00, and the investment in wealth management products was RMB0.00.

2. Use of proceeds from the Global Depositary Receipts ("GDR") offering

Pursuant to the approval granted by the CSRC in the document *Approval for the Initial Public Offering of Global Depository Receipts by Shenzhen Senior Technology Material Co., Ltd. and Its Listing on the SIX Swiss Exchange* (CSRC Permit [2022] No. 3150), and the *Decision Regarding Shenzhen Senior Technology Material Co., Ltd. issued by the SIX Exchange Regulation AG*, the Company successfully completed the issuance of GDRs and commenced trading on the SIX Swiss Exchange on 18 December 2023.

The offering included 12,684,800 GDRs, with each GDR representing five A-shares, corresponding to 63,424,000 newly offered A-shares. The offering price was USD9.46 per GDR, generating gross proceeds of approximately USD120 million. As of 18 December 2023, net proceeds received after deducting underwriting fees amounted to USD118,544,144.81, equivalent to RMB843,726,342.67. After deducting other offering-related costs of RMB19,364,393.43 (excluding tax), net proceeds amounted to RMB824,361,949.24.

As of 31 December 2025, the amount of GDR proceeds used totalled USD121,830,437.52, and the unused balance of GDR proceeds was USD0.00.

2. Status of committed projects funded by proceeds

☑Applicable □Not applicable

Unit: RMB10,000

Project Name	Listing Date	Committed Funded Project and Excess Proceeds Allocation	Project Nature	Has the Project Been Changed (Including Partial Changes)	Committed Investment	Adjusted Investment (1)	Investment Amount during the Reporting Period	Cumulative Investment by the End of the Reporting Period (2)	Investment Progress by the End of the Reporting Period (3) = (2)/(1)	Date When the Project Reaches the Expected Operational State	Returns Achieved in the Reporting Period	Cumulative Returns by the End of the Reporting Period	Have the Expected Returns Been Achieved	Is There Any Significant Change in Project Feasibility
Committed Investment Projects														
Private Placement of Shares in 2021	29 July 2022	High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)	Production and construction	Yes	289,529.39	81,529.39	6,854.07	94,401.01	115.79%	1 June 2026	6,790.39	33,221.15	No	No
Private Placement of Shares in 2021	29 July 2022	Working Capital Supplementation	Supplementing working capital	No	58,333	58,333	0	58,333	100.00%				Not applicable	No
Private Placement of Shares in 2021	29 July 2022	High-Performance Lithium-Ion Battery Wet-Process and Coated-Process Separator Project (Malaysia)	Production and construction	No	0	208,000	207,778.28	207,778.28	99.89%	1 December 2026			Not applicable	No
Subtotal of committed investment projects				--	347,862.39	347,862.39	214,632.35	360,512.29	--	--	360,512.29	33,221.15	--	--
Use of Excess Proceeds														
Not applicable	29 July 2022	Not applicable	Not applicable	No									Not applicable	No
Total				--	347,862.39	347,862.39	214,632.35	360,512.29	--	--	6,790.39	33,221.15	--	--
Explanation by project for delays in progress and failure to achieve expected returns	Due to intensified market competition, the gross profit margin of the Company's lithium battery separator products decreased compared with the same period of the previous year, which affected its profitability.													

(including reasons for selecting "Not applicable" under "Have the Expected Returns Been Achieved")	
Explanation of significant changes in project feasibility	As the industry and market environment to which the original investment projects belong have undergone certain changes, and in order to actively improve the global industrial layout, further enhance overseas market share, and improve the utilisation efficiency of raised funds and investment returns, the Company plans to use the unused raised funds of RMB20,800,000,000 from the investment project "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)", funded by the A-share issuance to specific objects in 2021, for the newly added investment project "High-Performance Lithium-Ion Battery Wet-Process and Coated-Process Separator Project (Malaysia)".
Amount, use, and progress of excess proceeds	Not applicable
There were instances of unauthorised changes to the use of proceeds or violations involving the misuse of funds raised.	Not applicable
Change of the locations of projects funded by the proceeds	Applicable Occurred during the Reporting Period. 1) On 21 November 2022, the Company held the 31st Meeting of the Fifth Board of Directors and the 27th Meeting of the Fifth Board of Supervisors, at which the *Proposal on the Partial Change of Implementation Location for the Project Funded by Proceeds* was reviewed and approved. The Company agreed to partially change the implementation location of the project funded by proceeds from the private placement of A-shares in 2021, namely the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)." The additional implementation location is located in the Nantong Economic and Technological Development Area, specifically in the area east of Zhulin Road, north of Hexing Road, south of Xinxing Road, and west of Dehe Road. 2) On 20 February 2025, the Company held the 11th meeting of the Sixth Board of Directors and the ninth meeting of the Sixth Board of Supervisors, during which the *Proposal on Changing the Use of Part of the Raised Funds and Adding New Investment Projects* was reviewed and approved. The Company was agreed to allocate the unused raised funds of RMB2.08 billion from the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)" under the project funded by proceeds from the private placement of A-shares in 2021 to the Company's new investment project, the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated Separator Malaysia Project".
Adjustment of the implementation method of the projects funded by the proceeds	Applicable Occurred during the Reporting Period. On 20 February 2025, the Company held the 11th meeting of the Sixth Board of Directors and the ninth meeting of the Sixth Board of Supervisors, during which the Proposal on Changing the Use of Part of the Raised Funds and Adding New Investment Projects was reviewed and approved. The Company was agreed to allocate the unused raised funds of RMB2.08 billion from the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)" under the project funded by proceeds from the private placement of A-shares in 2021 to the Company's new investment project, the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated Separator Malaysia Project".
Advance use and reimbursement of proceeds	Applicable At the 27th meeting of the Fifth Board of Directors and the 23rd meeting of the Fifth Board of Supervisors held on 26 August 2022, the Company approved the *Proposal on the Use of Proceeds to Replace Self-funded Capital Previously Invested in Fundraising Projects and Issuance Expenses*. The Company approved the use of RMB609,629,278.84 from the proceeds to replace self-raised funds previously invested in fundraising projects and issuance expenses, of which RMB608,110,410.92 was for fundraising projects and RMB1,518,867.92 was for issuance expenses. Grant Thornton LLP conducted a special audit of the self-raised funds previously invested in fundraising projects and issuance expenses and issued the *Assurance Report on the Use of Self-raised Funds for Fundraising Projects by Shenzhen Senior Technology Material Co., Ltd.* ([2022]. No. 440A014679) The Company's sponsor, the Board of Supervisors, and independent directors all expressed clear approval of the use of self-raised funds for fundraising projects and issuance expenses.
temporary use of idle proceeds for supplementing working capital	Applicable On 11 April 2025, the Company returned RMB1.5 billion of idle proceeds previously used for temporary working capital supplementation to the special proceeds account ahead of schedule, and all such idle proceeds temporarily used for working capital supplementation have been fully returned. As of 31 December 2025, the Company had no temporary use of idle proceeds to supplement working capital.
Amount and reasons for surplus proceeds upon project implementation	Not applicable
Use and destination of unused proceeds	As of 31 December 2025, unused proceeds were all deposited in the special proceeds account.
Problems or other issues arising in the use and disclosure of raised funds	No

3. Change of projects funded by proceeds

☑Applicable □Not applicable

Unit: RMB10,000

Project Name	Fundraising Method	Project upon Change	Corresponding Originally Committed Project(s)	Total Proposed Investment of Proceeds upon Change (1)	Actual Investment in the Reporting Period	Actual Cumulative Investment by the End of the Reporting Period (2)	Investment Progress by the End of the Reporting Period (3) = (2)/(1)	Date When the Project Reaches the Expected Operational State	Returns Achieved in the Reporting Period	Have the Expected Returns Been Achieved	Is There Any Significant Change in Project Feasibility upon Change
Proceeds Raised through A-share Issuance to Specific Objects in 2021	Issuance of shares to specific objects	High-Performance Lithium-Ion Battery Wet-Process and Coated-Process Separator Project (Malaysia)	High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)	208,000	207,778.28	207,778.28	99.89%	1 December 2026		Not applicable	No
--	--	--	--	208,000	207,778.28	207,778.28	--	--	0	--	--
Explanation of change reasons, decision-making procedures, and disclosure (by project)			As the industry and market environment to which the original investment projects belong have undergone certain changes, and in order to actively improve the global industrial layout, further enhance overseas market share, and improve the utilisation efficiency of raised funds and investment returns, the Company convened the 11th meeting of the Sixth Board of Directors and the 9th meeting of the Sixth Board of Supervisors on 20 February 2025, during which the *Proposal on Changing the Use of Part of the Raised Funds and Adding New Investment Projects* was reviewed and approved. The Company was agreed to allocate the unused raised funds of RMB2.08 billion from the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)" under the project funded by proceeds from the private placement of A-shares in 2021 to the Company's new investment project, the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated Separator Malaysia Project".							
Failure to achieve planned progress or expected returns and cause(s) (by project)			The "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated Separator Malaysia Project" was derived from the amendment of the "High-Performance Lithium-Ion Battery Wet-Process Separator and Coated-Process Separator Project (Phases I and II)", and the construction project								

	has not yet been completed.
Explanation of any significant changes in project feasibility upon change	Not applicable

4. Verification opinions of intermediary institutions on the deposit and use of proceeds

☑Applicable □Not applicable

Upon review, RSM China (Special General Partnership) is of the opinion that the Special Report on the Annual Deposit, Management and Use of Raised Funds for the Year 2025 of Senior has been prepared, in all material respects, in accordance with the aforementioned Supervision Rules on Raised Funds of Listed Companies and relevant regulations of the stock exchange, and fairly presents the actual deposit, management and use of the Company's raised funds for the year 2025.

Upon verification, the sponsor, CITIC Securities Co., Ltd., is of the opinion that the deposit and use of raised funds by Senior for the year 2025 comply with the provisions and requirements of relevant laws, regulations and regulatory documents; the Company has implemented the strorage system for the special proceeds account, and there is no disguised change in the intended use of raised funds or impairment of shareholders' interests; and the actual use of raised funds is consistent with the disclosed information.

XVII. Explanation of Other Significant Matters

☑Applicable □Not applicable

1. The Company invested RMB40 million of its own funds to subscribe for shares in Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership) (hereinafter referred to as "Runmu Investment" or "the Partnership"), with the total subscription amount of the Partnership being RMB100 million. For further details, please refer to the announcement published by the Company on 12 March 2024 on the CNINFO website (http://www.cninfo.com.cn) titled *Announcement on Capital Increase by Related Party in the Partnership and Related Party Transaction*.

According to the *Partnership Agreement of Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership)*, decisions regarding the dissolution and liquidation of the Partnership must be approved by a majority of at least three-fifths (including three-fifths) of the partners.

On 13 January 2025, a resolution was made with unanimous consent from all partners: the Partnership will be dissolved and enter liquidation. The liquidator will manage the liquidation, including notifying creditors, handling the business related to liquidation, settling outstanding taxes, clearing debts, dealing with the remaining assets after debt settlement, and participating in civil litigation matters on behalf of the enterprise. The decision will be notified to the creditors and published in a public notice according to the relevant provisions of the *Partnership Law of the People's Republic of China*.

On 21 February 2025, the liquidation of the Partnership was completed. After deducting the related partnership fees, the Company received a distribution of RMB42,398,100, resulting in a total return of RMB2,398,100 for the entire investment period. This transaction will have a minimal impact on the Company's profit and loss for 2025, with the final results subject to confirmation by the annual audit conducted by the accountants.

On 12 March 2025, the procedures for Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership) were completed.

2. On 28 April 2025, the Company convened the 14th meeting of the Sixth Board of Directors and approved the *Proposal on the Public Issuance of H Shares and Listing on The Stock Exchange of Hong Kong Limited*. The Company proposed to issue overseas listed foreign shares (H shares) and apply for listing on the Main Board of The Stock Exchange of Hong Kong Limited. On 7 July 2025, the Company submitted the application for H share issuance and listing, and on 30 January 2026, updated the application and certain Company information and financial data. For details, please refer to the announcements published by the Company on the CNINFO website (www.cninfo.com.cn), namely the *Announcement on the Submission of Application for the Issuance and Listing of Overseas Listed Foreign Shares (H-shares)* on the Hong Kong

Stock Exchange and the Publication of Application Documents and the *Announcement on Progress of H-share Issuance and Listing* (Announcement Nos. 2025-074 and 2026-005).

3. On 26 December 2025, the Company convened the 21st meeting of the Sixth Board of Directors and the First Extraordinary General Meeting of Shareholders in 2026 on 12 January 2026, at which the *Proposal on the Cancellation of Repurchased Shares* was approved. The Company agreed to cancel 2,413,500 repurchased shares held in the dedicated repurchase account. Upon review and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the Company completed the cancellation procedures for the aforementioned repurchased shares on 21 January 2026. After this cancellation, the Company's total number of shares changed from 1,348,124,139 shares to 1,345,710,639 shares. For details, please refer to the Company's announcements on the CNINFO website (www.cninfo.com.cn), including the *Announcement on the Cancellation of Repurchased Shares*, the *Announcement on Capital Reduction Due to Repurchase Share Cancellation and Notice to Creditors*, and the *Announcement on Completion of Share Cancellation and Share Change* (Announcement Nos. 2025-107, 2026-002, and 2026-003).

4. During the Reporting Period, the Company's subsidiary, Xingyuan International Holdings (Singapore) Co., Ltd., obtained net income of RMB71.45 million from its purchase and subsequent disposal of all shares in Ferrotec Holdings Corporation.

XVIII. Significant Matters of the Company's Subsidiaries

□ Applicable ☑Not applicable

Section VI Share Changes and Shareholder Information

I. Share Changes

1. Share changes

Unit: Shares

	Before Change			Change (Increase, Decrease)			After Change		
	Quantity	Proportion	New Shares Issued	Bonus Shares	Capitalisation of Reserves	Others	Subtotal	Quantity	Proportion
I. Shares with Limited Circulation	129,126,866	9.62%	689,677	0.00	0.00	-1,141,722	-452,045.00	128,674,821	9.54%
1. State-owned shares	0	0.00%	0	0.00	0.00	0	0.00	0	0.00%
2. State-owned legal entity shares	0	0.00%	0	0.00	0.00	0	0.00	0	0.00%
3. Other domestic shares	129,124,169	9.62%	689,677	0.00	0.00	-1,139,025	-449,348.00	128,674,821	9.54%
- Domestic legal entity shares	0	0.00%		0.00	0.00	0	0.00	0	0.00%
Domestic individual shares	129,124,169	9.62%	689,677	0.00	0.00	-1,139,025	-449,348.00	128,674,821	9.54%
4. Overseas shares	2,697	0.00%	0	0.00	0.00	-2,697	-2,697.00	0	0.00%
Including: Overseas legal entity shares	0	0.00%	0	0.00	0.00	0	0.00	0	0.00%
Overseas individual shares	2,697	0.00%	0	0.00	0.00	-2,697	-2,697.00	0	0.00%
II. Shares with No Circulation Restrictions	1,213,830,104	90.38%	5,542,823	0.00	0.00	76,391	5,619,214	1,219,449,318	90.46%
1. RMB ordinary shares	1,213,830,104	90.38%	5,542,823	0.00	0.00	76,391	5,619,214	1,219,449,318	90.46%
2. Domestic listed foreign shares	0	0.00%	0	0.00	0.00	0	0.00	0	0.00%
3. Overseas listed foreign shares	0	0.00%	0	0.00	0.00	0	0.00	0	0.00%
4. Others	0	0.00%	0	0.00	0.00	0	0.00	0	0.00%
III. Total Shares	1,342,956,970	100.00%	6,232,500	0.00	0.00	-1,065,331	5,167,169	1,348,124,139	100.00%

Reasons for share changes

☑Applicable □Not applicable

During the Reporting Period, 613,286 executive lock-up shares held by directors, supervisors and senior management were reduced; 1,065,331 equity incentive restricted shares were also reduced;

During the Reporting Period, 54,892 restricted stocks from the 2022 Restricted Stock Incentive Plan, granted to 22 incentive recipients who resigned, were repurchased and cancelled on 24 March 2025. These shares had been granted but were still subject to lock-up restrictions.

During the Reporting Period, 47,999 restricted stocks from the 2022 Restricted Stock Incentive Plan, granted to 17 incentive recipients who resigned, were repurchased and cancelled on 21 August 2025. These shares had been granted but were still subject to lock-up restrictions.

During the Reporting Period, due to the Company's failure to meet performance targets for the third unlocking period of the initial grant and the second unlocking period of the reserved grant under the 2022 Restricted Stock Incentive Plan, the 962,440 restricted stocks that had been granted but were still subject to lock-up restrictions were repurchased and cancelled on 21 August 2025.

During the Reporting Period, as the vesting conditions for the first vesting period of the initial grant under the 2024 Restricted Stock Incentive Plan were fulfilled, the Company processed the vesting of 6,232,500 second-type restricted stocks for 47 eligible incentive recipients. These shares were listed and tradable from 17 October 2025.

Approval of share changes

☑Applicable □Not applicable

On 29 October 2024, the Company convened the eighth meeting of the Sixth Board of Directors and the sixth meeting of the Sixth Board of Supervisors, and on 19 November 2024 convened the Second Extraordinary General Meeting of Shareholders in 2024, at which the *Resolution on the Repurchase and Cancellation of Part of the Granted but Locked-up Restricted Shares* was approved. According to the relevant provisions of the *Company's 2022 Restricted Stock Incentive Plan*, due to the resignation of 16 incentive recipients of the initial grant and six incentive recipients of the reserved grant under the *Incentive Plan* for personal reasons, the Company was agreed to repurchase and cancel the 54,892 restricted stocks

that had been granted but were still subject to lock-up restrictions. These shares were repurchased and cancelled on 24 March 2025.

On 10 April 2025, the Company convened the 12th meeting of the Sixth Board of Directors and the 10th meeting of the Sixth Board of Supervisors, and on 8 May 2025 convened the Third Extraordinary General Meeting of Shareholders in 2025, at which the *Resolution on the Repurchase and Cancellation of Part of the Granted but Locked-up Restricted Shares* was approved. According to the relevant provisions of the *Company's 2022 Restricted Stock Incentive Plan*, due to the resignation of 13 incentive recipients of the initial grant and four incentive recipients of the reserved grant under the 2022 Restricted Stock Incentive Plan for personal reasons, the Company was agreed to repurchase and cancel the 47,999 restricted stocks that had been granted but were still subject to lock-up restrictions. These shares were repurchased and cancelled on 21 August 2025.

On 28 April 2025, the Company convened the 14th meeting of the Sixth Board of Directors and the 12th meeting of the Sixth Board of Supervisors, and on 21 May 2025 held the 2024 Annual General Meeting of Shareholders, at which the *Resolution on Repurchasing and Cancelling Part of the Restricted Stocks Granted but Not Yet Released from Restrictions* under the *2022 Restricted Stock Incentive Plan* was approved. According to the relevant provisions of the *Company's 2022 Restricted Stock Incentive Plan*, and due to the failure to meet the Company-level performance targets for the third unlocking period of the initial grant and the second unlocking period of the reserved grant under the Incentive Plan, the Company was agreed to repurchase and cancel the 962,440 restricted stocks that had been granted but were still subject to lock-up restrictions. These shares were repurchased and cancelled on 21 August 2025.

On 10 October 2025, the Company convened the 19th meeting of the Sixth Board of Directors and approved the *Proposal on Adjusting the Initial Grant Price under the 2024 Restricted Stock Incentive Plan*, the *Proposal on the Lapse of Certain Granted but Unvested Restricted Stocks under the 2024 Restricted Stock Incentive Plan*, and the *Proposal on the Fulfilment of Vesting Conditions for the First Vesting Period of the Initial Grant under the 2024 Restricted Stock Incentive Plan*. Pursuant to the *Measures for the Administration of Independent Directors of Listed Companies*, the *Company's 2024 Restricted Stock Incentive Plan (Draft)*, and the authorisation of the First Extraordinary General Meeting of Shareholders of 2024, due to the resignation of three initial incentive recipients, the Board of Directors approved the lapse of 165,000 granted but unvested restricted stocks. The Board of Directors also approved the vesting of 6,232,500 second-type restricted stocks to 47 eligible incentive recipients at a grant price of RMB3.70 per share. These shares were listed and tradable from 17 October 2025.

Transfer of shares

☑Applicable □Not applicable

The above changes in shareholding have been duly registered with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited.

Impact of share changes on financial indicators such as basic earnings per share, diluted earnings per share, and net assets per share attributable to ordinary shareholders of the Company for the last year and the most recent period

☑Applicable □Not applicable

During the Reporting Period, as a result of the repurchase and cancellation of a total of 102,891 restricted stocks that had been granted but were still subject to lock-up restrictions under the 2022 Restricted Stock Incentive Plan, and the repurchase and cancellation of a total of 962,440 restricted stocks due to the failure to meet the Company-level performance targets for the third unlocking period of the initial grant and the second unlocking period of the reserved grant under the 2022 Restricted Stock Incentive Plan, the Company's total share capital decreased to 1,341,891,639 shares; and as a result of the fulfilment of the conditions for the first unlocking period of the initial grant under the Company's 2024 Restricted Stock

Incentive Plan, and the consequent vesting of 6,232,500 second-type restricted stocks, the Company's total share capital increased to 1,348,124,139 shares.

The impact of this share change on the basic earnings per share and the net assets per share attributable to the Company's ordinary shareholders for the last year and the most recent period is as follows:

(1) Basic earnings per share: Based on the initial share capital, the basic earnings per share for this period are RMB0.0271; after the change in share capital, the basic earnings per share for this period are RMB0.0272.

(2) Net assets per share attributable to ordinary shareholders of the Company: Based on the initial share capital, the net assets per share attributable to the Company's ordinary shareholders at the end of the period is RMB7.34; after the share capital change, the net assets per share attributable to the Company's ordinary shareholders at the end of the period is RMB7.32.

Other necessary disclosures as required by the Company or securities regulatory authorities

□ Applicable ☑Not applicable

2. Changes in restricted shares

☑Applicable □Not applicable

Unit: Shares

Shareholder Name	Opening Restricted Shares	New Restricted Shares This Period	Restricted Shares Released This Period	Closing Restricted Shares	Restricted Reasons	Release Date
Chen Xiufeng	127,867,118	0	0	127,867,118	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Shen Xiwen	171,563	375,000	42,891	503,672	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Liu Rui	10,854	128,918	34,943	104,829	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Liu Rui	300		300	0	Equity incentive restricted shares	According to the rules for releasing equity incentive restricted shares
Xia Jun	0	93,750		93,750	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Wang Hao	0	93,750		93,750	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Ju Xuecheng	12,000		2,475	9,525	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Xu Liqiang	0	2,177		2,177	Executive lock-up shares	According to the rules for releasing executive lock-up shares
Other equity incentive recipients	1,065,031	0	1,065,031	0	Equity incentive restricted shares	According to the rules for releasing equity incentive restricted shares
Total	129,126,866	693,595	1,145,640	128,674,821	--	--

II. Securities Issuance and Listing Information

1. Securities issuance (excluding preferred shares) during the Reporting Period

☑Applicable □Not applicable

Name of the Stock and Its Derivative Securities	Issue Date	Issue Price (or Interest Rate)	Number of Shares Issued	IPO Date	Number of Shares Approved for Trading on the Market	Final Trading Date	Disclosure Index	Disclosure Date
Shares								
2024 Restricted Stock Incentive Plan	10 October 2025	RMB3.70 per share	6,232,500	17 October 2025	6,232,500		Announcement on the *Vesting Results of the First Vesting Period of the Initial Grant under the 2024 Restricted Stock Incentive Plan and the Listing of Shares* (Announcement No. 2025-096) published on the CNINFO website	15 October 2025

Circular of securities issuance (excluding preferred shares) during the Reporting Period

On 10 October 2025, the Company convened the 19th meeting of the Sixth Board of Directors and approved the *Proposal on Adjusting the Initial Grant Price under the 2024 Restricted Stock Incentive Plan*, the *Proposal on the Lapse of Certain Granted but Unvested Restricted Stocks under the 2024 Restricted Stock Incentive Plan*, and the *Proposal on the Fulfilment of Vesting Conditions for the First Vesting Period of the Initial Grant under the 2024 Restricted Stock Incentive Plan*. Pursuant to the *Measures for the Administration of Independent Directors of Listed Companies*, the Company's 2024 Restricted Stock Incentive Plan (Draft), and the authorisation of the First Extraordinary General Meeting of Shareholders of 2024, due to the resignation of three initial incentive recipients, the Board of Directors approved the lapse of 165,000 granted but unvested restricted stocks. The Board of Directors also approved the vesting of 6,232,500 second-type restricted stocks to 47 eligible incentive recipients at a grant price of RMB3.70 per share. The listing date for the vested shares is 17 October 2025.

2. Explanation on changes in total shares and shareholder structure, and changes in the Company's asset and liability structure

☑Applicable □Not applicable

During the Reporting Period, 54,892 restricted stocks from the 2022 Restricted Stock Incentive Plan, granted to 22 incentive recipients who resigned, were repurchased and cancelled on 24 March 2025. These shares had been granted but were still subject to lock-up restrictions.

During the Reporting Period, 47,999 restricted stocks from the 2022 Restricted Stock Incentive Plan, granted to 17 incentive recipients who resigned, were repurchased and cancelled on 21 August 2025. These shares had been granted but were still subject to lock-up restrictions.

During the Reporting Period, due to the failure to meet performance targets for the third unlocking period of the initial grant and the second unlocking period of the reserved grant under the 2022 Restricted Stock Incentive Plan, the Company repurchased and cancelled the 962,440 restricted stocks that had been granted but were still subject to lock-up restrictions. These shares were repurchased and cancelled on 21 August 2025.

During the Reporting Period, as the vesting conditions for the first vesting period of the initial grant under the 2024 Restricted Stock Incentive Plan were fulfilled, the Company processed the vesting of 6,232,500 second-type restricted stocks for 47 eligible incentive recipients. These shares were listed and tradable from 17 October 2025.

The total share capital of the Company decreased from 1,342,956,970 shares to 1,348,124,139 shares. The Company's debt-to-asset ratio increased from 56.92% at the beginning of the period to 59.26%.

3. Current status of internal employee shares

□ Applicable ☑Not applicable

III. Shareholders and Actual Controller

1. Number of shareholders and shareholding status

Unit: Shares

Total number of ordinary shareholders at the end of the Reporting Period	96,389	Total number of ordinary shareholders at the end of the previous month prior to the disclosure date of the annual report	101,079	Total number of preferred shareholders with restored voting rights at the end of the Reporting Period (if any) (refer to Note 9)	0	Total number of preferred shareholders with restored voting rights at the end of the previous month prior to the disclosure date of the annual report (if any)	0	Total number of shareholders holding special voting rights (if any)	0

						(refer to Note 9)		

Shareholding of Shareholders Holding More Than 5% or the Top Ten Shareholders (Excluding Shares Lent via Stock Borrowing and Lending)								
Shareholder Name	Shareholder Type	Shareholding Percentage	Number of Shares Held at the End of the Reporting Period	Changes in Shareholding during the Reporting Period	Shares with Limited Circulation Held	Shares with No Circulation Restrictions Held	Pledged, Marked, or Frozen Status	
							Share Status	Quantity
Chen Xiufeng	Domestic individual	12.65%	170,489,491	0	127,867,118	42,622,373	Not applicable	0
Hong Kong Securities Clearing Company	Overseas legal entity	1.46%	19,728,511	6,301,172	0	19,728,511	Not applicable	0
Huatai Securities Co., Ltd. – Penghua CSI Sub-segment Chemical Industry Theme ETF	Domestic non-state-owned legal entity	1.20%	16,131,671	16,131,671	0	16,131,671	Not applicable	0
China Merchants Bank Co., Ltd. - Southern CSI 1000 ETF	Domestic non-state-owned legal entity	0.92%	12,379,809	1,310,900	0	12,379,809	Not applicable	0
Agricultural Bank of China Limited - SWS MU New Energy Car Theme Flexible Configuration Hybrid Securities Investment Fund	Domestic non-state-owned legal entity	0.88%	11,879,853	11,879,853	0	11,879,853	Not applicable	0
Huatai Securities Asset Management - Zhang Jian - Huatai Zunxiang Stable Progress 63 Single Asset Management Plan	Domestic non-state-owned legal entity	0.84%	11,358,010	0	0	11,358,010	Not applicable	0
Taiping Life Insurance Co., Ltd.	State-owned legal entity	0.83%	11,226,260	11,226,260	0	11,226,260	Not applicable	0
Changzhou Oriental Industry Guide Venture Capital Co., Ltd.	State-owned legal entity	0.64%	8,613,117	0	0	8,613,117	Not applicable	0
Bank of China Limited - China Universal CSI Battery Theme ETF	Domestic non-state-owned legal entity	0.63%	8,520,677	7,051,320	0	8,520,677	Not applicable	0
Huatai Securities Asset Management - Fu Jiangtao - Huatai Zunxiang Stable Progress 62 Single Asset Management Plan	Domestic non-state-owned legal entity	0.59%	7,916,878	-4,999,928	0	7,916,878	Not applicable	0

Strategic investors or general legal entities becoming top ten shareholders due to the allotment of new shares (if any) (refer to Note 4)	No
Explanation of related party relationships or concerted actions among the above shareholders	The Company is not aware of any relationships among other shareholders above, nor is it aware whether other shareholders above are parties acting in concert as defined under the *Measures for the Administration of the Takeover of Listed Companies*.
Explanation of entrusted/authorised voting rights or waiver of voting rights of the above shareholders	No
Special explanation for share repurchase accounts among the top ten shareholders (if any) (refer to Note 10)	The dedicated securities account for share repurchase of Shenzhen Senior Technology Material Co., Ltd. held 30,849,340 shares, representing 2.29% of total share capital.

Shareholding of the Top Ten Shareholders with No Circulation Restrictions (Excluding Shares Lent via Stock Borrowing, Executive Lock-up Shares)			
Shareholder Name	Number of Shares with No Circulation Restrictions at the End of the Reporting Period	Share Type	
		Share Type	Quantity
Chen Xiufeng	42,622,373	RMB ordinary shares	42,622,373
Hong Kong Securities Clearing Company	19,728,511	RMB ordinary shares	19,728,511
Huatai Securities Co., Ltd. – Penghua CSI Sub-segment Chemical Industry Theme ETF	16,131,671	RMB ordinary shares	16,131,671
China Merchants Bank Co., Ltd. - Southern CSI 1000 ETF	12,379,809	RMB ordinary shares	12,379,809
Agricultural Bank of China Limited - SWS MU New Energy Car Theme Flexible Configuration Hybrid Securities Investment Fund	11,879,853	RMB ordinary shares	11,879,853
Huatai Securities Asset Management - Zhang Jian - Huatai Zunxiang Stable Progress 63	11,358,010	RMB ordinary shares	11,358,010

Single Asset Management Plan			
Taiping Life Insurance Co., Ltd.	11,226,260	RMB ordinary shares	11,226,260
Changzhou Oriental Industry Guide Venture Capital Co., Ltd.	8,613,117	RMB ordinary shares	8,613,117
Bank of China Limited - China Universal CSI Battery Theme ETF	8,520,677	RMB ordinary shares	8,520,677
Huatai Securities Asset Management - Fu Jiangtao - Huatai Zunxiang Stable Progress 62 Single Asset Management Plan	7,916,878	RMB ordinary shares	7,916,878
Explanation of related party relationships or concerted actions among the top ten shareholders with no circulation restrictions, or between the top ten shareholders with no circulation restrictions and the top ten shareholders	The Company is not aware of any relationships among other shareholders above, nor is it aware whether other shareholders above are parties acting in concert as defined under the *Measures for the Administration of the Takeover of Listed Companies*.		
Explanation of shareholders participating in margin financing and securities lending (if any) (refer to Note 5)	Not applicable		

Shareholders holding more than 5%, top ten shareholders, and top ten shareholders with no circulation restrictions participating in margin financing and securities lending

□ Applicable ☑Not applicable

Changes in top ten shareholders and top ten shareholders with no circulation restrictions due to margin financing lending/repayment

□ Applicable ☑Not applicable

The Company has voting right differentiation arrangements or not

□ Applicable ☑Not applicable

The Company's top ten ordinary shareholders and top ten shareholders with no circulation restrictions engaged in repurchase transactions during the Reporting Period or not

□ Yes ☑No

The Company's top ten ordinary shareholders and top ten shareholders with no circulation restrictions did not engage in repurchase transactions during the Reporting Period

2. Situation of the Company's controlling shareholder

Controlling shareholder nature: Individual shareholder

Controlling shareholder type: Individual

Controlling Shareholder Name	Nationality	Obtained Residency Rights in Other Countries or Regions
Chen Xiufeng	China	No
Main occupation and position	Mr. Chen Xiufeng serves as the Chairman and General Manager of the Company.	
Equity interests in other domestic and foreign listed companies held by the controlling shareholder during the Reporting Period	No	

Changes in the controlling shareholder during the Reporting Period

□ Applicable ☑Not applicable

There were no changes in the controlling shareholder during the Reporting Period

3. The Company's actual controller and the concerted action parties

Actual controller type: Domestic individual

Actual controller type: Individual

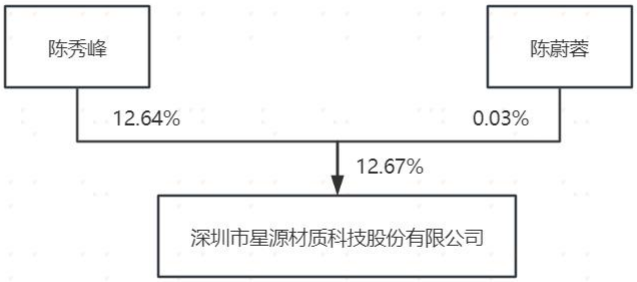
Actual Controller Name	Relationship with Actual Controller	Nationality	Obtained Residency Rights in Other Countries or Regions
Chen Xiufeng	Himself	China	No
Chen Weirong	Concerted action (including agreement, relatives, and same control)	China	No
Main occupation and position	Mr. Chen Xiufeng serves as the Chairman and General Manager of the Company.		
Domestic and foreign listed companies controlled by the actual controller in the last ten years	No		

Changes in the actual controller during the Reporting Period

□ Applicable ☑Not applicable

The actual controller did not change during the Reporting Period.

Property rights and control relationship diagram between the Company and the actual controller



陈秀峰	Chen Xiufeng
陈蔚蓉	Chen Weirong
深圳市星源材质科技股份有限公司	Announcement of Shenzhen Senior Technology Material Co., Ltd. on

The actual controller controls the Company through trusts or other asset management methods

□ Applicable ☑Not applicable

4. The controlling shareholder or the largest shareholder and their concerted actors have pledged shares amounting to 80% of their holdings in the Company

□ Applicable ☑Not applicable

5. Other corporate shareholders holding more than 10%

□ Applicable ☑Not applicable

6. Shareholding restrictions and reduction of shares by controlling shareholders, actual controllers, restructuring parties, and other committers

□ Applicable ☑Not applicable

IV. Specific Implementation of Share Repurchase during the Reporting Period

Progress of share repurchase

☑Applicable □Not applicable

Disclosure Time of the Plan	Shares Intended to Be Repurchased (Share)	Proportion of Total Share Capital	Amount	Period	Usage	Shares Repurchased (Share)	Number of Repurchased Shares as a Percentage of the Underlying Shares Covered by the Equity Incentive Plan (If Any)
17 February 2025	3,424,658-6,849,315	0.26%-0.51%	5,000-10,000	Within six months from the date of approval by the Board of Directors of the share repurchase plan	Equity incentive plan and/or employee stock ownership plan	8,580,200	100.00%

17 April 2025	7,142,857-14,285,714	0.53%-1.06%	10,000-20,000	Within three months from the date of approval by the Board of Directors of the share repurchase plan	Safeguard the Company's value and protect shareholders' interests	19,855,640	

Progress of share repurchase using a centralised bidding trading method

□ Applicable ☑Not applicable

V. Preferred Shares Information

□ Applicable ☑Not applicable

There were no preferred shares during the Reporting Period.

Section VII Bond Information

□ Applicable ☑Not applicable

Section VIII Financial Report

I. Audit Report

Type of audit opinion	Unqualified opinion
Date of signing of the audit report	30 March 2026
Name of audit firm	Rongcheng Certified Public Accountants LLP (RSM China)
Audit report reference number	Rongcheng Shen Zi [2026] 518Z0570
Names of Certified Public Accountants	Wu Xiaolei, Wang Lianqiang, Lv Qiming

Main text of the audit report

To All Shareholders of Shenzhen Senior Technology Material Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of Shenzhen Senior Technology Material Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and parent company balance sheets as at December 31, 2025, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in owners' equity for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared, in all material respects, in accordance with the requirements of the Accounting Standards for Business Enterprises, and fairly present the consolidated and parent company financial position of the Company as at December 31, 2025, and the consolidated and parent company operating results and cash flows for the year 2025.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the section of the audit report entitled "Certified Public Accountants' Responsibilities for the Audit of the Financial Statements". In accordance with the Code of Ethics for Chinese Certified Public Accountants and the independence requirements for Chinese Certified Public Accountants, we are independent of

the Company, and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not express a separate opinion on these matters.

• Revenue Recognition

1. Description of the Matter

For the related disclosures, please refer to “Note III. xxvi” and “Note V. xxxx” to the financial statements.

For the year 2025, Shenzhen Senior Technology Material Co., Ltd. recorded operating revenue of RMB 4.125 billion. The Company recognizes operating revenue as follows:

For domestic sales, revenue is recognized when the products have been delivered and accepted or signed for by the customer, at which point control of the products is transferred.

For export sales, revenue is recognized when the Company has completed the customs declaration procedures in accordance with the contract, has received the payment or obtained valid evidence of collection and it is probable that the related economic benefits will flow into the Company, and the significant risks and rewards of ownership as well as the legal title to the products have been transferred.

Whether the timing of revenue recognition is accurate has a direct impact on the amount of operating revenue and profit of the Company for the year 2025. In addition, operating revenue is one of the Company’s key performance indicators, which gives rise to the inherent risk that management may manipulate the timing of revenue recognition in order to achieve specific targets or expectations. Therefore, we identified revenue recognition as a key audit matter.

2. Audit Response

The principal audit procedures we performed in relation to revenue recognition included the following:

(1) We obtained an understanding of, evaluated, and tested the design and operating effectiveness of the key internal controls related to the recognition of operating revenue.

(2) We selected samples of sales contracts, identified the terms related to the transfer of control of goods, and evaluated whether the timing of revenue recognition was in compliance with the requirements of the Accounting Standards for Business Enterprises.

(3) In combination with product categories and customer characteristics, we performed analytical procedures on revenue and gross profit, compared the gross profit margin with that of comparable companies in the same industry, and assessed the reasonableness of changes in operating revenue and gross profit margin for the current period.

(4) We selected samples from operating revenue and checked them against sales contracts or orders, sales delivery notes, and supporting delivery documents.

(5) For export sales, we checked sales records against export customs declarations, sales invoices and other supporting documents for export sales, and verified the authenticity of export revenue.

(6) In conjunction with the audit of accounts receivable, we selected samples of customers for confirmation of current-year sales amounts and year-end balances.

(7) We examined whether any material returns or refunds occurred after the period end, and performed cut-off testing on revenue to determine whether revenue had been recorded in the appropriate accounting period.

Based on the procedures performed above, we did not identify any abnormality in the Company's revenue recognition.

• Impairment of Fixed Assets

1. Description of the Matter

For the related disclosures, please refer to "Note III. xxi" and "Note V. xiii" to the financial statements.

As at December 31, 2025, the carrying amount of fixed assets in the consolidated financial statements was RMB 10.385 billion, representing 42.00% of the total assets in the consolidated financial statements, and was therefore material to the consolidated financial statements.

Given the significance of the carrying amount of fixed assets to the financial statements and the inherent uncertainty involved in forecasting the future cash flows of the relevant asset groups and determining the related discount rate, we identified impairment of fixed assets as a key audit matter.

2. Audit Response

The principal audit procedures we performed in relation to the impairment of fixed assets included the following:

(1) We assessed and tested the design and operating effectiveness of the internal controls related to the impairment of fixed assets of the Company;

(2) We evaluated the competence, professional capabilities and objectivity of the external independent institution engaged by the management of the Company to assist in conducting the impairment test;

(3) We obtained the results of the fixed asset impairment test issued by the external independent institution, and with the assistance of our valuation specialists, evaluated the appropriateness of the methods adopted in the impairment test of long-lived assets, as well as the reasonableness of the key assumptions and significant parameters;

(4) We reviewed the accuracy of the calculation of the results of the fixed asset impairment test;

(5) We evaluated whether the disclosures relating to the impairment of fixed assets in the notes to the consolidated financial statements were accurate.

Based on the procedures performed above, we did not identify any abnormality in the impairment of fixed assets of the Company.

IV. Other Information

The management of Shenzhen Senior Technology Material Co., Ltd. (hereinafter referred to as the "Management") is responsible for the other information. The other information comprises the information included in the 2025 Annual Report of the Company, but does not include the financial statements and our audit report thereon.

Our audit opinion on the financial statements does not cover the other information, and we do not

express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge we obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management of Shenzhen Senior Technology Material Co., Ltd. (hereinafter referred to as the "Management") is responsible for the preparation of the financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises so as to achieve a fair presentation, and for designing, implementing and maintaining such internal controls as the Management determines are necessary to enable the financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Certified Public Accountants' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are

generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In performing an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Shenzhen Senior Technology Material Co., Ltd. to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention in our audit report to the related disclosures in the financial statements; or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the information available up to the date of the audit report. However, future events or conditions may cause Shenzhen Senior Technology Material Co., Ltd. to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and evaluate whether the financial statements fairly present the underlying transactions and events.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Shenzhen Senior Technology Material Co., Ltd. to express an

audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit, and remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards, where applicable.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters. We describe these matters in our audit report unless laws or regulations preclude public disclosure of such matters or, in extremely rare circumstances, when we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Financial Statements

The amounts in the financial statements and the notes thereto are presented in Renminbi ("RMB"), unless otherwise stated.

i. Consolidated Statement of Financial Position

Prepared by: Shenzhen Senior Technology Material Co., Ltd.

December 31, 2025

Currency unit: RMB Yuan

Item	As at 31 December 2025	As at 31 December 2024
Current assets:		
Monetary funds	1,992,388,768.29	3,677,885,246.57
Deposit for clearing		
Loans to financial institutions		
Financial assets held for trading	30,000,798.16	299,366,693.18
Derivative financial assets		
Notes receivable	590,469,885.18	356,987,915.53
Accounts receivable	1,891,145,061.03	2,019,068,313.18
Receivables held for factoring	369,752,725.56	292,317,631.51

Prepayments	59,965,119.79	45,819,443.39
Insurance premium receivables		
Reinsurance receivables		
Receivables for reinsurance contract reserves		
Other receivables	31,598,947.35	17,861,837.45
T/o: Interests receivable		
Dividends receivable		
Financial assets acquired for resale		
Inventories	762,381,371.25	518,062,684.04
T/o: Digital assets		
Contract assets		
Held-for-sale assets		
Non-current assets matured within 1 year		
Other current assets	356,006,901.20	314,710,758.81
Total current assets	6,083,709,577.81	7,542,080,523.66
Non-current assets:		
Loans and advances		
Debt investments measured at amortised cost		
Debt investments at fair value through other comprehensive income		
Long-term receivables		
Long-term equity investments	22,570,564.36	49,588,958.04
Equity investments at fair value through other comprehensive income	30,863,000.00	
Other non-current financial assets	94,597,612.73	76,981,857.52
Investment properties		
Fixed assets	10,385,124,711.04	7,332,214,090.98
Construction in progress	6,114,801,389.86	5,232,986,069.55
Biological assets held for production		
Oil and gas assets		
Right-of-use assets	333,454,919.59	311,808,719.27
Intangible assets	1,072,347,517.10	991,150,148.11
T/o: Digital assets		
Development expenditure		
T/o: Digital assets		
Goodwill		
Long-tern deferred expenses		
Deferred tax assets	66,742,174.69	23,723,209.37
Other non-current assets	519,615,300.40	1,585,000,881.37
Total non-current assets	18,640,117,189.77	15,603,453,934.21
Total assets	24,723,826,767.58	23,145,534,457.87

Current liabilities:		
Short-term bank loans	4,018,143,155.36	3,261,959,548.37
Loans from the Central Bank		
Loans from financial institutions		
Financial liabilities held for trading	12,619,557.32	
Derivative financial liabilities		
Notes payable	217,200,004.48	120,611,992.93
Accounts payable	1,146,231,801.59	1,522,604,382.77
Advanced receipts		
Contract liabilities	18,139,182.95	4,333,298.86
Financial assets disposed for repurchase		
Deposits received and interbank placements		
Client security trading funds		
Proceeds from acting as underwriting agent for securities		
Employee benefits payable	85,038,877.34	61,854,954.66
Taxes payable	44,871,554.52	32,943,149.57
Other payables	26,879,105.39	34,144,294.63
T/o: Interests payable		
Dividends payable		
Handling fees and commissions payable		
Reinsurance payables		
Held-for-sale liabilities		
Non-current liabilities due within 1 year	1,754,247,626.33	861,753,865.41
Other current liabilities	195,764,238.45	160,816,336.42
Total current liabilities	7,519,135,103.73	6,061,021,823.62
Non-current liabilities:		
Insurance reserves		
Long-term bank loans	5,325,406,759.88	5,797,517,412.61
Debt instruments payable		
T/o: Preferred shares		
Perpetual debts		
Lease liabilities	281,767,612.21	299,858,452.96
Long-term payables	1,036,038,721.23	504,069,250.00
Long-term employee benefits payable		
Provisions		
Deferred income	472,201,981.81	475,457,972.30
Deferred tax liabilities	17,809,540.41	36,487,989.26
Other non-current liabilities		
Total non-current liabilities	7,133,224,615.54	7,113,391,077.13
Total liabilities	14,652,359,719.27	13,174,412,900.75
Shareholders' equity:		

Share capital	1,348,124,139.00	1,342,956,970.00
Other equity instruments		
T/o: Preferred shares		
Perpetual debts		
Capital reserves	6,472,065,107.44	6,426,722,241.63
Less: Treasury stocks	350,758,329.30	62,764,878.62
Other comprehensive income	313,508,474.45	-17,090,058.91
Designated reserves		
Surplus reserves	137,593,837.68	137,593,837.68
Provision for general risks		
Retained earnings	1,941,492,033.02	1,971,719,601.02
Equity attributable to shareholders of the Company	9,862,025,262.29	9,799,137,712.80
Non-controlling interests	209,441,786.02	171,983,844.32
Total equity	10,071,467,048.31	9,971,121,557.12
Total liabilities and equity	24,723,826,767.58	23,145,534,457.87

Legal Representative: CHEN Xiufeng Person in Charge of the Accounting Work: WANG Hao
Person in Charge of the Accounting Department: SHEN Hui

ii. Separate Statement of Financial Position

Currency unit: RMB Yuan

Item	As at 31 December 2025	As at 31 December 2024
Current assets:		
Monetary funds	555,718,723.27	1,483,572,981.56
Financial assets held for trading	30,000,798.16	229,366,693.18
Derivative financial assets		
Notes receivable	394,871,924.48	78,659,895.42
Accounts receivable	1,232,407,982.13	1,710,475,620.46
Receivables held for factoring	325,844,748.41	289,589,166.83
Prepayments	136,934,627.89	253,981,000.96
Other receivables	2,688,521,424.92	3,053,863,112.40
T/o: Interests receivable		
Dividends receivable		200,000,000.00
Inventories	30,358,739.32	82,864,389.13
T/o: Digital assets		
Contract assets		
Held-for-sale assets		
Non-current assets matured within 1 year		
Other current assets	41,924,426.14	30,203,794.57
Total current assets	5,436,583,394.72	7,212,576,654.51
Non-current assets:		
Debt investments measured at amortised cost		
Debt investments at fair value through other comprehensive income		
Long-term receivables		

Long-term equity investments	8,455,770,497.14	4,833,216,166.31
Equity investments at fair value through other comprehensive income	30,863,000.00	
Other non-current financial assets	94,297,612.73	76,681,857.52
Investment properties		
Fixed assets	783,345,547.10	813,607,759.50
Construction in progress	2,170,626.55	29,074,517.47
Biological assets held for production		
Oil and gas assets		
Right-of-use assets	4,056,637.66	6,761,062.67
Intangible assets	57,005,839.52	57,834,835.00
T/o: Digital assets		
Development expenditure		
T/o: Digital assets		
Goodwill		
Long-tern deferred expenses		
Deferred tax assets	22,297,442.53	2,850,000.00
Other non-current assets	95,836,434.23	981,317,343.43
Total non-current assets	9,545,643,637.46	6,801,343,541.90
Total assets	14,982,227,032.18	14,013,920,196.41
Current liabilities:		
Short-term bank loans	1,233,294,956.17	527,988,561.89
Financial liabilities held for trading	12,590,669.75	
Derivative financial liabilities		
Notes payable	1,855,862,323.20	1,972,000,000.00
Accounts payable	460,817,146.13	1,823,271,238.09
Advanced receipts		
Contract liabilities	29,072,589.76	318,153,413.67
Employee benefits payable	23,323,187.90	21,102,909.13
Taxes payable	4,832,953.92	4,817,249.23
Other payables	1,892,605,539.69	462,684,857.88
T/o: Interests payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within 1 year	335,241,736.39	177,155,858.73
Other current liabilities	204,900,937.70	9,586,047.13
Total current liabilities	6,052,542,040.61	5,316,760,135.75
Non-current liabilities:		
Long-term bank loans	1,022,499,898.00	468,999,946.00
Debt instruments payable		
T/o: Preferred shares		
Perpetual debts		

Lease liabilities	1,413,690.64	4,165,976.36
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	52,545,874.57	56,519,728.98
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	1,076,459,463.21	529,685,651.34
Total liabilities	7,129,001,503.82	5,846,445,787.09
Shareholders' equity:		
Share capital	1,348,124,139.00	1,342,956,970.00
Other equity instruments		
T/o: Preferred shares		
Perpetual debts		
Capital reserves	6,475,170,113.63	6,429,827,247.82
Less: Treasury stocks	350,758,329.30	62,764,878.62
Other comprehensive income	12,047,000.00	
Designated reserves		
Surplus reserves	137,593,837.68	137,593,837.68
Retained earnings	231,048,767.35	319,861,232.44
Total equity	7,853,225,528.36	8,167,474,409.32
Total liabilities and equity	14,982,227,032.18	14,013,920,196.41

iii. Consolidated Statement of Comprehensive Income

Currency unit: RMB Yuan

Item	For the Year 2025	For the Year 2024
A. Total revenue	4,125,372,108.61	3,541,106,604.39
T/o: Revenue	4,125,372,108.61	3,541,106,604.39
Interests income		
Insurance premium earned		
Income from handling fees and commissions		
B. Total costs	4,149,099,021.19	3,150,168,482.35
T/o: Cost of sales	3,175,393,586.07	2,511,078,879.01
Interests expense		
Expense for handling fees and commissions		
Surrender value		
Net claim expenses		
Net provision for insurance obligation		
Expense for policyholders' dividends		
Reinsurance expenses		

Taxes and surcharges	47,877,196.17	34,963,672.98
Selling expenses	42,805,421.39	37,112,188.73
Administrative expenses	378,419,582.45	276,145,225.42
R&D expenses	278,379,559.44	248,024,275.05
Financial costs	228,164,809.65	42,844,241.16
T/o: Interest expenses	226,223,675.67	96,757,324.70
Interest income	186,116,179.54	66,283,242.37
Add: Other income	55,344,078.34	95,888,545.34
Investment income (loss with "-" prefix)	107,292,222.54	18,826,516.38
T/o: Gain from joint ventures and associates measured at equity	216,355.48	-1,348,553.61
Gain from derecognition of financial assets measured at amortised cost		
Gain from foreign exchange difference (loss with "-" prefix)		
Gain from hedging of net exposure (loss with "-" prefix)		
Gain from fair value measurement (loss with "-" prefix)	90,995,509.02	-9,665,957.44
Credit impairment loss (loss with "-" prefix)	7,038,158.74	-62,760,359.80
Asset impairment loss (loss with "-" prefix)	-75,909,335.93	-25,038,636.46
Gain from asset disposal (loss with "-" prefix)	-16,215,519.20	-1,682,564.82
C. Profit from operation	89,690,478.07	406,505,665.24
Add: Non-operating income	6,612,523.49	2,585,896.29
Less: Non-operating expenses	45,124,195.71	2,072,298.19
D: Profit before tax	51,178,805.85	407,019,263.34
Less: Income tax expenses	-22,646,903.36	36,310,630.02
E. Net profit	73,825,709.21	370,708,633.32
Net profit from:		
a. Continuing operation	73,825,709.21	370,708,633.32
b. Discontinued operation		
Net profit attributable to:		
a. Shareholders of the Company	36,367,767.51	363,826,336.12
b. Non-controlling interests	37,457,941.70	6,882,297.20
F. After-tax other comprehensive income (OCI)	330,598,533.36	-75,660,275.74
a. After-tax OCI attributable to shareholders of the Company	330,598,533.36	-75,660,275.74
1. OCI not reclassifiable to profit or loss in future periods	12,047,000.00	
1) Remeasurement of defined benefit plans		

2) OCI of joint ventures and associates measured at equity		
3) Change of fair value of equity investments at fair value through OCI	12,047,000.00	
4) Change of fair value of the Company's own credit risk		
5) Others		
2. OCI reclassifiable to profit or loss in future periods	318,551,533.36	-75,660,275.74
1) OCI of joint ventures and associates measured at equity		
2) Change of fair value of debt investments at fair value through OCI		
3) OCI upon reclassification of financial assets		
4) Impairment of debt investments at fair value through OCI		
5) Cashflow hedge reserve		
6) Translation reserve	318,551,533.36	-75,660,275.74
7) Others		
b. After-tax OCI attributable to non-controlling interests		
G. Total comprehensive income	404,424,242.57	295,048,357.58
a. Attributable to shareholders of the Company	366,966,300.87	288,166,060.38
b. Attributable to non-controlling interests	37,457,941.70	6,882,297.20
H. Earning per share (EPS)		
a. Basic EPS (yuan/share)	0.0272	0.2711
b. Diluted EPS (yuan/share)	0.0271	0.2711

Legal Representative: CHEN Xiufeng Person in Charge of the Accounting Work: WANG Hao

Person in Charge of the Accounting Department: SHEN Hui

iv. Separate Statement of Comprehensive Income

Currency unit: RMB Yuan

Item	For the Year 2025	For the Year 2024
A. Revenue	2,909,327,131.92	3,098,950,262.83
Less: Cost of sales	2,629,035,406.09	2,839,847,661.23
Taxes and surcharges	7,753,507.32	8,302,580.95
Selling expenses	36,240,425.28	32,503,358.13
Administrative expenses	148,657,342.74	95,682,059.49
R&D expenses	105,840,574.56	96,845,286.26
Financial costs	15,170,271.62	-37,023,850.83
T/o: Interest expenses	50,622,681.70	23,145,608.83
Interest income	56,559,951.36	57,914,639.29
Add: Other income	26,186,776.57	18,947,739.08
Investment income (loss with "-" prefix)	4,660,315.66	214,651,097.50

T/o: Gain from joint ventures and associates measured at equity	-1,200,301.89	-1,348,553.61
Gain from derecognition of financial assets measured at amortised cost (loss with "-" prefix)		
Gain from hedging of net exposure (loss with "-" prefix)		
Gain from fair value measurement (loss with "-" prefix)	6,446,653.32	-9,665,957.44
Credit impairment loss (loss with "-" prefix)	8,822,143.09	-7,432,157.84
Asset impairment loss (loss with "-" prefix)	-30,989,684.32	-646,282.36
Gain from asset disposal (loss with "-" prefix)	-16,185,069.72	-1,604,267.48
B. Profit from operation	-34,429,261.09	277,043,339.06
Add: Non-operating income	4,987,463.92	2,119,549.09
Less: Non-operating expenses	12,222,774.94	982,894.57
C. Profit before tax	-41,664,572.11	278,179,993.58
Less: Income tax expenses	-19,447,442.53	-2,814,702.43
D. Net profit	-22,217,129.58	280,994,696.01
Attributable to: Continuing operation	-22,217,129.58	280,994,696.01
Discontinued operation		
E. After-tax other comprehensive income (OCI)	12,047,000.00	
a. OCI not reclassifiable to profit or loss in future periods	12,047,000.00	
1. Remeasurement of defined benefit plans		
2. OCI of joint ventures and associates measured at equity		
3. Change of fair value of equity investments at fair value through OCI	12,047,000.00	
4. Change of fair value of the Company's own credit risk		
5. Others		
b. OCI reclassifiable to profit or loss in future periods		
1. OCI of joint ventures and associates measured at equity		
2. Change of fair value of debt investments at fair value through OCI		
3. OCI upon reclassification of financial assets		
4. Impairment of debt investments at fair value through OCI		
5. Cashflow hedge reserve		
6. Translation reserve		

7. Others		
F. Total comprehensive income	-10,170,129.58	280,994,696.01
G. Earning per share (EPS)		
a. Basic EPS (yuan/share)		
b. Diluted EPS (yuan/share)		

v. Consolidated Statement of Cash Flows

Currency unit: RMB Yuan

Item	For the Year 2025	For the Year 2024
A. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	3,224,657,129.79	3,021,272,083.40
Net increase of deposits and interbank placements		
Net increase of loans from the Central Bank		
Net increase of loans from financial institutions		
Insurance premium received		
Net cash received from reinsurance		
Net increase of policyholders' deposits and investments		
Interests, handling fees, and commissions received		
Net increase of loans from non-financial institutions		
Net increase of funds for repurchase activities		
Net receipt of client security trading funds		
Tax refund received	288,983,843.63	14,821,632.16
Other cash receipts in relation to operating activities	138,940,868.66	205,321,799.86
Cash inflows from operating activities	3,652,581,842.08	3,241,415,515.42
Cash paid for purchase of goods and services	1,566,858,698.05	1,726,320,862.74
Net increase of loans and advances		
Net increase of deposits at the Central Bank and placements and peer institutions		
Cash payments for insurance claims		
Loans to financial institutions delivered		
Cash payments for interests, handling fees, and commissions		
Cash payments for policyholders' dividends		
Cash paid to and on behalf of employees	844,323,112.22	506,080,747.26
Taxes paid	153,733,710.46	228,362,910.91
Other cash payments in relation to	335,154,400.31	412,203,502.56

operating activities		
Cash outflows for operating activities	2,900,069,921.04	2,872,968,023.47
Net cash flows from operating activities	752,511,921.04	368,447,491.95
B. Cash flows from investing activities		
Cash received from divestment	3,686,560,170.65	13,528,710,490.28
Investment income received	127,662,097.57	22,010,354.11
Net cash received from disposal of fixed assets, intangible assets and other non-current assets	2,996,123.59	16,709,567.21
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts in relation to investing activities		
Cash inflows from investing activities	3,817,218,391.81	13,567,430,411.60
Cash paid for acquisition of fixed assets, intangible assets and other non-current assets	3,780,926,699.99	4,552,627,908.89
Cash paid for investment	3,305,851,942.56	11,459,037,410.61
Net increase of loans secured by non-tangible assets		
Cash paid for acquisition of subsidiaries and other operating units		
Other cash payments in relation to investing activities		
Cash outflows for investing activities	7,086,778,642.55	16,011,665,319.50
Net cash flows from investing activities	-3,269,560,250.74	-2,444,234,907.90
C. Cash flows from financing activities		
Cash received from contribution by holders of the Company's equity instruments	23,060,250.00	
T/o: Cash received from contribution by non-controlling shareholders of subsidiaries		
Cash received from loans obtained	3,350,374,967.05	4,442,583,858.49
Other cash receipts in relation to financing activities	3,686,493,107.20	2,735,030,304.23
Cash inflows from financing activities	7,059,928,324.25	7,177,614,162.72
Cash paid for loan repayment	2,256,405,105.60	1,258,117,095.98
Cash paid for dividends, profit distribution and interests	308,240,568.76	535,746,376.08
T/o: Dividends and profit distribution paid by subsidiaries to the non-controlling shareholders		
Other cash payments in relation to financing activities	3,434,430,820.88	2,352,735,638.08
Cash outflows for financing activities	5,999,076,495.24	4,146,599,110.14
Net cash flows from financing activities	1,060,851,829.01	3,031,015,052.58
D. Impact of exchange rate changes	-6,886,534.26	-48,882,031.07
E. Net increase of cash and cash equivalents	-1,463,083,034.95	906,345,605.56
Add: Cash and cash equivalents as of 1 January	2,650,754,364.28	1,744,408,758.72
F. Cash and Cash equivalents as of 31 December	1,187,671,329.33	2,650,754,364.28

vi. Separate Statement of Cash Flows

Currency unit: RMB Yuan

Item	For the Year 2025	For the Year 2024
A. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	3,268,452,393.73	2,657,237,491.84
Tax refund received	16,744,807.66	4,081,980.11
Other cash receipts in relation to operating activities	2,783,359,074.21	104,454,738.44
Cash inflows from operating activities	6,068,556,275.60	2,765,774,210.39
Cash paid for purchase of goods and services	2,725,223,612.35	1,406,260,905.22
Cash paid to and on behalf of employees	167,209,274.12	143,765,169.81
Taxes paid	21,205,727.04	8,035,858.79
Other cash payments in relation to operating activities	2,604,039,703.05	2,206,382,774.87
Cash outflows for operating activities	5,517,678,316.56	3,764,444,708.69
Net cash flows from operating activities	550,877,959.04	-998,670,498.30
B. Cash flows from investing activities		
Cash received from divestment	704,073,272.65	11,466,310,490.28
Investment income received	197,908,180.43	257,477,400.98
Net cash received from disposal of fixed assets, intangible assets and other non-current assets	2,910,086.30	16,091,277.78
Net cash received from disposal of subsidiaries and other operating units		
Other cash receipts in relation to investing activities		
Cash inflows from investing activities	904,891,539.38	11,739,879,169.04
Cash paid for acquisition of fixed assets, intangible assets and other non-current assets	48,751,289.45	100,752,503.06
Cash paid for investment	3,359,625,720.86	10,314,445,974.79
Cash paid for acquisition of subsidiaries and other operating units		
Other cash payments in relation to investing activities		
Cash outflows for investing activities	3,408,377,010.31	10,415,198,477.85
Net cash flows from investing activities	-2,503,485,470.93	1,324,680,691.19
C. Cash flows from financing activities		
Cash received from contribution by holders of the Company's equity instruments	23,060,250.00	
Cash received from loans obtained	2,100,000,000.00	921,000,000.00
Other cash receipts in relation to financing activities	529,086,288.91	140,050,151.09
Cash inflows from financing activities	2,652,146,538.91	1,061,050,151.09
Cash paid for loan repayment	760,000,024.00	392,020,024.00
Cash paid for dividends, profit distribution and interests	113,589,914.78	331,910,406.24
Other cash payments in relation to financing activities	522,181,586.61	756,672,274.09
Cash outflows for financing activities	1,395,771,525.39	1,480,602,704.33

Net cash flows from financing activities	1,256,375,013.52	-419,552,553.24
D. Impact of exchange rate changes	-1,109,523.21	18,382,835.95
E. Net increase of cash and cash equivalents	-697,342,021.58	-75,159,524.40
Add: Cash and cash equivalents as of 1 January	954,458,894.25	1,029,618,418.65
F. Cash and Cash equivalents as of 31 December	257,116,872.67	954,458,894.25

vii. Consolidated Statement of Changes in Shareholders' Equity

Current reporting period

Currency unit: RMB Yuan

Item	For the Year 2025													
	Attributable to Shareholders of the Company												Non-controlling interests	Total equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stocks	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risks	Retained earnings	Others	Subtotal	
		Preferred shares	Perpetual debts	Others										
A. Closing balance of the prior year	1,342,956,970.00				6,426,722,241.63	62,764,878.62	-17,090,058.91		137,593,837.68		1,971,719,601.02		9,799,137,712.80	171,983,844.32	9,971,121,557.12
Add: Change of accounting policies															
Add: Correction of prior period errors															
Add: Othe															

rs															
B. As of 1 January	1,342,956,970.00				6,426,722,241.63	62,764,878.62	-17,090,058.91		137,593,837.68		1,971,719,601.02		9,799,137,712.80	171,983,844.32	9,971,121,557.12
C. Current year movement	5,167,169.00				45,342,865.81	287,993,450.68	330,598,533.36				-30,227,568.00		62,887,549.49	37,457,941.70	100,345,491.19
a. Total comprehensive income							330,598,533.36				36,367,767.51		366,966,300.87	37,457,941.70	404,424,242.57
b. Contribution by holders of equity instruments	5,167,169.00				45,342,865.81	287,993,450.68							-237,483,415.87		-237,483,415.87
1. Shareholders' contribution	5,167,169.00				5,436,786.92								10,603,955.92		10,603,955.92
2. Contribution by holders of other equity instrume															

nts														
3. Share-based payments recognised in equity					39,906,078.89								39,906,078.89	
4. Others						287,993,450.68							-287,993,450.68	
c. Appropriation											-66,595,335.51		-66,595,335.51	
1. Transfer to surplus reserves														
2. Transfer to provision for general risks														
3. Distribution to holders of equity instr											-66,595,335.51		-66,595,335.51	

uments															
4. Others															
d. Transfer within equity															
1. Capital reserves converted to share capital															
2. Surplus reserves converted to share capital															
3. Utilisation of surplus reserves to recover loss															
4. Transfer of defin															

ed benefit plan (DBP) reserves to retained earnings															
5. Transfer of non-DBP related OCI to retained earnings															
6. Others															
e. Designated reserves															
1. Transfer to designated reserves															
2. Utilisation of designated															

reserves															
f. Other movement															
D. As of 31 December	1,348,124,139.00				6,472,065,107.44	350,758,329.30	313,508,474.45		137,593,837.68		1,941,492,033.02		9,862,025,262.29	209,441,786.02	10,071,467,048.31

Previous reporting period

Currency unit: RMB Yuan

Item	For the Year 2024														
	Attributable to Shareholders of the Company													Non-controlling interests	Total equity
	Share capital	Other equity instruments			Capital reserves	Less Treasury stocks	Other comprehensive income	Designated reserves	Surplus reserves	Provision for general risks	Retained earnings	Others	Subtotal		
		Preferred shares	Perpetual debts	Others											
A. Closing balance of the prior year	1,345,106,969.00				6,438,250,314.17	89,121,662.72	58,570,216.83		109,494,368.08		1,931,374,834.70		9,793,675,040.06	165,101,547.12	9,958,776,587.18
Add: Change of accounting policies															
Add: Correction of prior period errors															

Add: Others															
B. As of 1 January	1,345,106,969.00				6,438,250,314.17	89,121,662.72	58,570,216.83		109,494,368.08		1,931,374,834.70		9,793,675,040.06	165,101,547.12	9,958,776,587.18
C. Current year movement	-2,149,999.00				-11,528,072.54	-26,356,784.10	-75,660,275.74		28,099,469.60		40,344,766.32		5,462,672.74	6,882,297.20	12,344,969.94
a. Total comprehensive income							-75,660,275.74				363,826,336.12		288,166,060.38	6,882,297.20	295,048,357.58
b. Contribution by holders of equity instruments	-2,149,999.00				-11,528,072.54	-26,356,784.10							12,678,712.56		12,678,712.56
1. Shareholders' contribution	-2,149,999.00				-23,509,875.48								-25,659,874.48		-25,659,874.48
2. Contribution by holders of other															

equity instruments														
3. Share-based payments recognised in equity					11,981,802.94								11,981,802.94	11,981,802.94
4. Others						-26,356,784.10						26,356,784.10		26,356,784.10
c. Appropriation									28,099,469.60		-323,481,569.80		-295,382,100.20	-295,382,100.20
1. Transfer to surplus reserves									28,099,469.60		-28,099,469.60			
2. Transfer to provision for general risks														
3. Distribution to holders											-295,382,100.20		-295,382,100.20	-295,382,100.20

of equity instruments															
4. Others															
d. Transfer within equity															
1. Capital reserves converted to share capital															
2. Surplus reserves converted to share capital															
3. Utilisation of surplus reserves to recover loss															
4.															

Transfer of defined benefit plan (DBP) reserves to retained earnings															
5. Transfer of non-DBP related OCI to retained earnings															
6. Others															
e. Designated reserves															
1. Transfer to designated reserves															
2. Utilisatio															

n of designated reserves															
f. Other movement															
D. As of 31 December	1,342,956,970.00				6,426,722,241.63	62,764,878.62	-17,090,058.91		137,593,837.68		1,971,719,601.02		9,799,137,712.80	171,983,844.32	9,971,121,557.12

viii. Separate Statements of Changes in Shareholders' Equity

Current reporting period

Currency unit: RMB Yuan

Item	For the Year 2025											
	Share capital	Other equity instruments			Capital reserves	Less Treasury stocks	Other comprehensive income	Designated reserves	Surplus reserves	Retained earnings	Others	Total equity
		Preferred shares	Perpetual debts	Others								
A. Closing balance of the prior year	1,342,956,970.00				6,429,827,247.82	62,764,878.62			137,593,837.68	319,861,232.44		8,167,474,409.32
Add: Change of accounting policies												
Add: Correction of prior period errors												

Add: Others												
B. As of 1 January	1,342,956,970.00				6,429,827,247.82	62,764,878.62			137,593,837.68	319,861,232.44		8,167,474,409.32
C. Current year movement	5,167,169.00				45,342,865.81	287,993,450.68	12,047,000.00			-88,812,465.09		-314,248,880.96
a. Total comprehensive income							12,047,000.00			-22,217,129.58		-10,170,129.58
b. Contribution by holders of equity instruments	5,167,169.00				45,342,865.81	287,993,450.68						-237,483,415.87
1. Shareholders' contribution	5,167,169.00				5,436,786.92							10,603,955.92
2. Contribution by holders of other equity instruments												
3. Share-based payments recognised in equity					39,906,078.89							39,906,078.89
4. Others						287,993,450.68						-287,993,450.68
c.										-		-

Appropriation										66,595,335.51		66,595,335.51
1. Transfer to surplus reserves												
2. Distribution to holders of equity instruments										-66,595,335.51		-66,595,335.51
3. Others												
d. Transfer within equity												
1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Utilisation of surplus reserves to recover loss												
4. Transfer of defined												

benefit plan (DBP) reserves to retained earnings												
5. Transfer of non-DBP related OCI to retained earnings												
6. Others												
e. Designated reserves												
1. Transfer to designated reserves												
2. Utilisation of designated reserves												
f. Other movement												
D. As of 31 December	1,348,124,139.00				6,475,170,113.63	350,758,329.30	12,047,000.00		137,593,837.68	231,048,767.35		7,853,225,528.36

Previous reporting period

Currency unit: RMB

Item	For the Year 2024									
	Share	Other equity instruments	Capital	Less	Other	Design	Surplu	Retain	Others	Total

	capital	Preferred shares	Perpetual debts	Others	reserves	Treasury stocks	comprehensive income	ated reserves	s reserves	ed earnings		equity
A. Closing balance of the prior year	1,345,106,969.00				6,441,355,320.36	89,121,662.72			109,494,368.08	362,348,106.23		8,169,183,100.95
Add: Change of accounting policies												
Add: Correction of prior period errors												
Add: Others												
B. As of 1 January	1,345,106,969.00				6,441,355,320.36	89,121,662.72			109,494,368.08	362,348,106.23		8,169,183,100.95
C. Current year movement	-2,149,999.00				-11,528,072.54	-26,356,784.10			28,099,469.60	-42,486,873.79		-1,708,691.63
a. Total comprehensive income										280,994,696.01		280,994,696.01
b. Contribution by holders of equity instru	-2,149,999.00				-11,528,072.54	-26,356,784.10						12,678,712.56

ments												
1. Shareholders' contribution	-2,149,999.00				-23,509,875.48							-25,659,874.48
2. Contribution by holders of other equity instruments												
3. Share-based payments recognised in equity					11,981,802.94							11,981,802.94
4. Others						-26,356,784.10						26,356,784.10
c. Appropriation									28,099,469.60	-323,481,569.80		-295,382,100.20
1. Transfer to surplus reserves									28,099,469.60	-28,099,469.60		
2. Distribution to holders of equity instruments										-295,382,100.20		-295,382,100.20
3. Others												
d. Transfer within equity												

1. Capital reserves converted to share capital												
2. Surplus reserves converted to share capital												
3. Utilisation of surplus reserves to recover loss												
4. Transfer of defined benefit plan (DBP) reserves to retained earnings												
5. Transfer of non-DBP related OCI to retained earnings												
6. Others												
e. Designated												

reserves												
1. Transfer to designated reserves												
2. Utilisation of designated reserves												
f. Other movement												
D. As of 31 December	1,342,956,970.00				6,429,827,247.82	62,764,878.62			137,593,837.68	319,861,232.44		8,167,474,409.32

III. Company Profile

Shenzhen Senior Technology Material Co., Ltd. (hereinafter referred to as the “Company” or “the Company”) is a joint stock limited company established by way of the overall transformation of Shenzhen Freed Electronic Technology Co., Ltd., with all shareholders of Shenzhen Freed Electronic Technology Co., Ltd. acting as promoters.

In November 2016, according to the Company's extraordinary general meeting of shareholders resolution and approved by the CSRC Securities Regulatory License [2016] No. 2534 on the Approval of the Initial Public Offering of Shares of Shenzhen Senior Technology Material Co., Ltd., the Company made an initial public offering of 30,000,000.00 ordinary shares (A-share) with the par value and issue price per share at RMB 1.00 and RMB 21.65 respectively. The registered capital (share capital) of the Company changed to RMB 120,000,000.00 upon the issuance. The Company completed the business change registration on 19 January 2017. The Company obtained its business certificate No. 91440300754277719K, which was issued by the Shenzhen Administration for Market Regulation.

As at December 31, 2025, the share capital of the Company was RMB1,348,124,139.00.

The principal activities of the Company are the research and development and sale of lithium-ion battery separators and various functional films.

Approval date of the financial statements: These financial statements were approved for issue by a resolution of the Board of Directors of the Company on March 30, 2026.

IV. Basis of Preparation of the Financial Statements

i. Basis of preparation

The Company has prepared the financial statements on a going concern basis. The financial statements are prepared based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises, the Application Guidance thereto and the Interpretations thereof, under which recognition and measurement are made. In addition, the Company has disclosed relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public — General Provisions for Financial Reports (Revised in 2023) issued by the China Securities Regulatory Commission.

ii. Going concern

The Company has assessed its ability to continue as a going concern for the 12 months from the end of the reporting period and has not identified any events or conditions that may cast significant doubt upon its ability to continue as a going concern. Accordingly, it is reasonable for the Company to prepare the financial statements on a going concern basis.

V. Significant Account Policies and Accounting Estimates

Specific Accounting Policies and Accounting Estimates:

i. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises, and truly and completely present the financial position, operating results, changes in owners' equity and cash flows, and other related information of the Company.

ii. Accounting period

The accounting year of the Company is from January 1 to December 31 of each calendar year.

iii. Operating cycle

The normal operating cycle of the Company is twelve months.

iv. Functional currency

The Company's functional currency is RMB. The functional currencies of its overseas subsidiaries (and branches, if any) are determined based on the currencies of the primary economic environments in which they operate.

v. Method for Determining the Materiality Standard and Basis for Selection

R Applicable □ Not applicable

Item	Materiality
Significant Receivables Written Off During the Current Period	Accounts receivable exceeding RMB 10 million on an individual basis
Significant Prepayment Aged Over 1 Year	Any prepayment individually over RMB 10 million
Significant Construction in Progress	Any construction project with the budgeted expenditure over RMB 100 million
Significant Contract Liabilities Aged Over 1 Year	Any contract liability individually over RMB 10 million
Significant Accounts Payable Aged Over 1 Year	Any accounts payable individually over RMB 10 million
Significant Other Payables Aged Over 1 Year	Any other payable individually over RMB 10 million
Significant Non-wholly-owned Subsidiaries	Any partially owned subsidiary with its total asset value over 5% of the Company's total asset value as at the balance sheet date
Significant Joint Ventures or Associates	Any joint venture or associate in which the Company has over 20% shareholding
Significant Investing Activities	Any individual investing activity accounting for over 10% of the total cash inflows or outflows from investing activities and exceeding RMB 20 million

vi. Accounting for business combination under common control and business combination not under common control

1. Business combination under common control

The assets and liabilities acquired by the Company in a business combination are measured at their carrying amounts as recorded in the consolidated financial statements of the ultimate controlling party at the combination date. Where the acquiree adopted accounting policies or accounting periods different from those of the Company before the business combination, the accounting policies and accounting periods are aligned based on the materiality principle, and the carrying amounts of the acquiree's assets and liabilities are adjusted in accordance with the Company's accounting policies and accounting periods. Where there is a difference between the carrying amount of the net assets acquired by the Company in the business combination and the carrying amount of the consideration paid, such difference is first adjusted against capital reserve (capital premium or share premium). To the extent that the balance of capital reserve (capital premium or share premium) is insufficient for write-off, the surplus reserve and undistributed profits shall be reduced in sequence.

For the accounting treatment of business combinations under common control achieved through transactions in stages, please refer

to Note V. vii. 5.

2. Business combination not under common control

The identifiable assets and liabilities of the acquiree obtained by the Company in a business combination are measured at their fair values at the acquisition date. Where the acquiree adopted accounting policies or accounting periods different from those of the Company before the business combination, the accounting policies and accounting periods are aligned based on the materiality principle, and the carrying amounts of the acquiree's assets and liabilities are adjusted in accordance with the Company's accounting policies and accounting periods. Where the Company's combination cost at the acquisition date exceeds the difference arising from the fair values of the identifiable assets and liabilities of the acquiree obtained in the business combination, such difference is recognized as goodwill. Where the combination cost is less than the difference arising from the fair values of the identifiable assets and liabilities of the acquiree obtained in the business combination, the combination cost and the fair values of the identifiable assets and liabilities of the acquiree obtained in the business combination shall first be reassessed. If, after reassessment, the combination cost is still less than the fair values of the identifiable assets and liabilities acquired, the difference shall be recognized in profit or loss for the current period of combination.

For the accounting treatment of business combinations not under common control achieved through transactions in stages, please refer to Note V. vii. 5.

3. Treatment of Transaction Costs in a Business Combination

Intermediary fees such as audit, legal, valuation and consulting fees, and other related administrative expenses incurred for a business combination are recognized in profit or loss in the period in which they are incurred. Transaction costs attributable to the issue of equity securities or debt securities as consideration for the combination are included in the initial measurement of such equity securities or debt securities.

vii. Criteria for Determining Control and Methods for Preparing Consolidated Financial Statements

1. Criteria for Determining Control and Scope of Consolidation

Control refers to the power of the Company over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of those returns. The definition of control includes three basic elements: first, the investor has power over the investee; second, the investor is exposed, or has rights, to

variable returns from its involvement with the investee; and third, the investor has the ability to use its power over the investee to affect the amount of the returns. Where the Company's investment in an investee meets the above three elements, it indicates that the Company controls the investee.

The scope of consolidation of the consolidated financial statements is determined on the basis of control, and includes not only subsidiaries determined based on voting rights (or similar rights) alone or in combination with other arrangements, but also structured entities determined on the basis of one or more contractual arrangements.

A subsidiary is an entity controlled by the Company (including an enterprise, a separable portion of an investee, and a structured entity controlled by the enterprise, etc.). A structured entity refers to an entity that is designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity (note: such entity is sometimes also referred to as a special purpose entity).

2. Methods for Preparing Consolidated Financial Statements

The Company prepares consolidated financial statements based on its own financial statements and those of its subsidiaries, together with other relevant information.

In preparing the consolidated financial statements, the Company regards the entire group as a single accounting entity and reflects the overall financial position, operating results and cash flows of the group in accordance with the recognition, measurement and presentation requirements of the relevant Accounting Standards for Business Enterprises, using uniform accounting policies and accounting periods.

① The assets, liabilities, owners' equity, income, expenses and cash flows of the parent company and its subsidiaries are consolidated.

② The long-term equity investments of the parent company in its subsidiaries are offset against the parent company's share in the owners' equity of the subsidiaries.

③ The effects of internal transactions between the parent company and its subsidiaries, and among subsidiaries, are offset. Where internal transactions indicate that the related assets have suffered impairment losses, such losses shall be recognized in full.

④ Adjustments are made to special transactions from the perspective of the group as a whole.

3. Treatment of Changes in Subsidiaries During the Reporting Period

① Addition of Subsidiaries or Businesses

A. Subsidiaries or Businesses Added through Business Combinations under Common Control

(a) In preparing the consolidated balance sheet, the opening balances of the consolidated balance sheet are adjusted, and the relevant items in the comparative financial statements are also adjusted, as if the reporting entity after the combination had existed continuously from the date when the ultimate controlling party first obtained control.

(b) In preparing the consolidated income statement, the income, expenses and profits of such subsidiary or business from the beginning of the period of combination to the end of the reporting period are included in the consolidated income statement, and the relevant items in the comparative financial statements are also adjusted, as if the reporting entity after the combination had existed continuously from the date when the ultimate controlling party first obtained control.

(c) In preparing the consolidated cash flow statement, the cash flows of such subsidiary or business from the beginning of the period of combination to the end of the reporting period are included in the consolidated cash flow statement, and the relevant items in the comparative financial statements are also adjusted, as if the reporting entity after the combination had existed continuously from the date when the ultimate controlling party first obtained control.

B. Subsidiaries or Businesses Added through Business Combinations not under Common Control

(a) In preparing the consolidated balance sheet, the opening balances of the consolidated balance sheet are not adjusted.

(b) In preparing the consolidated income statement, the income, expenses and profits of such subsidiary or business from the acquisition date to the end of the reporting period are included in the consolidated income statement.

(c) In preparing the consolidated cash flow statement, the cash flows of such subsidiary from the acquisition date to the end of the reporting period are included in the consolidated cash flow statement.

② Disposal of Subsidiaries or Businesses

A. In preparing the consolidated balance sheet, the opening balances of the consolidated balance sheet are not adjusted.

B. In preparing the consolidated income statement, the income, expenses and profits of such subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement.

C. In preparing the consolidated cash flow statement, the cash flows of such subsidiary or business from the beginning of the period to the disposal date are included in the consolidated cash flow statement.

4. Special Considerations in Consolidation Eliminations

① Where a subsidiary holds long-term equity investments in the Company, such investments shall be treated as treasury shares of the Company and presented as a deduction from owners' equity under the item "Less: Treasury Shares" in the consolidated balance sheet.

Where subsidiaries hold long-term equity investments in each other, such investments shall be eliminated against the corresponding shares in the owners' equity of the relevant subsidiaries by reference to the method for eliminating the Company's equity investments in its subsidiaries.

② As the items of "Specific Reserves" and "General Risk Reserve" neither form part of paid-in capital (or share capital) or capital reserve, nor are the same as retained earnings or undistributed profits, after the elimination of long-term equity investments against the owners' equity of subsidiaries, such items shall be restored according to the shares attributable to the owners of the parent company.

③ Where the elimination of unrealized internal sales profits or losses gives rise to temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in the respective tax-paying entities, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated balance sheet, and the income tax expense in the consolidated income statement shall be adjusted accordingly, except for deferred taxes related to transactions or events directly recognized in owners' equity and business combinations.

④ Unrealized profits or losses arising from internal transactions on asset sales from the Company to its subsidiaries shall be eliminated in full against "Net Profit Attributable to Owners of the Parent Company". Unrealized profits or losses arising from internal transactions on asset sales from subsidiaries to the Company shall be allocated and eliminated between "Net Profit Attributable to Owners of the Parent Company" and "Minority Interests" in accordance with the Company's profit distribution ratio in such subsidiaries. Unrealized profits or losses arising from internal transactions on asset sales among subsidiaries shall be allocated and eliminated between "Net Profit Attributable to Owners of the Parent Company" and "Minority Interests" in accordance with the Company's profit distribution ratio in the selling subsidiary.

⑤ Where the current-period losses borne by the minority shareholders of a subsidiary exceed the share of owners' equity of that subsidiary attributable to such minority shareholders at the beginning of the period, the excess shall still be offset against minority interests.

5. Accounting Treatment of Special Transactions

① Acquisition of Equity Interests Held by Minority Shareholders

Where the Company acquires the equity interests in a subsidiary held by minority shareholders, in the separate financial statements, the investment cost of the newly acquired long-term equity investment arising from the acquisition of minority interests is measured at the fair value of the consideration paid. In the consolidated financial statements, the difference between the newly acquired long-term equity investment arising from the acquisition of minority interests and the share of the subsidiary's net assets, continuously calculated from the acquisition date or combination date, attributable based on the additional shareholding ratio shall be adjusted against capital reserve (capital premium or share premium). To the extent that capital reserve is insufficient for write-off, the surplus reserve and undistributed profits shall be reduced in sequence.

② Step Acquisition of Control over a Subsidiary through Multiple Transactions

A. Step Business Combination under Common Control Achieved through Multiple Transactions

At the combination date, in the separate financial statements, the Company determines the initial investment cost of the long-term equity investment based on its share of the carrying amount of the subsidiary's net assets in the consolidated financial statements of the ultimate controlling party after the combination. The difference between the initial investment cost and the sum of the carrying amount of the long-term equity investment held before the combination and the carrying amount of the new consideration paid for obtaining additional shares at the combination date shall be adjusted against capital reserve (capital premium or share premium). To the extent that capital reserve (capital premium or share premium) is insufficient for write-off, the surplus reserve and undistributed profits shall be reduced in sequence.

In the consolidated financial statements, the assets and liabilities of the acquiree obtained by the combining party in the combination are measured at their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments arising from differences in accounting policies and accounting periods. The difference between the sum of the carrying amount of the investment held before the combination and the carrying amount of the new

consideration paid at the combination date, and the carrying amount of the net assets obtained in the combination, shall be adjusted against capital reserve (share premium/capital premium). To the extent that capital reserve is insufficient for write-off, retained earnings shall be adjusted.

For the equity investment held by the combining party in the acquiree before obtaining control, any recognized profit or loss, other comprehensive income and other changes in owners' equity during the period from the later of the date on which the original equity interest was acquired and the date on which the combining party and the acquiree came under the common control of the same ultimate controlling party, up to the combination date, shall be offset against the opening retained earnings of the comparative financial statements or the profit or loss for the current period, as appropriate.

B. Step Business Combination not under Common Control Achieved through Multiple Transactions

At the combination date, in the separate financial statements, the initial investment cost of the long-term equity investment at the combination date is determined as the sum of the carrying amount of the original long-term equity investment held and the additional investment cost incurred at the combination date.

In the consolidated financial statements, for the equity interest in the acquiree held before the acquisition date, such equity interest shall be remeasured at its fair value at the acquisition date. Where the equity interest in the acquiree held before the acquisition date was designated as a financial asset measured at fair value with changes recognized in other comprehensive income, the difference between its fair value and carrying amount shall be included in retained earnings, and the cumulative fair value changes previously recognized in other comprehensive income shall be transferred to retained earnings. Where the equity interest in the acquiree held before the acquisition date was classified as a financial asset measured at fair value with changes recognized in profit or loss or a long-term equity investment accounted for under the equity method, the difference between its fair value and carrying amount shall be recognized in investment income for the current period. Where the equity interest in the acquiree held before the acquisition date involves other comprehensive income under the equity method and other changes in owners' equity under the equity method other than net profit or loss, other comprehensive income and profit distribution, the related other comprehensive income shall be accounted for at the acquisition date on the same basis as would be required if the investee had directly disposed of the related assets or liabilities, and the related other changes in owners' equity shall be transferred to investment income for the current period to which the acquisition date belongs.

③ Disposal by the Company of Long-term Equity Investments in Subsidiaries without Loss of Control

Where the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, in the consolidated financial statements, the difference between the disposal proceeds and the share of the subsidiary's net assets, continuously calculated from the acquisition date or combination date, corresponding to the long-term equity investment disposed of, shall be adjusted against capital reserve (capital premium or share premium). To the extent that capital reserve is insufficient for write-off, retained earnings shall be adjusted.

④ Disposal by the Company of Long-term Equity Investments in Subsidiaries with Loss of Control

A. Disposal through a Single Transaction

Where the Company loses control over an investee due to the disposal of part of its equity investment or for other reasons, in preparing the consolidated financial statements, the remaining equity interest shall be remeasured at its fair value on the date when control is lost. The difference between the sum of the consideration received from the disposal of equity interests and the fair value of the remaining equity interest, and the sum of the share of the original subsidiary's net assets, continuously calculated from the acquisition date or combination date based on the original shareholding ratio, and goodwill, shall be recognized in investment income for the period in which control is lost.

Other comprehensive income related to the equity investment in the former subsidiary shall, upon loss of control, be accounted for on the same basis as would be required if the former subsidiary had directly disposed of the related assets or liabilities. Other changes in owners' equity related to the former subsidiary under the equity method shall be transferred to profit or loss for the current period upon loss of control.

B. Disposal through Multiple Transactions in Stages

In the consolidated financial statements, it shall first be determined whether the step transactions constitute a "package transaction".

If the step transactions do not constitute a "package transaction", then in the separate financial statements, for each transaction before the loss of control over the subsidiary, the carrying amount of the long-term equity investment corresponding to each disposal of equity interests shall be carried forward, and the difference between the proceeds received and the carrying amount of the long-term equity investment disposed of shall be recognized in investment income for the current period. In the consolidated financial statements, such transactions shall be accounted for in accordance with the relevant provisions under "Disposal by the

Parent Company of Long-term Equity Investments in Subsidiaries without Loss of Control".

If the step transactions constitute a "package transaction", all such transactions shall be accounted for as a single transaction involving the disposal of a subsidiary and the loss of control. In the separate financial statements, the difference between the consideration received from each disposal before the loss of control and the carrying amount of the long-term equity investment corresponding to the equity interests disposed of shall first be recognized in other comprehensive income, and upon loss of control, such amount shall be transferred in full to profit or loss for the period in which control is lost. In the consolidated financial statements, for each transaction before the loss of control, the difference between the disposal proceeds and the share of the subsidiary's net assets corresponding to the investment disposed of shall be recognized in other comprehensive income, and upon loss of control, such amount shall be transferred in full to profit or loss for the period in which control is lost.

Where the terms, conditions and economic effects of the transactions meet one or more of the following circumstances, multiple transactions are generally accounted for as a "package transaction":

(a) The transactions are entered into simultaneously or with consideration of the impact of each other.

(b) The transactions as a whole can achieve a complete commercial result.

(c) The occurrence of one transaction depends on the occurrence of at least one other transaction.

(d) One transaction, when considered individually, is not economical, but becomes economical when considered together with other transactions.

⑤ Dilution of the Parent Company's Equity Interest due to Capital Increase by Minority Shareholders of a Subsidiary

Where other shareholders (minority shareholders) of a subsidiary make additional capital contributions to the subsidiary, resulting in a dilution of the parent company's equity interest in the subsidiary, in the consolidated financial statements, the share of the subsidiary's carrying net assets before the capital increase calculated based on the parent company's equity ratio before the capital increase shall be compared with the share of the subsidiary's carrying net assets after the capital increase calculated based on the parent company's equity ratio after the capital increase, and the difference shall be adjusted against capital reserve (capital premium or share premium). To the extent that capital reserve (capital premium or share premium) is insufficient for write-off, retained earnings shall be adjusted.

viii. Classification of Joint Arrangements and Accounting Treatment of Joint Operations

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies its joint arrangements into joint operations and joint ventures.

1. Joint Operations

Joint operations are joint arrangements whereby the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Company recognizes the following items in relation to its interest in a joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises:

① It recognizes the assets held individually and its share of any assets held jointly;

② It recognizes the liabilities assumed individually and its share of any liabilities assumed jointly;

③ It recognizes the revenue from the sale of its share of the output arising from the joint operation;

④ It recognizes its share of the revenue from the sale of the output by the joint operation; and

⑤ It recognizes the expenses incurred individually and its share of the expenses incurred by the joint operation.

2. Joint Ventures

A joint venture is a joint arrangement whereby the Company has rights only to the net assets of the arrangement.

The Company accounts for its investment in a joint venture in accordance with the relevant provisions on the equity method for long-term equity investments.

ix. Criteria for Determining Cash and Cash Equivalents

Cash refers to cash on hand and deposits that are readily available for payment. Cash equivalents refer to investments that are held for a short term (generally maturing within three months from the date of acquisition), are highly liquid, are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

x. Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

1. Method for Determining Exchange Rates for the Translation of Foreign Currency Transactions

Foreign currency transactions of the Company are translated into its functional currency at the spot exchange rate on the transaction date upon initial recognition, or at an exchange rate approximating the spot exchange rate on the transaction date determined by a systematic and reasonable method (hereinafter referred to as the "approximate spot exchange rate").

2. Translation of Foreign Currency Monetary Items at the Balance Sheet Date

At the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. Exchange differences arising from differences between the spot exchange rate on the balance sheet date and that on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period.

Foreign currency non-monetary items measured at historical cost continue to be translated at the spot exchange rate on the transaction date. For inventories measured at the lower of cost and net realizable value, where such inventories are purchased in foreign currency and their net realizable value at the balance sheet date is denominated in foreign currency, the net realizable value shall first be translated into the functional currency at the spot exchange rate on the balance sheet date, and then compared with the inventory cost denominated in the functional currency, so as to determine the carrying amount of such inventory at the end of the period.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. For financial assets measured at fair value with changes recognized in profit or loss, the difference between the translated amount in the functional currency and the original amount in the functional currency is recognized in profit or loss for the current period. For non-trading equity instrument investments designated at fair value with changes recognized in other comprehensive income, the difference between the translated amount in the functional currency and the original amount in the functional currency is recognized in other comprehensive income.

3. Methods for Translating Foreign Currency Financial Statements

Before translating the financial statements of foreign operations, the accounting period and accounting policies of such foreign operations are adjusted to be consistent with those of the Company. Financial statements in the relevant currency (other than the functional currency) are then prepared based on the adjusted accounting policies and accounting period, and the financial statements of foreign operations are translated in accordance with the following methods:

① Assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. Owners' equity

items, other than “Undistributed Profits”, are translated at the spot exchange rates on the dates when they arose.

② Income and expense items in the income statement are translated at the spot exchange rates on the transaction dates or the approximate spot exchange rates.

③ Foreign currency cash flows and the cash flows of overseas subsidiaries are translated at the spot exchange rates on the dates when the cash flows occur or the approximate spot exchange rates. The effect of exchange rate changes on cash shall be presented separately in the cash flow statement as an adjustment item.

④ Exchange differences arising from the translation of foreign currency financial statements are presented, in the preparation of consolidated financial statements, under the item of “Other Comprehensive Income” within owners’ equity in the consolidated balance sheet.

Upon disposal of a foreign operation resulting in loss of control, the cumulative foreign currency translation differences related to that foreign operation presented under owners’ equity in the balance sheet shall be transferred in full, or in proportion to the disposal of the foreign operation, to profit or loss for the period in which the disposal occurs.

xi. Financial instruments

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party.

1. Recognition and Derecognition of Financial Instruments

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

A financial asset is derecognised when any of the following conditions is met:

① the contractual rights to receive the cash flows from the financial asset expire; or

② the financial asset has been transferred and the transfer qualifies for derecognition under the conditions for derecognition of financial assets described below.

A financial liability (or part of a financial liability) is derecognised when the present obligation thereunder is discharged. Where

the Company (as borrower) enters into an agreement with a lender to replace the original financial liability with a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability is derecognized and a new financial liability is recognised at the same time. Where the Company makes a substantial modification to the contractual terms of an original financial liability (or part thereof), the original financial liability shall be derecognized and a new financial liability shall be recognised in accordance with the modified terms.

Regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale of financial assets means a purchase or sale of financial assets under a contract whose terms require delivery of the assets within the time frame established generally by regulation or market convention.

The trade date is the date on which the Company commits itself to purchase or sell a financial asset.

2. Classification and Measurement of Financial Assets

At initial recognition, the Company classifies financial assets, based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, into: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss, and financial assets measured at fair value through other comprehensive income. Unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value on initial recognition. For financial assets measured at fair value through profit or loss, related transaction costs are recognised directly in profit or loss for the current period. For other categories of financial assets, related transaction costs are included in the initial recognised amount. Notes receivable and accounts receivable arising from the sale of goods or rendering of services that do not contain, or do not take into account, a significant financing component are initially measured by the Company at the transaction price as defined under the revenue standard.

Subsequent measurement of financial assets depends on their classification:

① Financial assets measured at amortised cost

A financial asset is classified as measured at amortized cost if both of the following conditions are met: the Company’s business model for managing the financial asset is to hold the financial asset in order to collect contractual cash flows; and the contractual

terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For such financial assets, subsequent measurement is made at amortised cost using the effective interest method. Gains or losses arising from derecognition, amortisation using the effective interest method, or impairment are recognised in profit or loss for the current period.

② Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if both of the following conditions are met: the Company's business model for managing the financial asset is achieved both by collecting contractual cash flows and by selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For such financial assets, subsequent measurement is made at fair value. Except for impairment losses or gains and exchange gains or losses recognised in profit or loss for the current period, changes in fair value of such financial assets are recognised in other comprehensive income until the financial asset is derecognised, at which time the cumulative gain or loss is transferred to profit or loss for the current period. However, interest income calculated using the effective interest method on such financial assets is recognised in profit or loss for the current period.

The Company irrevocably designates certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. For such investments, only the relevant dividend income is recognised in profit or loss for the current period, while changes in fair value are recognised in other comprehensive income until the financial asset is derecognised, at which time the cumulative gain or loss is transferred to retained earnings.

③ Financial assets measured at fair value through profit or loss

Financial assets other than those classified as measured at amortised cost and those measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss. For such financial assets, subsequent measurement is made at fair value, and all changes in fair value are recognised in profit or loss for the current period.

3. Classification and Measurement of Financial Liabilities

The Company classifies financial liabilities into financial liabilities measured at fair value through profit or loss, loan commitments and financial guarantee contract liabilities at below-market interest rates, and financial liabilities measured at amortised cost.

Subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value through profit or loss

Such financial liabilities include trading financial liabilities (including derivative instruments that are financial liabilities) and financial liabilities designated as measured at fair value through profit or loss. After initial recognition, such financial liabilities are subsequently measured at fair value. Except for matters related to hedge accounting, gains or losses arising therefrom, including interest expense, are recognised in profit or loss for the current period. However, for financial liabilities designated by the Company as measured at fair value through profit or loss, the amount of change in fair value attributable to changes in the Company's own credit risk is recognised in other comprehensive income. Upon derecognition of such financial liabilities, the cumulative gains and losses previously recognised in other comprehensive income shall be transferred out of other comprehensive income and included in retained earnings.

② Loan commitments and financial guarantee contract liabilities

A loan commitment is a commitment by the Company to provide a loan to a customer during the commitment period under predetermined contractual terms. Loan commitments are subject to impairment loss provisions based on the expected credit loss model.

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contract liabilities are subsequently measured at the higher of: the loss allowance amount determined in accordance with the impairment principles for financial instruments, and the balance of the amount initially recognised less accumulated amortisation determined in accordance with the revenue recognition principles.

③ Financial liabilities measured at amortised cost

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Except in special circumstances, financial liabilities and equity instruments are distinguished in accordance with the following principles:

① If the Company cannot unconditionally avoid delivering cash or another financial asset to settle a contractual obligation, such contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly include terms and conditions requiring the delivery of cash or another financial asset, other terms and conditions may indirectly give rise to a contractual obligation.

② If a financial instrument will or may be settled in the Company's own equity instruments, the Company's own equity instruments used for settlement shall be considered as either a substitute for cash or another financial asset, or as entitling the holder to a residual interest in the assets of the issuer after deducting all of its liabilities. If it is the former, the instrument is a financial liability of the issuer; if it is the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract requires the Company to settle the instrument in its own equity instruments, where the amount of the contractual right or contractual obligation equals the number of the Company's own equity instruments to be received or delivered multiplied by their fair value at settlement. Such a contract is classified as a financial liability regardless of whether the amount of the contractual right or contractual obligation is fixed or varies wholly or partly with changes in variables other than the market price of the Company's own equity instruments, such as an interest rate, the price of a commodity, or the price of a financial instrument.

4. Derivative Financial Instruments and Embedded Derivatives

Derivative financial instruments are initially measured at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value. A derivative financial instrument with a positive fair value is recognised as an asset, and one with a negative fair value is recognised as a liability.

Except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and transferred to profit or loss when the hedged item affects profit or loss, gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss for the current period.

For hybrid instruments containing embedded derivatives, where the host contract is a financial asset, the hybrid instrument as a whole is subject to the relevant provisions on the classification of financial assets. Where the host contract is not a financial asset, and the hybrid instrument is not accounted for at fair value through profit or loss, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative financial instrument if the embedded derivative is not closely related to the host contract in terms of economic characteristics and risks, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative. If the fair value of the embedded derivative cannot be measured

separately either at the acquisition date or at a subsequent balance sheet date, the hybrid instrument as a whole shall be designated as a financial asset or financial liability measured at fair value through profit or loss.

5. Impairment of Financial Instruments

The Company recognises loss allowances based on expected credit losses for financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments and financial guarantee contracts.

① Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of a financial instrument, with the respective risks of default occurring as the weights. A credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, i.e. the present value of all cash shortfalls. For purchased or originated credit-impaired financial assets, the cash shortfalls shall be discounted at the credit-adjusted effective interest rate of such financial assets.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the balance sheet date, or within the expected life if the expected life of the financial instrument is less than 12 months.

At each balance sheet date, the Company measures expected credit losses for financial instruments at different stages separately. Where the credit risk on a financial instrument has not increased significantly since initial recognition, the financial instrument is in Stage 1, and the Company measures the loss allowance at an amount equal to 12-month expected credit losses. Where the credit risk on a financial instrument has increased significantly since initial recognition but the financial instrument is not credit-impaired, the financial instrument is in Stage 2, and the Company measures the loss allowance at an amount equal to lifetime expected credit losses. Where a financial instrument has become credit-impaired since initial recognition, the financial instrument is in Stage 3, and the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

For financial instruments that have low credit risk at the balance sheet date, the Company assumes that the credit risk on the

financial instrument has not increased significantly since initial recognition, and measures the loss allowance at an amount equal to 12-month expected credit losses.

For financial instruments in Stage 1 and Stage 2, as well as financial instruments with low credit risk, the Company calculates interest income based on the gross carrying amount before deducting impairment allowance and the effective interest rate. For financial instruments in Stage 3, the Company calculates interest income based on the amortised cost after deducting impairment allowance from the carrying amount and the effective interest rate.

For notes receivable, accounts receivable and financing receivables, regardless of whether a significant financing component exists, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

A. Receivables

For notes receivable, accounts receivable, other receivables, financing receivables, long-term receivables and other receivables for which there is objective evidence of impairment or which are otherwise suitable for individual assessment, the Company performs impairment testing on an individual basis, recognises expected credit losses and makes individual impairment provisions. For notes receivable, accounts receivable, other receivables, financing receivables and long-term receivables for which there is no objective evidence of impairment, or where information on expected credit losses for an individual financial asset is not available at a reasonable cost, the Company groups such receivables based on their credit risk characteristics and calculates expected credit losses on a collective basis. The basis for determining the groups is as follows:

The basis for grouping notes receivable is as follows:

Notes receivable Group 1: Commercial acceptance bills

Notes receivable Group 2: Bank acceptance bills

For notes receivable grouped on a collective basis, the Company calculates expected credit losses with reference to historical credit loss experience, in combination with current conditions and forecasts of future economic conditions, based on exposure at default and lifetime expected credit loss rates.

The basis for grouping accounts receivable is as follows:

Accounts receivable Group 1: Receivables from overseas customers

Accounts receivable Group 2: Receivables from domestic customers

Accounts receivable Group 3: Receivables from related parties within the scope of consolidation

The basis for grouping other receivables is as follows:

Other receivables Group 1: Receivables for deposits and advances

Other receivables Group 2: Receivables for imprest funds and others

Other receivables Group 3: Receivables from related parties within the scope of consolidation

For other receivables grouped on a collective basis, the Company calculates expected credit losses with reference to historical credit loss experience, in combination with current conditions and forecasts of future economic conditions, based on exposure at default and 12-month or lifetime expected credit loss rates.

The basis for grouping financing receivables is as follows:

Financing receivables Group 1: Bank acceptance bills

Financing receivables Group 2: Receivables from customers

For financing receivables grouped on a collective basis, the Company calculates expected credit losses with reference to historical credit loss experience, in combination with current conditions and forecasts of future economic conditions, based on exposure at default and lifetime expected credit loss rates.

The Company determines the ageing of receivables grouped based on credit risk characteristics according to the period from the date of initial recognition of the receivables to the balance sheet date.

B. Debt Investments and Other Debt Investments

For debt investments and other debt investments, the Company calculates expected credit losses based on the nature of the investments, various types of counterparties and risk exposures, and by reference to exposure at default and 12-month or lifetime expected credit loss rates.

② Low Credit Risk

A financial instrument is considered to have low credit risk if it has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions over a longer period may, but will not necessarily, reduce the borrower's ability to fulfil its contractual cash flow obligations.

③ Significant Increase in Credit Risk

The Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition by comparing the risk of default occurring over the expected life of the financial instrument as determined at the balance sheet date with that determined at initial recognition.

In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:A. whether there have been significant changes in internal price indicators as a result of changes in credit risk;

B. adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to fulfil its debt obligations;

C. whether the debtor's actual or expected operating results have changed significantly; whether there have been significant adverse changes in the regulatory, economic or technological environment in which the debtor operates;

D. whether there have been significant changes in the value of collateral provided as security for the debt, or in the quality of guarantees or credit enhancements provided by third parties. Such changes are expected to reduce the debtor's economic incentive to make repayments within the contractual term or otherwise affect the probability of default;

E. whether there have been significant changes in the debtor's expected economic incentive to make repayments within the contractual term;

F. expected changes in the loan contract, including whether expected breaches of contract may lead to waiver or amendment of contractual obligations, the granting of interest-free periods, step-up interest rates, requirements for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument;

G. whether there have been significant changes in the debtor's expected performance and repayment behaviour;

H. whether contractual payments are overdue by more than 30 days (inclusive).

Depending on the nature of the financial instruments, the Company assesses whether credit risk has increased significantly either on an individual instrument basis or on the basis of a group of financial instruments. Where the assessment is performed on a group basis, the Company may classify financial instruments on the basis of shared credit risk characteristics, such as overdue information and credit risk ratings.

As a general rule, where contractual payments are more than 30 days overdue, the Company presumes that the credit risk of the financial instrument has increased significantly. This presumption may be rebutted if the Company has reasonable and supportable information, available without undue cost or effort, demonstrating that, although contractual payments are more than 30 days overdue, the credit risk has not increased significantly since initial recognition.

④ Credit-impaired Financial Assets

At the balance sheet date, the Company assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset becomes credit-impaired when one or more events that have an adverse effect on the expected future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

the issuer or debtor is in significant financial difficulty; the debtor is in breach of contract, such as default or past due events in interest or principal payments; the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted the debtor a concession that the creditor would not otherwise consider; it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; the active market for that financial asset has disappeared because of financial difficulties of the issuer or debtor; or the financial asset is purchased or originated at a deep discount that reflects the incurred credit losses.

⑤ Presentation of Allowance for Expected Credit Losses

In order to reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures expected credit losses at each balance sheet date. The resulting increase in or reversal of the loss allowance shall be recognised as impairment losses or gains in profit or loss for the current period. For financial assets measured at amortised cost, the loss

allowance reduces the carrying amount of the financial asset presented in the balance sheet. For debt investments measured at fair value through other comprehensive income, the Company recognises the loss allowance in other comprehensive income and does not reduce the carrying amount of the financial asset.

⑥ Write-off

Where the Company no longer reasonably expects that the contractual cash flows of a financial asset will be recovered in whole or in part, it directly writes down the gross carrying amount of that financial asset. Such write-down constitutes derecognition of the related financial asset. This generally occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flows to repay the amount to be written down.

Where a financial asset that has been written down is subsequently recovered, the amount recovered is recognised in profit or loss for the period in which the recovery occurs as a reversal of impairment loss.

6. Transfer of Financial Assets

A transfer of a financial asset refers to either of the following circumstances:

A. the transfer to another party of the contractual rights to receive the cash flows of the financial asset; or

B. the transfer to another party of the financial asset in whole or in part, while retaining the contractual rights to receive the cash flows of the financial asset and assuming a contractual obligation to pay the cash flows received to one or more recipients.

① Derecognition of Transferred Financial Assets

Where substantially all the risks and rewards of ownership of a financial asset have been transferred to the transferee, or where the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has relinquished control over the financial asset, the financial asset shall be derecognised.

In determining whether control over a transferred financial asset has been relinquished, the Company considers the transferee's practical ability to sell the financial asset. If the transferee is able to sell the transferred financial asset in its entirety to an unrelated third party unilaterally and without additional restrictions on such sale, the Company is deemed to have relinquished control over the financial asset.

In determining whether a transfer of a financial asset satisfies the conditions for derecognition, the Company focuses on the substance of the transfer.

Where the transfer of a financial asset in its entirety satisfies the conditions for derecognition, the difference between the following two amounts shall be recognised in profit or loss for the current period:

A. the carrying amount of the financial asset transferred; and

B. the sum of the consideration received as a result of the transfer and the amount corresponding to the derecognised portion of the cumulative fair value changes previously recognised in other comprehensive income (where the transferred financial asset is classified, in accordance with Article 18 of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, as a financial asset measured at fair value through other comprehensive income).

Where the transfer of part of a financial asset satisfies the conditions for derecognition, the carrying amount of the financial asset as a whole shall be allocated between the part derecognised and the part not derecognised (in such case, a retained servicing asset shall be treated as part of the continuing involvement in the financial asset recognised) based on their respective relative fair values at the date of transfer, and the difference between the following two amounts shall be recognised in profit or loss for the current period:

A. the carrying amount of the part derecognised at the date of derecognition; and

B. the sum of the consideration for the part derecognised and the amount corresponding to the derecognised portion of the cumulative fair value changes previously recognised in other comprehensive income (where the transferred financial asset is classified, in accordance with Article 18 of Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, as a financial asset measured at fair value through other comprehensive income).

② Continuing Involvement in Transferred Financial Assets

Where the Company has neither transferred nor retained substantially all the risks and rewards of ownership of a financial asset and has not relinquished control over the financial asset, it shall recognise the relevant financial asset to the extent of its continuing involvement in the transferred financial asset and shall recognise a corresponding liability.

The extent of continuing involvement in a transferred financial asset refers to the extent to which the Company is exposed to

changes in the value of the transferred financial asset or entitled to returns therefrom.

③ Continued Recognition of Transferred Financial Assets

Where the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, it shall continue to recognise the financial asset in its entirety and shall recognise the consideration received as a financial liability.

The financial asset and the related financial liability recognised shall not be offset against each other. In subsequent accounting periods, the Company shall continue to recognise the income (or gains) arising from the financial asset and the expenses (or losses) arising from the related financial liability.

7. Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset. However, where both of the following conditions are met, they shall be presented in the balance sheet on a net basis after offsetting:

The Company currently has a legally enforceable right to offset the recognised amounts, and the Company intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously.

For transfers of financial assets that do not satisfy the conditions for derecognition, the transferor shall not offset the transferred financial assets against the related liabilities.

8. Determination of the Fair Value of Financial Instruments

For the methods of determining the fair value of financial assets and financial liabilities, please refer to Note V. xii.

xii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value of relevant assets or liabilities using prices in the principal market; where no principal market exists, the Company uses prices in the most advantageous market. The Company adopts assumptions used by market participants to maximize their economic benefits when pricing the asset or liability.
The principal market is the market with the greatest volume and level of activity for the asset or liability. The most advantageous market is the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs and transportation costs.

For financial assets or financial liabilities with active markets, the Company determines their fair value using quoted prices in active markets. For financial instruments without active markets, the Company uses valuation techniques to determine their fair value.

When measuring non-financial assets at fair value, the Company considers the ability of market participants to generate economic benefits by using the asset for its highest and best use or by selling it to another market participant that would use the asset for its highest and best use.

① Valuation Techniques
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available. The valuation techniques used mainly include the market approach, income approach and cost approach. The Company measures fair value using one or more valuation techniques that are consistent with these approaches. When using multiple valuation techniques to measure fair value, the Company considers the reasonableness of the valuation results and selects the amount that, in the circumstances, most faithfully represents fair value.

In applying valuation techniques, the Company gives priority to relevant observable inputs and uses unobservable inputs only when relevant observable inputs are unavailable or impracticable to obtain. Observable inputs are inputs that are developed using market data and reflect the assumptions that market participants would use when pricing the asset or liability. Unobservable inputs are inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

② Fair Value Hierarchy
The Company classifies the inputs used in fair value measurements into three levels, giving priority to Level 1 inputs, followed by Level 2 inputs, and finally Level 3 inputs. Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

xiii. Inventories

1. Classification of Inventories

Inventories are assets held by the Company in the ordinary course of business for sale in the form of finished goods or merchandise, in the process of production for such sale, or in the form of materials or supplies to be consumed in the production process or in the rendering of services, including raw materials, materials in transit, semi-finished goods, finished goods and goods delivered but not yet recognised as sales.

2. Costing Method for Issued Inventories

Inventories issued are measured using the weighted average method.

3. Inventory Counting System

The Company adopts the perpetual inventory system. Physical counts of inventories are conducted at least once a year, and any inventory surplus or shortage identified is recognised in profit or loss for the current year.

4. Basis for Recognition of Inventory Write-down and Method of Provision

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. Where the cost of inventories exceeds their net realisable value, an inventory write-down is recognised and included in profit or loss for the current period.

In determining the net realisable value of inventories, reliable evidence obtained is taken as the basis, and factors such as the purpose for holding the inventories and the effect of events after the balance sheet date are also taken into consideration.

① For finished goods, merchandise and materials held for sale that are intended for direct sale, net realisable value is determined, in the ordinary course of business, based on the estimated selling price less the estimated selling expenses and related taxes. For inventories held for the execution of sales contracts or service contracts, the contract price is used as the basis for measuring net realisable value. If the quantity of inventories held exceeds the quantity specified in the sales contract, the net realisable value of the excess portion shall be measured based on the general selling price. For materials held for sale, the market price is used as the basis for measuring net realisable value.

② For material inventories that require further processing, net realisable value is determined, in the ordinary course of business, based on the estimated selling price of the finished goods to be produced less the estimated costs to completion, estimated selling expenses and related taxes. If the net realisable value of the finished goods produced from such materials exceeds cost, the materials are measured at cost. If a decline in the price of materials indicates that the net realisable value of the finished goods is lower than cost, the materials are measured at net realisable value, and an inventory write-down is made for the difference.

③ The Company generally makes inventory write-down provisions on an item-by-item basis. For inventories with large quantities and low unit values, provisions are made by category of inventory.

④ If, at the balance sheet date, the factors that previously caused inventories to be written down no longer exist, the amount previously written down shall be reversed to the extent of the original inventory write-down provision, and the amount reversed shall be included in profit or loss for the current period.

5. Amortisation Methods for Turnover Materials

① **Low-value consumables:** amortised using the one-off write-off method upon use.

② **Packaging materials:** amortised using the one-off write-off method upon use.

xiv. Long-term Equity Investments

The Company's long-term equity investments include equity investments in investees over which the Company has control or significant influence, as well as equity investments in joint ventures. An investee over which the Company is able to exercise significant influence is an associate of the Company.

1. Basis for Determining Joint Control or Significant Influence over an Investee

Joint control refers to the contractually agreed sharing of control over an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. In assessing whether joint control exists, the Company first considers whether all parties, or a group of parties, collectively control the arrangement. If all parties, or a group of parties, must act together to direct the relevant activities of an arrangement, all parties, or such group of parties, are considered to collectively control the arrangement. The Company then considers whether decisions about the relevant activities of the arrangement require the unanimous consent of those parties that collectively control the arrangement. Where two or more combinations of parties can collectively control an arrangement, joint control does not exist. In assessing whether joint control exists, protective rights are not taken into account.

Significant influence refers to the power of an investor to participate in the financial and operating policy decisions of an investee, but not to control, or jointly control with other parties, the making of those policies. In determining whether the Company is able to exercise significant influence over an investee, consideration is given to the voting power held directly or indirectly by the Company, as well as the effect of currently exercisable potential voting rights held by the Company and other parties, assuming conversion into equity interests in the investee, including the effects of currently convertible warrants, share options and convertible corporate bonds issued by the investee.

Where the Company directly or indirectly through subsidiaries holds 20% (inclusive) or more but less than 50% of the voting shares of an investee, it is generally presumed to have significant influence over the investee, unless there is clear evidence that, in

such circumstances, the Company is unable to participate in the investee's production and operating decision-making, and therefore does not have significant influence.

2. Determination of Initial Investment Cost

① The investment cost of long-term equity investments acquired through a business combination shall be determined in accordance with the following provisions:

A. For a business combination under common control, where the combining party pays cash, transfers non-cash assets or assumes liabilities as consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost of the long-term equity investment and the carrying amounts of the cash paid, the non-cash assets transferred and the liabilities assumed shall be adjusted against capital reserve; to the extent that capital reserve is insufficient for write-off, retained earnings shall be adjusted.

B. For a business combination under common control, where the combining party issues equity securities as consideration for the combination, the initial investment cost of the long-term equity investment shall be the share of the carrying amount of the acquiree's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date. The aggregate par value of the shares issued shall be recognised as share capital, and the difference between the initial investment cost of the long-term equity investment and the aggregate par value of the shares issued shall be adjusted against capital reserve; to the extent that capital reserve is insufficient for write-off, retained earnings shall be adjusted.

C. For a business combination not under common control, the initial investment cost of the long-term equity investment shall be the combination cost, being the fair value at the acquisition date of the assets transferred, liabilities incurred or assumed, and equity securities issued in order to obtain control over the acquiree. Intermediary fees such as audit, legal, valuation and consulting fees, and other related administrative expenses incurred by the combining party for the business combination shall be recognised in profit or loss for the current period as incurred.

② For long-term equity investments acquired by means other than business combinations, the investment cost shall be determined in accordance with the following provisions:

A. Where a long-term equity investment is acquired by cash payment, the investment cost shall be the purchase consideration

actually paid. The initial investment cost includes expenses, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment.

B. Where a long-term equity investment is acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

C. Where a long-term equity investment is acquired through a non-monetary asset exchange, if the exchange has commercial substance and the fair value of either the asset received or the asset surrendered can be measured reliably, the initial investment cost shall be the fair value of the asset surrendered plus related taxes and charges, and the difference between the fair value and carrying amount of the asset surrendered shall be recognised in profit or loss for the current period. If the non-monetary asset exchange does not satisfy both of the above conditions, the initial investment cost shall be the carrying amount of the asset surrendered plus related taxes and charges.

D. Where a long-term equity investment is acquired through debt restructuring, its initial carrying amount shall be determined based on the fair value of the claim relinquished and other costs, such as taxes, directly attributable to the asset, and the difference between the fair value and carrying amount of the claim relinquished shall be recognised in profit or loss for the current period.

3. Subsequent Measurement and Recognition of Profit or Loss

Long-term equity investments over investees that are controlled by the Company are accounted for using the cost method, while long-term equity investments in associates and joint ventures are accounted for using the equity method.

① Cost Method

For long-term equity investments accounted for using the cost method, the cost of the long-term equity investment is adjusted when additional investments are made or investments are recovered. Cash dividends or profits declared for distribution by the investee are recognised as investment income for the current period..

② Equity Method

The general accounting treatment for long-term equity investments accounted for using the equity method is as follows:

Where the investment cost of a long-term equity investment of the Company exceeds the Company’s share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not

adjusted. Where the initial investment cost of the long-term equity investment is less than the Company's share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognised in profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

The Company recognises its share of the investee's net profit or loss and other comprehensive income as investment income and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly. The Company reduces the carrying amount of the long-term equity investment by the portion of profits or cash dividends declared for distribution by the investee to which it is entitled. Other changes in the investee's owners' equity, other than net profit or loss, other comprehensive income and profit distribution, are recognised by adjusting the carrying amount of the long-term equity investment and included in owners' equity.

In recognising its share of the investee's net profit or loss, the Company determines such share based on the fair value of the investee's identifiable net assets at the time the investment is acquired, after making appropriate adjustments to the investee's net profit. Where the accounting policies or accounting period adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the Company's accounting policies and accounting period, and investment income, other comprehensive income and other relevant amounts shall be recognised on that basis.

The Company eliminates the portion attributable to it of unrealised profits or losses arising from internal transactions between the Company and its associates and joint ventures, based on its shareholding proportion, and recognises investment profit or loss on that basis. Unrealised internal transaction losses arising between the Company and the investee that constitute asset impairment losses shall be recognised in full.

Where, as a result of additional investment or other reasons, the Company is able to exercise significant influence over, or joint control of, an investee but does not obtain control, the sum of the fair value of the equity interest previously held and the cost of the additional investment shall be taken as the initial investment cost for accounting under the equity method. Where the equity interest previously held is classified as an investment in other equity instruments, the difference between its fair value and carrying amount, together with the cumulative gains or losses previously recognised in other comprehensive income, shall be transferred out of other comprehensive income and included in retained earnings in the period in which the equity method is adopted.

Where, as a result of disposal of part of the equity investment or other reasons, the Company loses joint control of, or significant influence over, an investee, the remaining equity interest after disposal shall be subsequently measured at fair value, and the difference between its fair value and carrying amount on the date when joint control or significant influence is lost shall be

recognised in profit or loss for the current period. Other comprehensive income previously recognised in respect of the original equity investment under the equity method shall, upon discontinuation of the equity method, be accounted for on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

4. Equity Investments Held for Sale

Where all or part of an equity investment in an associate or joint venture is classified as held for sale, the relevant accounting treatment shall be as set out in Note V. xvi.

For the remaining equity investment not classified as held for sale, the equity method shall continue to be applied.

Where an equity investment in an associate or joint venture that has been classified as held for sale no longer meets the conditions for classification as held for sale, it shall be retrospectively adjusted using the equity method from the date on which it was classified as held for sale. The financial statements for the period during which it was classified as held for sale shall be adjusted accordingly.

5. Impairment Testing Method and Provision for Impairment

For the method of recognising impairment of investments in subsidiaries, associates and joint ventures, please refer to Note V. xix.

xv. Fixed assets

1. Recognition Criteria

Fixed assets are recognised at actual cost upon acquisition when both of the following conditions are met:

① it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; and

② the cost of the fixed asset can be measured reliably.

Subsequent expenditure incurred in relation to fixed assets shall be included in the cost of the fixed asset if it meets the recognition criteria for fixed assets; otherwise, it shall be recognised in profit or loss for the current period as incurred.

2. Depreciation Methods

Category	Depreciation method	Useful life in years	Residual value rate	Annual depreciation rate
Houses and building	Straight-line	20 - 40	5.00%	4.75%-2.38%
Office equipment	Straight-line	5 - 10	5.00%	19.00%-9.50%
Machinery	Straight-line	5 - 10	5.00%	19.00%-9.50%
Transportation vehicles	Straight-line	10	5.00%	9.50%
Experiment devices and other facilities	Straight-line	5 - 10	5.00%	19.00%-9.50%

For fixed assets for which impairment provisions have been made, depreciation is calculated after deducting the accumulated impairment provision for such fixed assets.

At the end of each financial year, the Company reviews the useful lives, estimated net residual values and depreciation methods of fixed assets. Where the estimated useful lives differ from previous estimates, the useful lives of the fixed assets shall be adjusted accordingly.

The Company is subject to the disclosure requirements for "businesses related to the chemical industry" under the Self-regulatory Guidelines No. 3 of the Shenzhen Stock Exchange for Listed Companies — Industry Information Disclosure.

xvi. Construction in progress

1. **Construction in progress is accounted for by approved project.**

2. Criteria and Timing for Transfer of Construction in Progress to Fixed Assets

The carrying amount of a construction in progress project transferred to fixed assets shall comprise all expenditures incurred before the asset is ready for its intended use. Such expenditures include construction costs, the purchase price of machinery and equipment, other necessary expenditures incurred to bring the construction in progress to its intended use, as well as borrowing costs incurred on specific borrowings for the project and borrowing costs incurred on general borrowings utilised for the project before the asset is ready for its intended use. The Company transfers construction in progress to fixed assets when the installation or construction is completed and the asset is ready for its intended use.

For assets that have been constructed and are ready for their intended use but for which the final account settlement has not yet been completed, such assets are transferred to fixed assets at an estimated value based on project budget, construction cost or actual project cost from the date they are ready for intended use, and depreciation is provided in accordance with the Company's depreciation policy for fixed assets. After the final account settlement is completed, the provisional value originally estimated shall be adjusted to actual cost, but the depreciation already provided shall not be adjusted.

The specific criteria and timing for transferring the Company's various categories of construction in progress to fixed assets are as follows:

Category	Point of transfer to fixed assets

House and buildings	(1) the principal construction works and ancillary works have been substantially completed; (2) the construction project has met the intended design requirements and has passed acceptance inspection by the survey, design, construction and supervision entities; (3) the project has passed acceptance inspection by external authorities such as the fire services, land administration and planning authorities; and (4) where the construction project is ready for its intended use but the final account settlement has not yet been completed, it shall be transferred to fixed assets at an estimated value based on the actual construction cost from the date on which it is ready for its intended use.
Machinery requiring installation and testing	(1) the relevant equipment and other ancillary facilities have been installed and completed; (2) the equipment has been tested and is capable of maintaining normal and stable operation for a period of time; (3) the production equipment is capable of continuously producing qualified products for a period of time; and (4) the equipment has been accepted by the asset management personnel and the users.

The Company shall comply with the disclosure requirements of "Chemical industry related business" in the Self-Regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange No. 3 -- Industry Information Disclosure.

xvii. Borrowing costs

1. Recognition Principle and Capitalisation Period of Borrowing Costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised and included in the cost of the relevant asset when all of the following conditions are met:

① expenditure for the asset has been incurred;

② borrowing costs have been incurred; and

③ the activities necessary to prepare the asset for its intended use or sale have commenced.

Other borrowing interest, discounts or premiums, and exchange differences shall be recognised in profit or loss for the current period in which they are incurred.

Where the acquisition, construction or production of a qualifying asset is abnormally interrupted and such interruption continues for more than three consecutive months, the capitalisation of borrowing costs shall be suspended.

Capitalisation of borrowing costs shall cease when the qualifying asset being acquired, constructed or produced is ready for its intended use or sale. Borrowing costs incurred thereafter shall be recognised as expenses in the period in which they are incurred.

2. Capitalisation Rate of Borrowing Costs and Method for Calculating the Capitalised Amount

Where specific borrowings are obtained for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs to be capitalised shall be determined based on the actual interest expense incurred on such specific borrowings during the current period, after deducting any interest income earned on the unused borrowed funds deposited with banks or any investment income earned from temporary investment of such funds.

Where general borrowings are utilised for the acquisition, construction or production of a qualifying asset, the amount of interest on general borrowings to be capitalised shall be determined by applying the capitalisation rate of the general borrowings to the weighted average of the accumulated asset expenditures in excess of the portion financed by specific borrowings. The capitalisation rate shall be determined based on the weighted average interest rate of the general borrowings.

xviii. Intangible assets

1. Useful Life and Basis for Determination, Estimation, Amortisation Method or Review Procedures

① Estimated useful lives of intangible assets with finite useful lives:

Item	Estimated Useful Life (Years)	Basis
Land use rights	30-50	Statutory term / registered term on the land use right certificate
Software and others	5	Benefit period / contractual term

At the end of each financial year, the Company reviews the useful lives and amortisation methods of intangible assets with finite useful lives. Upon review, there was no change in the useful lives or amortisation methods of the intangible assets as at the end of the current period compared with previous estimates.

② Intangible assets for which the period over which economic benefits are expected to be generated for the enterprise cannot be foreseen are regarded as intangible assets with indefinite useful lives. For intangible assets with indefinite useful lives, the Company reviews their useful lives at the end of each financial year. If, after review, the useful life remains indefinite, an impairment test is performed at the balance sheet date.

③ Amortisation of intangible assets

For intangible assets with finite useful lives, the Company determines their useful lives upon acquisition and systematically amortises them over their useful lives using the straight-line method. The amortisation amount is recognised in profit or loss for the current period according to the benefiting item, or included in the cost of the related asset. The amount to be amortised is the cost less the estimated residual value. For intangible assets for which impairment provisions have been made, the accumulated amount of impairment provisions already recognised for such intangible assets shall also be deducted. The residual value of intangible assets with finite useful lives is assumed to be zero, except where a third party has undertaken to purchase the intangible

asset at the end of its useful life, or where information on estimated residual value can be obtained from an active market and such market is expected to exist at the end of the useful life of the intangible asset.

Intangible assets with indefinite useful lives are not amortised. At the end of each financial year, the Company reviews the useful lives of intangible assets with indefinite useful lives. Where there is evidence that the useful life of an intangible asset is finite, its useful life shall be estimated and the asset shall be systematically amortised over the estimated useful life.

2. Scope of Research and Development Expenditures and Relevant Accounting Treatment

The Company aggregates as research and development expenditures all costs directly attributable to research and development activities, including employee compensation of research and development personnel, direct input costs, depreciation expenses and long-term deferred expenses, design fees, equipment commissioning fees, amortisation of intangible assets, outsourced research and development expenses, and other expenses.

xix. Impairment of Long-term Assets

For impairment of long-term equity investments in subsidiaries, associates and joint ventures, investment properties subsequently measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets and other such assets (excluding inventories, investment properties measured using the fair value model, deferred tax assets and financial assets), the following methods are applied:

At the balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates its recoverable amount and performs an impairment test. Goodwill arising from a business combination, intangible assets with indefinite useful lives, and intangible assets not yet ready for use are tested for impairment annually, regardless of whether there is any indication of impairment.

The recoverable amount is determined as the higher of the net amount of fair value less costs of disposal and the present value of the estimated future cash flows of the asset. The Company estimates the recoverable amount on an individual asset basis. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined on the basis of the asset group to which the asset belongs. An asset group is identified based on whether the principal cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

Where the recoverable amount of an asset or asset group is lower than its carrying amount, the carrying amount is written down to the recoverable amount. The amount of the write-down is recognised in profit or loss for the current period, and a corresponding impairment provision is made.

For the purpose of goodwill impairment testing, the carrying amount of goodwill arising from a business combination is allocated, from the acquisition date, to the relevant asset groups using a reasonable method. Where it is difficult to allocate the goodwill to the relevant asset groups, it is allocated to the relevant groups of asset groups. The relevant asset groups or groups of asset groups are those that are expected to benefit from the synergies of the business combination and shall not be larger than the reportable segments determined by the Company.

When performing an impairment test, if there is any indication of impairment in an asset group or group of asset groups related to goodwill, an impairment test is first performed on the asset group or group of asset groups excluding goodwill, and the recoverable amount is calculated and the corresponding impairment loss is recognised. The impairment test is then performed on the asset group or group of asset groups including goodwill by comparing its carrying amount with its recoverable amount. Where the recoverable amount is lower than the carrying amount, an impairment loss on goodwill is recognised.

Once an impairment loss on an asset has been recognised, it shall not be reversed in subsequent accounting periods.

xx. Long-term Deferred Expenses

Long-term deferred expenses represent various expenditures already incurred by the Company that should be borne by the current period and subsequent periods, with an amortisation period of more than one year.

The Company amortises long-term deferred expenses evenly over the period in which the related benefits are expected to be received.

xxi. Contract liabilities

The Company presents contract liabilities in the balance sheet based on the relationship between the performance of its obligations and customer payments. Obligations of the Company to transfer goods or provide services to customers for which consideration has been received or is receivable from customers are presented as contract liabilities.

Contract liabilities are presented separately in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount is a debit balance, it is presented under “Contract Assets” or “Other Non-current Assets” according to its liquidity; where the net amount is a credit balance, it is presented under “Contract Liabilities” or “Other

Non-current Liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts shall not be offset against each other.

xxii. Employee Benefits

1. Accounting Treatment of Short-term Benefits

① Basic employee remuneration (wages, bonuses, allowances and subsidies)

During the accounting period in which employees render services to the Company, actual short-term employee benefits incurred are recognised as liabilities and charged to profit or loss for the current period, unless otherwise required or permitted by other accounting standards to be included in the cost of assets.

② Employee welfare expenses

Employee welfare expenses incurred by the Company are recognised in profit or loss for the current period or in the cost of related assets based on the actual amount incurred. Where employee welfare is provided in a non-monetary form, it is measured at fair value.

③ Social insurance contributions such as medical insurance, work injury insurance and maternity insurance, housing provident fund, as well as trade union funds and employee education funds

Medical insurance, work injury insurance, maternity insurance and other social insurance contributions, housing provident fund, and trade union funds and employee education funds accrued in accordance with the relevant requirements are recognised during the accounting period in which employees render services to the Company. The corresponding employee benefit amounts are determined based on the prescribed accrual basis and accrual rates, and the corresponding liabilities are recognised and charged to profit or loss for the current period or to the cost of related assets.

④ Short-term compensated absences

Where employees render services that increase their entitlement to future compensated absences, the Company recognises the related employee benefits and measures them at the expected amount payable arising from the accumulated unused entitlement. For non-accumulating compensated absences, the related employee benefits are recognised in the accounting period in which the absences actually occur.

⑤ Short-term profit-sharing plans

Where a profit-sharing plan meets all of the following conditions, the Company recognises the related employee benefits payable:

A. the enterprise has a present legal or constructive obligation to make such payments as a result of past events; and
B. the amount of the employee benefits payable arising from the profit-sharing plan can be estimated reliably.

2. Accounting Treatment of Post-employment Benefits

① Defined contribution plans

During the accounting period in which employees render services to the Company, the contributions payable under defined contribution plans are recognised as liabilities and charged to profit or loss for the current period or to the cost of related assets.

Where all contributions payable under a defined contribution plan are not expected to be settled in full within twelve months after the end of the annual reporting period in which the employees render the related services, the Company measures the employee benefits payable at the discounted amount of the total contributions payable, by reference to an appropriate discount rate (determined based on the market yield at the balance sheet date on government bonds or high-quality corporate bonds traded in an active market with a term and currency consistent with those of the defined contribution plan obligation).

② Defined benefit plans

A. Determination of the present value of the defined benefit plan obligation and current service cost

Using the projected unit credit method, the Company makes estimates of demographic variables and financial variables using unbiased and mutually compatible actuarial assumptions, measures the obligations arising from the defined benefit plan, and determines the periods to which the obligations are attributed. The Company discounts the obligations arising from the defined benefit plan using an appropriate discount rate (determined based on the market yield at the balance sheet date on government bonds or high-quality corporate bonds traded in an active market with a term and currency consistent with those of the defined benefit plan obligation), so as to determine the present value of the defined benefit plan obligation and the current service cost.

B. Recognition of the net defined benefit liability or asset

Where a defined benefit plan has plan assets, the deficit or surplus arising from deducting the fair value of the plan assets from the present value of the defined benefit plan obligation is recognised by the Company as a net defined benefit liability or asset.

Where a defined benefit plan has a surplus, the Company measures the net defined benefit asset at the lower of the surplus in the defined benefit plan and the asset ceiling.

C. Determination of amounts to be included in asset cost or profit or loss for the current period

Service cost includes current service cost, past service cost, and gains or losses on settlement. Except for current service cost that is required or permitted by other accounting standards to be included in the cost of assets, all other service costs are recognised in profit or loss for the current period.

The net interest on the net defined benefit liability or asset, including interest income on plan assets, interest expense on the defined benefit plan obligation, and interest on the effect of the asset ceiling, is recognised in profit or loss for the current period.

D. Determination of amounts to be included in other comprehensive income

Changes arising from the remeasurement of the net defined benefit liability or asset include:

(a) actuarial gains or losses, being increases or decreases in the present value of the defined benefit plan obligation resulting from changes in actuarial assumptions and experience adjustments;

(b) return on plan assets, excluding amounts included in the net interest on the net defined benefit liability or asset; and

(c) changes in the effect of the asset ceiling, excluding amounts included in the net interest on the net defined benefit liability or asset.

The above changes arising from the remeasurement of the net defined benefit liability or asset are recognised directly in other comprehensive income and are not reclassified to profit or loss in subsequent accounting periods. Upon termination of the original defined benefit plan, the Company transfers the portion previously recognised in other comprehensive income in full to undistributed profits within equity.

3. Accounting Treatment of Termination Benefits

Where the Company provides termination benefits to employees, employee benefit liabilities arising from termination benefits are recognised and charged to profit or loss for the current period at the earlier of the following dates:

① when the enterprise can no longer unilaterally withdraw the offer of termination benefits under a plan for terminating employment or a redundancy proposal; and

② when the enterprise recognises costs or expenses related to a restructuring that involves the payment of termination benefits.

Where termination benefits are not expected to be settled in full within twelve months after the end of the annual reporting period, the amount of termination benefits shall be discounted using an appropriate discount rate (determined based on the market yield at the balance sheet date on government bonds or high-quality corporate bonds traded in an active market with a term and currency consistent with those of the defined benefit plan obligation), and the employee benefits payable shall be measured at the discounted amount.

4. Accounting Treatment of Other Long-term Employee Benefits

① Other long-term employee benefits qualifying as defined contribution plans

Where other long-term employee benefits provided by the Company to employees qualify as defined contribution plans, the employee benefits payable shall be measured at the discounted amount of all contributions payable.

② Other long-term employee benefits qualifying as defined benefit plans

At the end of the reporting period, the Company recognises the employee benefit costs arising from other long-term employee benefits as comprising the following components:

A. service cost;

B. net interest on the net liability or net asset arising from other long-term employee benefits; and

C. changes arising from the remeasurement of the net liability or net asset arising from other long-term employee benefits.

To simplify the related accounting treatment, the net total of the above items is recognised in profit or loss for the current period or included in the cost of the related assets.

xxiii. Provisions

1. Recognition Criteria for Provisions

Where an obligation related to a contingent matter satisfies all of the following conditions, the Company recognises it as a provision:

① the obligation is a present obligation assumed by the Company;

② it is probable that an outflow of economic benefits from the Company will be required to settle the obligation; and

③ the amount of the obligation can be measured reliably.

2. Measurement of Provisions

Provisions are initially measured at the best estimate of the expenditure required to settle the relevant present obligation, taking into account factors such as the risks, uncertainties and time value of money relating to the contingent matter. The carrying amount of provisions is reviewed at each balance sheet date. Where there is conclusive evidence that the carrying amount does not reflect the current best estimate, the carrying amount shall be adjusted to the current best estimate.

xxiv. Share-based Payments

1. Types of Share-based Payments

The Company's share-based payments include cash-settled share-based payments and equity-settled share-based payments.

2. Method for Determining the Fair Value of Equity Instruments

① For shares granted to employees, their fair value is measured based on the market price of the Company's shares, with adjustments made for the terms and conditions on which the shares are granted (excluding vesting conditions other than market conditions).

② For share options granted to employees, it is often difficult to obtain their market price. Where there are no traded options with similar terms and conditions, the Company selects an appropriate option pricing model to estimate the fair value of the options granted.

3. Basis for Determining the Best Estimate of Vesting Equity Instruments

At each balance sheet date during the vesting period, the Company makes the best estimate of the number of equity instruments expected to vest based on the latest information available, such as changes in the number of employees expected to satisfy the vesting conditions, and revises the estimated number of vesting equity instruments accordingly.

4. Accounting Treatment of the Implementation of Share-based Payment Plans

Cash-settled share-based payments

① For cash-settled share-based payments that vest immediately after grant, the fair value of the liability assumed by the Company at the grant date is included in the relevant costs or expenses, with a corresponding increase in liabilities. The fair value of the liability is remeasured at each balance sheet date and at the settlement date before settlement, and changes therein are recognised in profit or loss.

② For cash-settled share-based payments that vest only after completion of services during the vesting period or upon satisfaction of specified performance conditions, at each balance sheet date during the vesting period, based on the best estimate of the vesting conditions being satisfied, the Company recognises the services received during the current period in costs or expenses and the corresponding liability based on the fair value of the liability assumed by the Company.

Equity-settled share-based payments

① For equity-settled share-based payments in exchange for employee services that vest immediately after grant, the fair value of the equity instruments at the grant date is included in the relevant costs or expenses, with a corresponding increase in capital reserve.

② For equity-settled share-based payments in exchange for employee services that vest only after completion of services during the vesting period or upon satisfaction of specified performance conditions, at each balance sheet date during the vesting period, based on the best estimate of the number of equity instruments expected to vest, the Company recognises the services received during the current period in costs or expenses and capital reserve based on the fair value of the equity instruments at the grant date.

5. Accounting Treatment of Modifications to Share-based Payment Plans

Where the Company modifies a share-based payment plan and the modification increases the fair value of the equity instruments granted, the increase in services received is recognised correspondingly based on the increase in the fair value of the equity

instruments granted. Where the modification increases the number of equity instruments granted, the fair value of the additional equity instruments is recognised correspondingly as an increase in services received. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments immediately before and immediately after the modification date.

Where a modification reduces the total fair value of the share-based payment arrangement or otherwise changes the terms and conditions of the share-based payment plan in a manner that is unfavourable to employees, the Company shall nevertheless continue to account for the services received as if that modification had not occurred, unless the Company cancels part or all of the equity instruments granted.

6. Accounting Treatment of the Termination of Share-based Payment Plans

If the equity instruments granted are cancelled or settled during the vesting period (other than where cancellation results from failure to satisfy the vesting conditions), the Company shall:

① account for the cancellation or settlement as an acceleration of vesting and immediately recognise the amount that would otherwise have been recognised over the remainder of the vesting period; and

② account for all payments made to employees on the cancellation or settlement as a repurchase of equity, and any amount paid in excess of the fair value of the equity instruments at the repurchase date shall be recognised in profit or loss for the current period.

Where the Company repurchases equity instruments of its employees that have already vested, the payment shall be deducted from owners' equity; any amount paid in excess of the fair value of the equity instruments at the repurchase date shall be recognised in profit or loss for the current period.

xxv. Revenue

Accounting Policies Adopted for the Recognition and Measurement of Revenue by Business Type

1. General Principles

Revenue is the gross inflow of economic benefits arising in the ordinary course of the Company's activities that results in increases in shareholders' equity, other than increases relating to contributions from shareholders.

The Company recognises revenue when it has fulfilled a performance obligation under a contract, that is, when the customer obtains control of the relevant goods. Control of goods refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the goods.

Where a contract contains two or more performance obligations, at contract inception, the Company allocates the transaction price to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in each separate performance obligation, and recognises revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. In determining the transaction price of a contract, where variable consideration exists, the Company estimates the variable consideration using either the expected value or the most likely amount, and includes such amount in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where a contract contains a significant financing component, the Company determines the transaction price based on the amount that the customer would have paid in cash when control of the goods was obtained, and the difference between the transaction price and the contractual consideration is amortised over the contract period using the effective interest method. The Company does not adjust for the effects of a financing component where the period between transfer of control and payment by the customer is no more than one year.

A performance obligation is satisfied over time if one of the following conditions is met; otherwise, it is satisfied at a point in time:

① the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

② the customer controls the goods as they are created or enhanced by the Company's performance; or

③ the goods produced by the Company during performance have no alternative use to the Company, and the Company has an enforceable right to payment for performance completed to date throughout the contract period.

For performance obligations satisfied over time, the Company recognises revenue over time by reference to the progress towards complete satisfaction of the performance obligation, except where the progress cannot be reasonably measured. The Company determines the progress of rendering services using the input method (or output method). Where the progress cannot be reasonably

measured, but the costs incurred are expected to be recoverable, the Company recognises revenue only to the extent of the costs incurred until such time as the progress can be reasonably measured.

For performance obligations satisfied at a point in time, the Company recognises revenue when the customer obtains control of the relevant goods. In determining whether the customer has obtained control of the goods or services, the Company considers the following indicators:

① the Company has a present right to payment for the goods or services, that is, the customer has a present obligation to pay for the goods;

② the Company has transferred legal title to the goods to the customer, that is, the customer has obtained legal title to the goods;

③ the Company has transferred physical possession of the goods to the customer, that is, the customer has taken physical possession of the goods;

④ the Company has transferred the significant risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the significant risks and rewards of ownership of the goods; and

⑤ the customer has accepted the goods.

Sales with a right of return

For sales with a right of return, when the customer obtains control of the relevant goods, the Company recognises revenue in the amount of consideration to which it expects to be entitled from the transfer of the goods to the customer, and recognises a provision for the amount expected to be refunded due to sales returns. At the same time, the Company recognises an asset for the right to recover products from customers on settling the refund liability, measured by reference to the carrying amount of the goods expected to be returned, less the expected costs to recover those goods (including any reduction in the value of the returned goods), and recognises cost of sales at the carrying amount of the goods transferred less the net amount of the aforesaid asset cost. At each balance sheet date, the Company reassesses future sales returns and remeasures the above asset and liability accordingly.

Warranty obligations

In accordance with contractual terms, legal requirements and the like, the Company provides quality warranties for goods sold and construction projects completed. For assurance-type warranties provided to assure customers that the goods sold comply with

agreed specifications, the Company accounts for them in accordance with Accounting Standard for Business Enterprises No. 13 – Contingencies. For service-type warranties that provide customers with a separate service in addition to assuring that the goods sold comply with agreed specifications, the Company treats such warranties as a separate performance obligation, allocates part of the transaction price to the service-type warranty based on the relative stand-alone selling prices of the goods and the service-type warranty, and recognises revenue when the customer obtains control of the service. In assessing whether a warranty provides a separate service in addition to assuring compliance with agreed specifications, the Company considers factors such as whether the warranty is required by law, the warranty period, and the nature of the tasks the Company promises to perform.

Principal versus agent

The Company determines whether it is acting as principal or agent in a transaction based on whether it controls the relevant goods or services before they are transferred to the customer. Where the Company controls the goods or services before transfer to the customer, it acts as principal and recognises revenue in the gross amount of consideration received or receivable. Otherwise, the Company acts as agent and recognises revenue in the amount of commission or handling fee to which it expects to be entitled, being the net amount of the consideration received or receivable after deducting amounts payable to other relevant parties, or based on a fixed commission amount or rate.

Consideration payable to a customer

Where a contract contains consideration payable to a customer, unless such consideration is paid in exchange for a distinct good or service obtained from the customer, the Company reduces the transaction price by the amount of such consideration and recognises the reduction in revenue at the later of when the related revenue is recognised and when the consideration is paid or promised to be paid.

Unexercised rights of customers under contracts

Where the Company receives advance payments from customers for the sale of goods or provision of services, such amounts are first recognised as liabilities and are recognised as revenue when the related performance obligations are satisfied. Where the advance payment is non-refundable and the customer is expected to forfeit all or part of its contractual rights, if the Company expects to be entitled to an amount related to the customer's unexercised rights, it recognises such amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the Company recognises the relevant balance of the liability as revenue only when it becomes highly unlikely that the customer will require the Company to perform the remaining performance obligations.

Contract modifications

Where a construction contract between the Company and a customer is modified:

① if the contract modification adds distinct construction services and the contract price increases by an amount that reflects the stand-alone selling price of the additional construction services, the Company accounts for the contract modification as a separate contract;

② if the contract modification does not fall within circumstance ① above, and the construction services transferred before the modification date are distinct from those not yet transferred as at the modification date, the Company accounts for the modification as termination of the original contract and the combination of the remaining unperformed portion of the original contract with the modified portion as a new contract; and

③ if the contract modification does not fall within circumstance ① above, and the construction services transferred before the modification date are not distinct from those not yet transferred as at the modification date, the Company accounts for the contract modification as part of the original contract, and the effect of the modification on revenue already recognised is recognised as an adjustment to revenue for the current period on the modification date.

2. Specific Methods

The specific methods adopted by the Company for revenue recognition are as follows:

Contracts for the sale of products entered into between the Company and its customers generally contain only one performance obligation, namely the transfer of products. The Company generally recognises revenue at the point in time when control of the goods is transferred to the purchaser, after taking into comprehensive consideration the following factors: the present right to receive payment for the products, the transfer of the significant risks and rewards of ownership of the products, the transfer of legal title to the products, the transfer of physical possession of the products, and the customer’s acceptance of the products.

Revenue from domestic sales is recognised when the following conditions are all satisfied: the products have been dispatched and control of the products has been transferred when the customer has accepted or signed for the products. The Company recognises revenue at that point in time.

Revenue from export sales is recognised when the following conditions are all satisfied: the Company has completed customs declaration procedures in accordance with the contract, payment has been received or valid evidence of collection has been

obtained and the related economic benefits are probable to flow to the Company, the significant risks and rewards of ownership of the products have been transferred, and legal title to the products has been transferred.

Circumstances where different operating models for similar businesses involve different methods of revenue recognition and measurement

The Company is subject to the disclosure requirements for "businesses related to the chemical industry" under the Self-regulatory Guidelines No. 3 of the Shenzhen Stock Exchange for Listed Companies — Industry Information Disclosure.

xxvi. Contract costs

Contract costs are classified into costs to fulfil a contract and costs to obtain a contract.

Costs incurred by the Company to fulfil a contract are recognised as an asset as contract fulfilment costs when all of the following conditions are met:

① the costs relate directly to a current contract or a specifically identifiable anticipated contract, including direct labour, direct materials, manufacturing overheads (or similar costs), costs that are explicitly chargeable to the customer, and other costs incurred solely as a result of the contract;

② the costs generate or enhance resources of the Company that will be used in satisfying performance obligations in the future; and

③ the costs are expected to be recovered.

Incremental costs incurred by the Company to obtain a contract are recognised as an asset as contract acquisition costs if they are expected to be recovered.

Assets related to contract costs are amortised on a basis consistent with the recognition of revenue from the goods or services to which the asset relates. However, where the amortisation period of contract acquisition costs does not exceed one year, the Company recognises such costs in profit or loss for the current period as incurred.

Where the carrying amount of an asset related to contract costs exceeds the excess of the following two amounts, the Company makes an impairment provision for the excess and recognises it as an asset impairment loss, and further considers whether a provision for an onerous contract should be recognised:

① the remaining consideration expected to be received in exchange for the goods or services to which the asset relates; and

② the estimated costs to be incurred in transferring the related goods or services.

Where the above impairment provision is subsequently reversed, the carrying amount of the asset after reversal shall not exceed the carrying amount that would have been determined at the reversal date had no impairment provision been recognised.

Contract fulfilment costs recognised as assets are presented under "Inventories" where the amortisation period determined on initial recognition does not exceed one year or one normal operating cycle, and under "Other Non-current Assets" where the amortisation period determined on initial recognition exceeds one year or one normal operating cycle.

Contract acquisition costs recognised as assets are presented under "Other Current Assets" where the amortisation period determined on initial recognition does not exceed one year or one normal operating cycle, and under "Other Non-current Assets" where the amortisation period determined on initial recognition exceeds one year or one normal operating cycle.

xxvii. Government grants

1. Recognition of Government Grants

Government grants shall be recognised only when all of the following conditions are met:

① the Company is able to comply with the conditions attached to the government grants; and

② the Company is able to receive the government grants.

2. Measurement of Government Grants

Where government grants are monetary assets, they are measured at the amount received or receivable. Where government grants are non-monetary assets, they are measured at fair value; where fair value cannot be obtained reliably, they are measured at a nominal amount of RMB 1.

3. Accounting Treatment of Government Grants

① Government grants related to assets

Government grants obtained by the Company for the acquisition, construction or other formation of long-term assets are classified as government grants related to assets. Government grants related to assets are recognised as deferred income and amortised to

profit or loss over the useful lives of the related assets using a reasonable and systematic method. Government grants measured at a nominal amount are recognised directly in profit or loss for the current period. Where the related asset is sold, transferred, scrapped or damaged before the end of its useful life, the unamortised balance of the related deferred income shall be transferred to profit or loss for the period in which the asset is disposed of.

② Government grants related to income

Government grants other than those related to assets are classified as government grants related to income. Government grants related to income are accounted for as follows depending on the circumstances:

Where they are intended to compensate the Company for related costs, expenses or losses to be incurred in subsequent periods, they are recognised as deferred income and included in profit or loss for the periods in which the related costs, expenses or losses are recognised;

Where they are intended to compensate the Company for related costs, expenses or losses already incurred, they are recognised directly in profit or loss for the current period.

For government grants that contain both an asset-related component and an income-related component, the different components are accounted for separately. Where it is difficult to distinguish between the components, the grant as a whole is classified as a government grant related to income.

Government grants related to the Company's ordinary activities are included in other income according to the substance of the related transactions or events. Government grants unrelated to the Company's ordinary activities are included in non-operating income or expenses.

③Interest subsidies on loans at preferential policy rates

Where the government provides interest subsidies to the lending bank, and the lending bank provides loans to the Company at a preferential policy interest rate, the Company shall use the actual amount received as the carrying amount of the borrowing, and calculate the relevant borrowing costs based on the principal amount of the borrowing and such preferential policy interest rate.

④ Repayment of Government Grants

Where government grants that have already been recognised are required to be repaid, if the grant initially reduced the carrying amount of the related asset, the carrying amount of the asset shall be adjusted accordingly. Where there is a related deferred income balance, the repayment shall first reduce the carrying amount of the related deferred income, and any excess shall be recognised in profit or loss for the current period. In all other cases, the repayment shall be recognised directly in profit or loss for the current period.

xxviii. Deferred Tax Assets / Deferred Tax Liabilities

The Company generally recognises and measures the effects of taxable temporary differences or deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using the balance sheet liability method, based on the temporary differences between the carrying amounts and tax bases of assets and liabilities at the balance sheet date. The Company does not discount deferred tax assets and deferred tax liabilities.

1. Recognition of Deferred Tax Assets

For deductible temporary differences, deductible tax losses and tax credits that can be carried forward to subsequent years, the income tax effects are calculated using the income tax rates expected to apply in the periods in which the temporary differences reverse, and such effects are recognised as deferred tax assets, but only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible tax losses and tax credits can be utilised.

Deferred tax assets are not recognised for the income tax effects of deductible temporary differences arising from the initial recognition of an asset or liability in a transaction or event that has both of the following characteristics:

A. the transaction is not a business combination; and

B. at the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible tax loss).

However, where a single transaction satisfies both of the above conditions and gives rise, on initial recognition of the asset and liability, to equal taxable temporary differences and deductible temporary differences, the above exemption from recognising deferred tax liabilities and deferred tax assets on initial recognition does not apply. In respect of such transaction, the Company recognises the corresponding deferred tax liability and deferred tax asset for the taxable temporary differences and deductible temporary differences arising from the initial recognition of the asset and liability at the time of the transaction.

For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the Company recognises the related income tax effects as deferred tax assets only when both of the following conditions are met:

A. it is probable that the temporary differences will reverse in the foreseeable future; and

B. it is probable that sufficient taxable profits will be available in the future against which the deductible temporary differences can be utilised.

At the balance sheet date, where there is conclusive evidence that sufficient taxable profits will probably be available in future periods against which deductible temporary differences can be utilised, deferred tax assets not recognised in prior periods shall be recognised.

At the balance sheet date, the Company reviews the carrying amount of deferred tax assets. Where it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax assets to be utilised, the carrying amount of the deferred tax assets shall be reduced. Where it becomes probable that sufficient taxable profits will be available, the amount of the reduction shall be reversed.

2. Recognition of Deferred Tax Liabilities

The income tax effects of all taxable temporary differences of the Company are measured using the income tax rates expected to apply in the periods in which the temporary differences reverse, and such effects are recognised as deferred tax liabilities, except in the following circumstances:

① Deferred tax liabilities are not recognised for the income tax effects of taxable temporary differences arising from the following transactions or events:

A. the initial recognition of goodwill; and

B. the initial recognition of an asset or liability in a transaction that has the following characteristics: the transaction is not a business combination, and at the time of the transaction it affects neither accounting profit nor taxable profit or deductible tax loss.

② For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the Company generally recognises the related income tax effects as deferred tax liabilities, except where both of the following conditions are met:

A. the Company is able to control the timing of the reversal of the temporary differences; and

B. it is probable that the temporary differences will not reverse in the foreseeable future.

3. Recognition of Deferred Tax Liabilities or Assets Relating to Specific Transactions or Events

① Deferred tax liabilities or assets relating to business combinations

For taxable temporary differences or deductible temporary differences arising from a business combination not under common control, when a deferred tax liability or deferred tax asset is recognised, the related deferred tax expense (or income) generally adjusts the goodwill recognised in the business combination.

② Items recognised directly in owners' equity

Current income tax and deferred income tax relating to transactions or events recognised directly in owners' equity are recognised in owners' equity. Transactions or events for which the income tax effects of temporary differences are recognised in owners' equity include: other comprehensive income arising from changes in the fair value of other debt investments; adjustments to opening retained earnings arising from changes in accounting policies under the retrospective application method or corrections of material accounting errors of prior periods under the retrospective restatement method; and the equity component recognised on initial recognition of hybrid financial instruments containing both liability and equity components.

③ Deductible tax losses and tax credits

A. Deductible tax losses and tax credits arising from the Company's own operations

Deductible tax losses are losses determined in accordance with tax laws that are permitted to be offset against taxable profits of subsequent years. Unutilised losses (deductible tax losses) and tax credits that may be carried forward to subsequent years in accordance with tax laws are treated as deductible temporary differences. Where it is probable that sufficient taxable profits will be available in future periods in which the deductible tax losses or tax credits can be utilised, the corresponding deferred tax assets are recognised to the extent of the taxable profits that are probable to be available, and income tax expense in the current income statement is reduced accordingly.

B. Unutilised tax losses of the acquiree that become deductible as a result of a business combination

In a business combination, where the Company acquires deductible temporary differences of the acquiree that do not meet the recognition criteria for deferred tax assets at the acquisition date, no deferred tax assets are recognised at that date. If, within 12 months after the acquisition date, new or further information is obtained indicating that the relevant circumstances already existed at the acquisition date and that the economic benefits from the acquiree's deductible temporary differences at the acquisition date are expected to be realised, the related deferred tax assets are recognised, and goodwill is reduced accordingly; where goodwill is insufficient to absorb the reduction, the excess is recognised in profit or loss for the current period. In circumstances other than the above, deferred tax assets relating to the business combination are recognised in profit or loss for the current period.

④ Temporary differences arising from consolidation eliminations

When preparing consolidated financial statements, where the elimination of unrealised internal sales profits or losses gives rise to temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in the respective taxable entities, the Company recognises deferred tax assets or deferred tax liabilities in the consolidated balance sheet and adjusts income tax expense in the consolidated income statement accordingly, except for deferred taxes relating to transactions or events recognised directly in owners' equity and those relating to business combinations.

⑤ Equity-settled share-based payments

Where tax laws allow deductions before tax for expenses related to share-based payments, during the periods in which costs or expenses are recognised in accordance with accounting standards, the Company determines the tax base and the resulting temporary differences based on the estimated amount deductible for tax purposes using information available at the end of the accounting period, and recognises the related deferred tax where the recognition criteria are met. Where the amount expected to be deductible for tax purposes in future periods exceeds the costs or expenses related to share-based payments recognised in accordance with accounting standards, the income tax effect of the excess shall be recognised directly in owners' equity.

⑥ Dividends related to financial instruments classified as equity instruments

For financial instruments issued by the Company and classified as equity instruments, where the related dividend payments are deductible before enterprise income tax in accordance with relevant tax policies, the Company recognises the income tax effects related to such dividends when recognising dividends payable. Where the distributed profits arise from transactions or events previously recognised in profit or loss, the income tax effects of the dividends are recognised in profit or loss for the current period;

where the distributed profits arise from transactions or events previously recognised in owners' equity, the income tax effects of the dividends are recognised in owners' equity.

4. Basis for Presenting Deferred Tax Assets and Deferred Tax Liabilities on a Net Basis

The Company presents deferred tax assets and deferred tax liabilities on a net basis when both of the following conditions are met:

① the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

② the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities where, in each future period in which significant amounts of deferred tax assets or deferred tax liabilities are expected to reverse, the taxable entities intend either to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

xxix. Leases

1. Identification of a Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if one party conveys to the other party the right to control the use of one or more identified assets for a period of time in exchange for consideration. In determining whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the customer under the contract has both the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and the right to direct the use of the identified asset throughout that period.

2. Identification of Separate Leases

Where a contract contains multiple separate leases, the Company separates the contract and accounts for each separate lease individually. The right to use an identified asset constitutes a separate lease in a contract if both of the following conditions are met: ① the lessee can benefit from use of the asset either on its own or together with other resources that are readily available; and ② the asset is neither highly dependent on, nor highly interrelated with, the other assets in the contract.

3. Accounting Treatment by the Company as a Lessee

At the commencement date of the lease term, the Company recognises a lease as a short-term lease if the lease term does not exceed 12 months and the lease does not contain a purchase option. A lease is recognised as a lease of a low-value asset if the

underlying asset, when new, is of low value. Where the Company subleases, or expects to sublease, the leased asset, the original lease is not recognised as a lease of a low-value asset.

For all short-term leases and leases of low-value assets to which the above practical expedients are applied, the Company recognises lease payments on a straight-line basis over the lease term in the cost of related assets or in profit or loss for the current period.

Except for the above short-term leases and leases of low-value assets accounted for using the simplified approach, at the commencement date of the lease term, the Company recognises a right-of-use asset and a lease liability.

① Right-of-use assets

A right-of-use asset represents the lessee's right to use the underlying leased asset during the lease term.

At the commencement date of the lease term, a right-of-use asset is initially measured at cost. Such cost includes:

- the initial measurement amount of the lease liability;
- lease payments made at or before the commencement date of the lease term, less any lease incentives received;
- initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the leased asset, restoring the site on which the leased asset is located, or restoring the leased asset to the condition required by the terms and conditions of the lease. The Company recognises and measures such costs in accordance with the recognition criteria and measurement methods for provisions. For details, please refer to Note V. xxiii. Where the aforesaid costs are incurred for the production of inventories, they shall be included in the cost of inventories.

Depreciation of right-of-use assets is provided on a straight-line basis by category. Where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the remaining useful life of the leased asset, based on the category of the right-of-use asset and its estimated residual value rate. Where it is not reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset, based on the category of the right-of-use asset.

The depreciation methods, depreciation periods, residual value rates and annual depreciation rates for each category of right-of-use assets are as follows:

Category	Depreciation Method	Depreciation Period (Years)	Residual Value Rate (%)	Annual Depreciation Rate (%)
Buildings and structures	Straight-line	Lease term		Determined based on the

	method			lease term
Machinery and equipment	Straight-line method	Lease term		Determined based on the lease term
Transportation equipment	Straight-line method	Lease term		Determined based on the lease term

② Lease liabilities

Lease liabilities shall be initially measured at the present value of the lease payments that are unpaid at the commencement date of the lease term. Lease payments comprise the following five components:

- fixed lease payments and in-substance fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease; and;
- amounts expected to be payable under residual value guarantees provided by the lessee.

In calculating the present value of lease payments, the interest rate implicit in the lease is used as the discount rate. Where the interest rate implicit in the lease cannot be readily determined, the Company's incremental borrowing rate is used as the discount rate. The difference between the lease payments and their present value is treated as unrecognised finance charges, and interest expense is recognised in profit or loss for the current period over each period of the lease term using the discount rate applied in determining the present value of the lease payments. Variable lease payments not included in the measurement of the lease liability are recognised in profit or loss for the current period as incurred.

After the commencement date of the lease term, where there is a change in in-substance fixed lease payments, a change in the amount expected to be payable under a residual value guarantee, a change in an index or rate used to determine lease payments, or a change in the assessment or actual exercise of a purchase option, extension option or termination option, the Company remeasures the lease liability at the present value of the revised lease payments and adjusts the carrying amount of the right-of-use asset accordingly.

4. Accounting Treatment of Leases as Lessor

At the lease commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased asset; otherwise, it is classified as an operating lease.

① Operating leases

The Company recognises lease receipts as rental income on a straight-line basis over each period of the lease term. Initial direct costs incurred are capitalised and allocated on the same basis as rental income is recognised, and are recognised in profit or loss for the current period over the lease term. Variable lease payments related to operating leases received by the Company that are not included in lease receipts are recognised in profit or loss for the current period when incurred.

② Finance leases

At the lease commencement date, the Company recognises finance lease receivables at the net investment in the lease (being the sum of the unguaranteed residual value and the present value of lease receipts not yet received at the commencement date, discounted at the interest rate implicit in the lease), and derecognises the finance lease asset. During each period of the lease term, the Company calculates and recognises interest income using the interest rate implicit in the lease.

Variable lease payments received by the Company that are not included in the measurement of the net investment in the lease are recognised in profit or loss for the current period when incurred.

5. Accounting Treatment of Lease Modifications

① A lease modification accounted for as a separate lease

Where a lease is modified and both of the following conditions are met, the Company accounts for the lease modification as a separate lease:

A. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

B. the increase in consideration is commensurate with the stand-alone price for the increase in scope, as adjusted to reflect the circumstances of the particular contract.

② A lease modification not accounted for as a separate lease

A. The Company as lessee

At the effective date of the lease modification, the Company redetermines the lease term and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. In calculating the present value of the revised lease payments, the interest rate implicit in the lease for the remainder of the lease term is used as the discount rate. Where the interest rate implicit

in the lease for the remainder of the lease term cannot be readily determined, the Company's incremental borrowing rate at the effective date of the lease modification is used as the discount rate.

The effects of the above adjustment to the lease liability are accounted for separately under the following circumstances:

- where the lease modification decreases the scope of the lease or shortens the lease term, the carrying amount of the right-of-use asset shall be reduced, and any gain or loss relating to the partial or full termination of the lease shall be recognised in profit or loss for the current period;;
- for other lease modifications, the carrying amount of the right-of-use asset shall be adjusted accordingly.

B. The Company as lessor

Where an operating lease is modified, the Company accounts for the modified lease as a new lease from the effective date of the modification, and any prepaid or accrued lease receipts relating to the lease before the modification are regarded as lease receipts under the new lease.

Where a modification of a finance lease is not accounted for as a separate lease, the Company shall account for the modified lease as follows: if the lease would have been classified as an operating lease had the modification been effective at the commencement date of the lease, the Company shall account for it as a new lease from the effective date of the modification and use the net investment in the lease immediately before the effective date of the modification as the carrying amount of the lease asset; if the lease would have been classified as a finance lease had the modification been effective at the commencement date of the lease, the Company shall account for it in accordance with the requirements relating to the modification or renegotiation of contracts.

6. Sale and Lease back

The Company assesses whether the transfer of an asset in a sale and leaseback transaction constitutes a sale in accordance with Note V. xxv.

① The Company as seller-lessee

Where the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Company continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds, and accounts for such financial liability in accordance with Note V. xi. Where the transfer of the asset constitutes a sale, the Company measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained through the leaseback, and recognises only the amount of any gain or loss that relates to the rights transferred to the lessor.

② The Company as buyer-lessor

Where the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Company does not recognise the transferred asset, but recognises a financial asset equal to the transfer proceeds, and accounts for such financial asset in accordance with Note V. xi. Where the transfer of the asset constitutes a sale, the Company accounts for the purchase of the asset in accordance with other applicable Accounting Standards for Business Enterprises, and accounts for the lease of the asset accordingly.

xxx. Hedge Accounting

1. Classification of Hedges

The Company classifies hedges into fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation.

① Fair value hedge

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability, an unrecognised firm commitment, or a component of any such item, where such changes are attributable to a particular risk and could affect profit or loss or other comprehensive income.

② Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows. Such variability arises from a particular risk associated with a recognised asset or liability, a highly probable forecast transaction, or a component of any such item, and could affect profit or loss.

③ Hedge of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the foreign exchange risk exposure relating to a net investment in a foreign operation. In such a hedge, the hedged risk is the foreign currency translation difference between the functional currency of the foreign operation and that of the parent company.

2. Hedging Instruments and Hedged Items

A hedging instrument is a financial instrument designated by the Company for hedging purposes, the fair value or cash flows of which are expected to offset changes in the fair value or cash flows of the hedged item, including:

① derivatives measured at fair value through profit or loss, except for written options. A written option may be designated as a hedging instrument only when hedging a purchased option (including a purchased option embedded in a hybrid contract). A derivative embedded in a hybrid contract that is not separated may not be designated as a separate hedging instrument.

② non-derivative financial assets or non-derivative financial liabilities measured at fair value through profit or loss, except for financial liabilities designated as measured at fair value through profit or loss where changes in fair value attributable to changes in the entity's own credit risk are recognised in other comprehensive income.

The Company's own equity instruments are neither financial assets nor financial liabilities and therefore cannot be designated as hedging instruments.

A hedged item is an item that exposes the Company to changes in fair value or cash flows and is designated as the hedged object, provided that it can be measured reliably. The Company designates the following individual items, groups of items, or components thereof as hedged items:

① recognised assets or liabilities;

② unrecognised firm commitments. A firm commitment is a legally binding agreement to exchange a specified quantity of resources at a specified price on a specified future date or over a specified future period;

③ highly probable forecast transactions. A forecast transaction is a transaction that is anticipated but not yet committed; and

④ net investments in foreign operations.

The above components of items refer to portions smaller than the entire fair value or cash flow changes of the item. The Company may designate the following components of items, or combinations thereof, as hedged items:

① only the portion of the fair value or cash flow changes of an entire item that is attributable to one or more particular risks (risk components). Based on the assessment in the specific market environment, such risk component must be separately identifiable and reliably measurable. A risk component also includes only those changes in the fair value or cash flows of a hedged item that are above or below a specified price or other variable.

② one or more selected contractual cash flows.

③ a component of the nominal amount of an item, that is, a specific part of the total amount or quantity of the item, which may be a proportion of the total item or a layer component of the total item. Where a layer component contains a prepayment option and the fair value of that prepayment option is affected by changes in the hedged risk, that layer may not be designated as a hedged item in a fair value hedge, unless the effect of the prepayment option has already been included in measuring the fair value of the hedged item.

3. Assessment of Hedging Relationships

At the inception of a hedging relationship, the Company formally designates the hedging relationship and prepares formal written documentation of the hedging relationship, the risk management objective and the risk management strategy. The documentation identifies the hedging instrument, the hedged item, the nature of the hedged risk, and the method by which the Company will assess hedge effectiveness. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item attributable to the hedged risk. Such hedges are assessed on an ongoing basis from the date of initial designation and in subsequent periods to determine whether they continue to meet the requirements for hedge effectiveness.

The Company ceases to apply hedge accounting if the hedging instrument expires, is sold, terminated or exercised (except where renewal or replacement as part of the hedging strategy is not treated as expiry or termination), or where changes in risk management objectives mean that the hedging relationship no longer meets the risk management objective, or where there is no longer an economic relationship between the hedged item and the hedging instrument, or where the effect of credit risk begins to dominate the value changes resulting from the economic relationship between the hedged item and the hedging instrument, or where the hedge no longer satisfies the other requirements for hedge accounting.

Where a hedging relationship no longer meets the hedge effectiveness requirements because of the hedge ratio, but the risk management objective for the designated hedging relationship remains unchanged, the Company rebalances the hedging relationship.

4. Recognition and Measurement

Where the conditions for applying hedge accounting are met, the Company accounts for the hedge as follows:

① Fair value hedges

The gain or loss on the hedging instrument is recognised in profit or loss for the current period. Where the hedge is of a non-trading equity instrument investment designated at fair value through other comprehensive income (or a component thereof), the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedged item attributable to the hedged risk is recognised in profit or loss for the current period, and the carrying amount of the recognised hedged item not measured at fair value is adjusted accordingly. Where the hedged item is a non-trading equity instrument investment designated at fair value through other comprehensive income (or a component thereof), the gain or loss attributable to the hedged risk is recognised in other comprehensive income, and no adjustment is made to its carrying amount because it is already measured at fair value.

For fair value hedges relating to financial instruments measured at amortised cost (or components thereof), the adjustment made to the carrying amount of the hedged item shall be amortised to profit or loss using a recalculated effective interest rate from the date amortisation begins. This amortisation date may begin from the date of adjustment and shall be no later than the date on which the hedged item ceases to be adjusted for hedge gains and losses. Where the hedged item is a financial asset measured at fair value through other comprehensive income (or a component thereof), the accumulated hedge gain or loss recognised shall be amortised in the same way and included in profit or loss for the current period, but no adjustment is made to the carrying amount of the financial asset (or component thereof).

Where the hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in fair value attributable to the hedged risk arising after designation of the hedging relationship is recognised as an asset or liability, with the related gain or loss recognised in profit or loss for the current period. When the firm commitment results in the recognition of an asset or liability, the initial carrying amount of that asset or liability shall be adjusted to include the cumulative fair value changes of the hedged item that have been recognised.

② Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised as a cash flow hedge reserve in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument (that is, the remaining gain or loss after deducting the amount recognised in other comprehensive income) is recognised in profit or loss for the current period. The amount of the cash flow hedge reserve is determined as the lower of the absolute amounts of the following two items:

① the cumulative gain or loss on the hedging instrument since the inception of the hedge; and

② the cumulative change in the present value of the expected future cash flows on the hedged item since the inception of the hedge.

If the hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment to which fair value hedge accounting is applied, the amount recognised in other comprehensive income as a cash flow hedge reserve is removed and included in the initial carrying amount of that asset or liability. For other cash flow hedges, in the same period or periods during which the hedged expected future cash flows affect profit or loss, such as when the forecast sale occurs, the cash flow hedge reserve previously recognised in other comprehensive income is reclassified to profit or loss for the current period.

③ Hedges of a net investment in a foreign operation

For hedges of a net investment in a foreign operation, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss for the current period. Upon disposal of the foreign operation, the gain or loss on the hedging instrument previously recognised in other comprehensive income is reclassified to profit or loss for the current period.

xxxi. Repurchase of the Company's Own Shares

(1) Where the Company, upon approval in accordance with statutory procedures, reduces its capital by repurchasing its own shares, share capital shall be reduced by the aggregate par value of the shares cancelled. The difference between the consideration paid for the repurchased shares (including transaction costs) and the aggregate par value of the shares shall be adjusted against owners' equity. Any excess of the consideration paid over the aggregate par value shall be applied to reduce capital reserve (share premium), surplus reserve and undistributed profits in that order; where the consideration paid is less than the aggregate par value, the shortfall shall be credited to capital reserve (share premium).

(2) Shares repurchased by the Company shall be accounted for as treasury shares before they are cancelled or transferred, and all expenditure incurred on the repurchase shall be recognised as the cost of treasury shares.

(3) Upon transfer of treasury shares, where the transfer proceeds exceed the cost of the treasury shares, the excess shall be credited to capital reserve (share premium); where the transfer proceeds are less than the cost of the treasury shares, the shortfall shall be applied to reduce capital reserve (share premium), surplus reserve and undistributed profits in that order.

xxxii. Restricted Shares

Under the equity incentive plan, the Company grants restricted shares to incentive recipients, who subscribe for the shares in advance. If the unlocking conditions stipulated in the equity incentive plan are not subsequently satisfied, the Company repurchases the shares at a pre-agreed price. Where the issue of restricted shares to employees has completed the required capital increase procedures, including registration, the Company recognises share capital and capital reserve (share premium) on the grant date based on the subscription proceeds received from employees; at the same time, it recognises treasury shares and other payables in respect of the repurchase obligation.

xxxiii. Significant Accounting Judgement and Accounting Estimates

The Company continually evaluates the significant accounting estimates and key assumptions applied based on historical experience and other factors, including reasonable expectations of future events. Significant accounting estimates and key assumptions that are likely to expose the carrying amounts of assets and liabilities to material adjustment risks in the next accounting year are set out below:

Classification of Financial Assets

The Company's significant judgments in determining the classification of financial assets include analysis of business models and contractual cash flow characteristics, among others.

The Company determines the business model for managing financial assets at the level of portfolios of financial assets, considering factors including the manner of evaluating and reporting financial asset performance to key management personnel, the risks that affect financial asset performance and their management approach, and the manner in which relevant business management personnel are compensated.

In assessing whether the contractual cash flows of financial assets are consistent with a basic lending arrangement, the Company applies the following main judgments: whether the principal may change in timing or amount over the life of the instrument due to prepayment or other reasons; and whether interest includes only consideration for the time value of money, credit risk, other basic

lending risks, and a profit margin. For example, whether the prepayment amount reflects only the unpaid principal and interest based on the unpaid principal, together with reasonable compensation for early termination of the contract.

Measurement of Expected Credit Losses on Accounts Receivable

The Company calculates expected credit losses on accounts receivable through the exposure at default and expected credit loss rates, and determines the expected credit loss rates based on probability of default and loss given default. In determining the expected credit loss rates, the Company uses internal historical credit loss experience and other data, adjusted for current conditions and forward-looking information. In considering forward-looking information, the indicators used by the Company include risks of economic downturn, changes in external market environment, technological environment, and customer conditions. The Company regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. This requires management to exercise significant judgment in estimating the timing and amount of future taxable profits, together with tax planning strategies, to determine the amount of deferred tax assets to be recognized.

Provision for impairment in Value of Inventories

In accordance with the Company's inventory accounting policy, inventories are measured at the lower of cost and net realizable value. Provision for impairment in value of inventories is made for inventories where cost exceeds net realizable value, and for obsolete and slow-moving inventories. The write-down of inventories to net realizable value is based on an assessment of the salability of inventories and their net realizable value. Identifying impairment of inventories requires management to make judgments and estimates based on obtaining conclusive evidence and considering factors such as the purpose of holding inventories and events after the balance sheet date. Differences between actual results and original estimates will affect the carrying amount of inventories and the provision for or reversal of decline in value of inventories in the period in which the estimates are changed.

xxxiv. Changes in Significant Accounting Policies and Accounting Estimates

1. Changes in Significant Accounting Policies

☑Applicable □Not applicable

Unit: RMB Yuan

Content and reasons for changes in accounting policies	Names of financial statement items significantly affected	Amount of impact
The Notice on Strictly Implementing Enterprise Accounting Standards and Conscientiously Preparing 2025 Annual Reports issued jointly by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council, the National Financial Regulatory Administration, and the China Securities Regulatory Commission, as well as the Implementation Q&A on Accounting Treatment Related to Standard Warrant Transactions issued by the Accounting Department of the Ministry of Finance on July 8, 2025, clarify that when an enterprise frequently enters into contracts for buying and selling standard warrants at futures trading venues for the purpose of earning price differences without extracting the physical commodities corresponding to the standard warrants, the enterprise shall treat such contracts for buying and selling standard warrants as financial instruments and account for them in accordance with the provisions of the financial instrument recognition and measurement standards. Standard warrants held by the enterprise at the end of the period that have not yet been sold shall be presented as other current assets. For standard warrants obtained in accordance with the aforementioned contracts, if doing so can eliminate or significantly reduce accounting mismatch, the enterprise may elect at initial recognition to measure them at fair value through profit or loss, and shall apply this election consistently to all standard warrants that meet the selection criteria. The Company has adopted this provision of the Annual Report Notice and Implementation Q&A from January 1, 2025, and has elected to measure standard warrants obtained in accordance with the aforementioned contracts at fair value through profit or loss at initial recognition, with retrospective adjustment to the financial statement data for comparable periods. The implementation of this provision has no significant impact on the Company's financial statements for the reporting period.	Non applicable	0.00

2. Changes in Significant Accounting Estimates

□ Applicable ☑ Not applicable

VI. Taxation

i. Major taxes and tax rates

Tax	Tax base	Tax rate
Value added tax (VAT)	Value added arising from the sale of goods or the provision of taxable services	25.00%,13.00%,6.00%
Consumption Tax	Not applicable	Not applicable
Urban maintenance and construction tax	VAT chargeable	7.00%
Education Surcharge	VAT chargeable	3.00%
Local Education Surcharge	VAT chargeable	2.00%
Enterprise Income Tax	Taxable income	See the table below
Property Tax	Ad valorem taxation: Levied at 1.20% on the remaining value after a 30% deduction from the original property value; Rental income taxation: Levied at 12.00% on rental income	1.20%, 12.00%
Urban Land Use Tax	Based on actual land area occupied	RMB 1.50–4.00 per square meter

Disclosure of taxable entities with different corporate income tax rates

Tax entity	Tax rate
The Company	15%
Hefei Senior New Energy Materials Co., Ltd.	15%
Changzhou Senior New Energy Materials Co., Ltd.	15%
Jiangsu Senior New Material Technology Co., Ltd.	15%

Senior Material (Nantong) New Material Technology Co., Ltd.	15%
Senior Material (Foshan) New Material Technology Co., Ltd.	15%
Shenzhen Senior Clean Energy Co., Ltd.	25%
Senior Clean Energy (Changzhou) Co., Ltd.	25%
Xingcai Clean Energy (Nantong) Co., Ltd.	25%
Shenzhen Senior Construction Development Co., Ltd.	25%
Shenzhen Xinglanxin New Material Technology Co., Ltd.	25%
Senior Material International (Hong Kong) Co., Ltd	8.25-16.50%
Senior-Freemay New Materials (Europe) Co., Ltd.	15%
Senior Japan Osaka Research Institute Co., Ltd.	30%
Senior International Holding (Singapore) Co., Ltd.	17%
Inv Corporation Pte. Ltd	10%
Inv New Material Technology (M) Sdn. Bhd	24%
Shenzhen Senior Technology Material Co. Ltd. (US) Research Institute	21%
Senior Material(Europe)AB	20.6%
Senior Material Properties AB	20.6%
Senior Material Ultimate Holding (Europe) AB	20.6%
Senior Material Factory Holding AB	20.6%
Senior Material Holding Company (Europe) AB	20.6%
GREEN NEW ENERGY MATERIALS, INC.	23.50%

ii. Preferential Tax Policies

1. Value-added Tax

Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on the VAT Super Credit Policy for Advanced Manufacturing Enterprises* (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 43), from 1 January 2023 to 31 December 2027, advanced manufacturing enterprises are allowed to claim an additional 5% credit against VAT payable based on the current deductible input VAT amount. In 2025, the Company and its subsidiaries, Hefei Senior Energy Materials Co., Ltd., Changzhou Senior Energy Materials Co., Ltd. and Jiangsu Senior New Materials Technology Co., Ltd., enjoyed this preferential policy of additional input VAT credit.

2. Enterprise Income Tax

i. On 16 October 2023, the Company obtained the High and New Technology Enterprise Certificate (Certificate No. GR202344200640). In accordance with the provisions of the Enterprise Income Tax Law, the Company is entitled to pay enterprise income tax at a preferential rate of 15% for a period of three years from the date of obtaining the certificate. Accordingly, the Company's enterprise income tax rate for 2025 was 15%.

ii. On 28 November 2024, Hefei Senior Energy Materials Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No. GR202434005756). In accordance with the provisions of the Enterprise Income Tax Law, Hefei Senior Energy Materials Co., Ltd. is entitled to pay enterprise income tax at a preferential rate of 15% for a period of three years from the date of obtaining the certificate. Accordingly, the enterprise income tax rate of Hefei Senior Energy Materials Co., Ltd. for 2025 was 15%.

iii. On 16 December 2024, Changzhou Senior Energy Materials Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No. GR202432008223). In accordance with the provisions of the Enterprise Income Tax Law, Changzhou Senior Energy Materials Co., Ltd. is entitled to pay enterprise income tax at a preferential rate of 15% for a period of three years from the date of obtaining the certificate. Accordingly, the enterprise income tax rate of Changzhou Senior Energy Materials Co., Ltd. for 2025 was 15%.

iv. On 16 December 2024, Jiangsu Senior New Materials Technology Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No. GR202432014073). In accordance with the provisions of the Enterprise Income Tax Law, Jiangsu Senior New Materials Technology Co., Ltd. is entitled to pay enterprise income tax at a preferential rate of 15% for a period of three years from the date of obtaining the certificate. Accordingly, the enterprise income tax rate of Jiangsu Senior New Materials Technology Co., Ltd. for 2025 was 15%.

v. On 6 November 2023, Senior Material (Nantong) New Material Technology Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No. GR202332003390). In accordance with the provisions of the Enterprise Income Tax Law, Senior Material (Nantong) New Material Technology Co., Ltd. is entitled to pay enterprise income tax at a preferential rate of 15% for a period of three years from the date of obtaining the certificate. Accordingly, the enterprise income tax rate of Senior Material (Nantong) New Material Technology Co., Ltd. for 2025 was 15%.

vi. On 28 May 2024, Inv (Singapore) Pte. Ltd., a subsidiary of the Company, obtained approval from the Inland Revenue Authority of Singapore ("IRAS") under Singapore's *Development and Expansion Incentive Scheme* and was granted a preferential corporate income tax rate of 10%. This preferential treatment is valid from 1 July 2024 to 30 June 2029 (Approval No. COY-10-DEI/240017).

vii. Pursuant to paragraph 2 of Article 27 of the *Enterprise Income Tax Law* and the *Notice on Preferential Enterprise Income Tax Policies for Public Infrastructure Projects and Environmental Protection, Energy Saving and Water Conservation Projects*, the photovoltaic power generation income of the subsidiaries Nantong Clean and Changzhou Clean is entitled to the preferential enterprise income tax treatment of "three-year exemption followed by three-year half reduction" commencing from the first taxable year in which operating revenue is generated. Nantong Clean and Changzhou Clean enjoyed this tax preference in 2025.

viii. On 19 December 2025, Senior Material (Foshan) New Material Technology Co., Ltd., a subsidiary of the Company, obtained the High and New Technology Enterprise Certificate (Certificate No. GR202544006097). In accordance with the provisions of the Enterprise Income Tax Law, Senior Material (Foshan) New Material Technology Co., Ltd. is entitled to pay enterprise income tax at a preferential rate of 15% for a period of three years from the date of obtaining the certificate. Accordingly, the enterprise income tax rate of Senior Material (Foshan) New Material Technology Co., Ltd. for 2025 was 15%.

VII. Notes to the Consolidated Financial Statements

i. Monetary funds

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Cash in hand	14,864.54	59,216.76
Cash at bank	1,338,961,254.16	3,034,309,639.48
Other monetary funds	653,412,649.59	643,516,390.33
Total	1,992,388,768.29	3,677,885,246.57
T/o: Monetary funds deposited outside Mainland China	977,033,334.41	1,607,982,606.59

ii. Financial assets held for trading

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Financial assets measured at fair value through profit or loss	30,000,798.16	299,366,693.18
T/o:		
T/o: Financial products and structured deposits at bank		260,563,900.00
Fund products	30,000,798.16	38,802,793.18
T/o:		
Total	30,000,798.16	299,366,693.18

iii. Notes receivable

1. Disclosure by type

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Bank acceptance	260,179,523.30	204,383,501.39
Commercial acceptance	333,424,552.67	154,771,211.10
Less: Impairment allowance	-3,134,190.79	-2,166,796.96
Total	590,469,885.18	356,987,915.53

2.Impairment disclosure

Unit: RMB Yuan

Category	31/12/2025					31/12/2024				
	Gross		Impairment allowance		Net	Gross		Impairment allowance		Net
	Amount	% of total	Amount	Impairment %		Amount	% of total	Amount	Impairment %	
T/o:										
Impairment assessment by portfolio	593,604,075.97	100.00	3,134,190.79	0.53	590,469,885.18	359,154,712.49	100.00	2,166,796.96	0.60	356,987,915.53
T/o:										
T/o: Bank acceptance	260,179,523.30	43.83			260,179,523.30	204,383,501.39	56.91			204,383,501.39
Commercial acceptance	333,424,552.67	56.17	3,134,190.79	0.94	330,290,361.88	154,771,211.10	43.09	2,166,796.96	1.40	152,604,414.14
Total	593,604,075.97	100.00	3,134,190.79	0.53	590,469,885.18	359,154,712.49	100.00	2,166,796.96	0.60	356,987,915.53

Impairment allowance by portfolio: Bank acceptance

Unit: RMB Yuan

Portfolio	31/12/2025		
	Gross	Impairment allowance	Impairment %
Bank acceptance	260,179,523.30		0.00
Total	260,179,523.30		

Portfolio determination basis:

Impairment allowance by portfolio: Commercial acceptance

Unit: RMB Yuan

Portfolio	31/12/2025		
	Gross	Impairment allowance	Impairment %
Commercial acceptance	333,424,552.67	3,134,190.79	0.94
Total	333,424,552.67	3,134,190.79	

Portfolio determination basis:

Impairment allowance recognised using the general model of expected credit loss:

□ Applicable ☑ Not applicable

3. Movement in impairment allowance recognised, recovered or reversed during the current period

Provision in the period:

Unit: RMB Yuan

Category	31/12/2024	Movement				31/12/2025
		Provision	Recovery or reversal	Write-off	Others	
Commercial acceptance	2,166,796.96	967,393.83				3,134,190.79
Total	2,166,796.96	967,393.83				3,134,190.79

Therefore, significant allowance recovery or reversal in the period:

□ Applicable ☑ Not applicable

4. Notes receivable endorsed or discounted by the Company and not yet due as at the balance sheet date

Unit: RMB Yuan

Item	Amount derecognised as at 31 December 2025	Amount not derecognised as at 31 December 2025
Bank acceptance		252,675,943.66
Commercial acceptance		33,045,644.03
Total		285,721,587.69

iv. Accounts receivable

1. Ageing analysis

Unit: RMB Yuan

Age group	31/12/2025	31/12/2024
Within 1 year (incl. 1 year)	1,899,710,666.38	2,077,974,867.21
1 to 2 years	8,623,849.84	23,687,206.15
2 to 3 years	7,324,936.61	1,232,292.44
Over 3 years	17,958,343.72	17,476,336.61

3 to 4 years	1,112,526.18	3,424,457.24
4 to 5 years	2,934,163.68	1,977,517.91
Over 5 years	13,911,653.86	12,074,361.46
Total	1,933,617,796.55	2,120,370,702.41

2. Impairment disclosure

Unit: RMB Yuan

Category	31/12/2025					31/12/2024				
	Gross		Impairment allowance		Net	Gross		Impairment allowance		Net
	Amount	% of total	Amount	Impairment %		Amount	% of total	Amount	Impairment %	
Impairment by individual assessment	10,129,217.87	0.52	10,129,217.87	100.00	0.00	57,952,116.57	2.73	57,952,116.57	100.00	0.00
T/o:										
Impairment assessment by portfolio	1,923,488,578.68	99.48	32,343,517.65	1.68	1,891,145,061.03	2,062,418,585.84	97.27	43,350,272.66	2.10	2,019,068,313.18
T/o:										
Due from overseas customers	171,110,344.02	8.85	2,547,359.44	1.49	168,562,984.58	67,705,995.41	3.19	1,718,393.03	2.54	65,987,602.38
Due from a domestic customer	1,752,378,234.66	90.63	29,796,158.21	1.70	1,722,582,076.45	1,994,712,590.43	94.08	41,631,879.63	2.09	1,953,080,710.80
Total	1,933,617,796.55	100.00	42,472,735.52	2.20	1,891,145,061.03	2,120,370,702.41	100.00	101,302,389.23	4.78	2,019,068,313.18

Individually assessed for impairment:

Unit: RMB Yuan

Name	31/12/2024		31/12/2025			
	Gross	Impairment allowance	Gross	Impairment allowance	Impairment %	Basis for Impairment
Customer A	48,250,264.34	48,250,264.34			100.00	Expected to be unrecoverable
Customer B	2,333,494.87	2,333,494.87	2,333,494.87	2,333,494.87	100.00	Expected to be unrecoverable
Customer C	1,762,981.91	1,762,981.91			100.00	Expected to be unrecoverable
Customer D	1,369,298.51	1,369,298.51	1,369,298.51	1,369,298.51	100.00	Expected to be unrecoverable
Customer E	910,047.10	910,047.10	910,047.10	910,047.10	100.00	Expected to be unrecoverable

Customer F	894,105.00	894,105.00	894,105.00	894,105.00	100.00	Expected to be unrecoverable
Customer G	789,736.20	789,736.20	789,736.20	789,736.20	100.00	Expected to be unrecoverable
Customer H	657,062.20	657,062.20	657,062.20	657,062.20	100.00	Expected to be unrecoverable
Customer I	404,748.69	404,748.69	417,255.09	417,255.09	100.00	Expected to be unrecoverable
Customer J	290,422.80	290,422.80	290,422.80	290,422.80	100.00	Expected to be unrecoverable
Customer K	289,954.95	289,954.95	289,954.95	289,954.95	100.00	Expected to be unrecoverable
Customer L			102,043.63	102,043.63	100.00	Expected to be unrecoverable
Customer M			387,900.00	387,900.00	100.00	Expected to be unrecoverable
Customer N			8,000.00	8,000.00	100.00	Expected to be unrecoverable
Customer O			216,386.56	216,386.56	100.00	Expected to be unrecoverable
Customer P			85,558.28	85,558.28	100.00	Expected to be unrecoverable
Customer Q			54,310.00	54,310.00	100.00	Expected to be unrecoverable
Customer R			60,138.00	60,138.00	100.00	Expected to be unrecoverable
Customer S			129,115.00	129,115.00	100.00	Expected to be unrecoverable
Customer T			35,268.52	35,268.52	100.00	Expected to be unrecoverable
Customer U			64,068.00	64,068.00	100.00	Expected to be unrecoverable
Customer V			96,608.00	96,608.00	100.00	Expected to be unrecoverable
Customer W			57,549.00	57,549.00	100.00	Expected to be unrecoverable
Customer X			316,415.20	316,415.20	100.00	Expected to be unrecoverable
Customer Y			37,036.50	37,036.50	100.00	Expected to be unrecoverable
Customer Z			519,444.46	519,444.46	100.00	Expected to be unrecoverable
Customer AA			8,000.00	8,000.00	100.00	Expected to be unrecoverable
Total	57,952,116.57	57,952,116.57	10,129,217.87	10,129,217.87		

Impairment allowance by portfolio: Due from overseas customers

Unit: RMB Yuan

Age group	31/12/2025		
	Gross	Impairment allowance	Impairment %
Within 1 year (incl. 1 year)	170,927,897.36	2,376,482.48	1.39
1 to 2 years (incl. 2 years)	96,414.15	84,844.45	88.00
2 to 3 years (incl. 3 years)	567.71	567.71	100.00
3 to 4 years (incl. 4 years)	85,464.80	85,464.80	100.00
Total	171,110,344.02	2,547,359.44	

Portfolio determination basis:

Impairment allowance by portfolio: Due from domestic customers

Unit: RMB Yuan

Age group	31/12/2025		
	Gross	Impairment allowance	Impairment %
Within 1 year (incl. 1 year)	1,728,203,186.56	16,243,240.36	0.94
1 to 2 years (incl. 2 years)	8,431,091.36	1,432,442.42	16.99
2 to 3 years (incl. 3 years)	6,826,746.50	3,205,157.48	46.95
3 to 4 years (incl. 4 years)	9,230.69	7,338.40	79.50
4 to 5 years (incl. 5 years)	804,657.57	804,657.57	100.00
Over 5 years	8,103,321.98	8,103,321.98	100.00
Total	1,752,378,234.66	29,796,158.21	

Portfolio determination basis:

Impairment allowance recognised using the general model of expected credit loss:

□ Applicable ☑ Not applicable

3. Movement in impairment allowance recognised, recovered or reversed during the current period

Provision in the period:

Unit: RMB Yuan

Category	31/12/2024	Movement				31/12/2025
		Provision	Recovery or reversal	Write-off	Others	
Impairment by individual assessment	57,952,116.57	2,281,790.76		50,104,689.46		10,129,217.87
Impairment assessment by portfolio	43,350,272.66	-11,031,405.88			24,650.87	32,343,517.65
Total	101,302,389.23	-8,749,615.12		50,104,689.46	24,650.87	42,472,735.52

Therefore, significant allowance recovery or reversal in the period:

Unit: RMB Yuan

Customer	Amount recovered or reversed	Reason for reversal	Recovery method	Basis for and reasonableness of impairment allowance originally recognised

4. Accounts receivable written off in the period

Unit: RMB Yuan

Item	Amount written off
Accounts receivable actually been written off	50,104,689.46

Therefore, significant accounts receivable were written off in the period:

Unit: RMB Yuan

Customer	Nature	Amount written off	Reason for the write-off	Write-off procedures	Whether the receivable arose from a related-party transaction

Customer 1	Trade receivables	48,250,264.33	The customer has entered into bankruptcy liquidation proceedings, and the receivable is uncollectible.	The write-off of this accounts receivable has been executed in accordance with the decision-making procedures for bad debt write-offs as stipulated in the Articles of Association and the Company's financial management policies, and is in compliance with the Enterprise Accounting Standards and regulatory requirements.	NO
Customer 2	Trade receivables	1,854,425.13	The customer has entered into bankruptcy liquidation proceedings, and the receivable is uncollectible.	The write-off of this accounts receivable has been executed in accordance with the decision-making procedures for bad debt write-offs as stipulated in the Articles of Association and the Company's financial management policies, and is in compliance with the Enterprise Accounting Standards and regulatory requirements.	NO
Total		50,104,689.46			

Explanation of write-off of accounts receivable:

5. Accounts receivable with the top five closing balances by debtor

The aggregate amount of accounts receivable at the end of the period from the top five debtors by outstanding balance is RMB 581,407,996.89, representing 30.07% of the total accounts receivable balance at the end of the period. The corresponding aggregate balance of bad debt provision at the end of the period is RMB 5,465,235.16.

v. Financing receivables

1. Classification and presentation of financing receivables

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Bank acceptance	369,752,725.56	292,317,631.51
Total	369,752,725.56	292,317,631.51

2. Financing receivables endorsed or discounted by the Company and not yet due as at the balance sheet date

Unit: RMB Yuan

Item	Amount derecognised as at 31 December 2025	Amount not derecognised as at 31 December 2025
Bank acceptance	888,415,641.48	
Total	888,415,641.48	

vi. Other receivables

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Other receivable	31,598,947.35	17,861,837.45
Total	31,598,947.35	17,861,837.45

1. Other receivables

a. Classification of other receivables by nature

Unit: RMB Yuan

Nature of receivable	31/12/2025	31/12/2024
Deposits and advances	26,982,257.49	13,273,194.76
Imprest funds and others	6,287,505.26	5,510,786.47
Total	33,269,762.75	18,783,981.23

b. Ageing analysis

Unit: RMB Yuan

Aging	31/12/2025	31/12/2024
Within 1 year (incl. 1 year)	22,654,106.55	15,340,654.71
1 to 2 years	8,009,623.83	2,600,299.59
2 to 3 years	2,130,317.37	429,346.93
Over 3 years	475,715.00	413,680.00
3 to 4 years	87,535.00	5,000.00
4 to 5 years	5,000.00	13,000.00
Over 5 years	383,180.00	395,680.00
Total	33,269,762.75	18,783,981.23

c. Impairment disclosure

☑Applicable □ Not applicable

Unit: RMB Yuan

Category	31/12/2025					31/12/2024				
	Gross		Impairment allowance		Net	Gross		Impairment allowance		Net
	Amount	% of total	Amount	Impairment %		Amount	% of total	Amount	Impairment %	
T/o:										
Impairment assessment by portfolio	33,269,762.75	100.00	1,670,815.40	5.02	31,598,947.35	18,783,981.23	100.00	922,143.78	4.91	17,861,837.45
T/o:										
Deposits and margins	26,982,257.49	81.10	1,346,267.31	4.99	25,635,990.18	13,273,194.76	70.66	646,619.14	4.87	12,626,575.62
Imprest funds and others	6,287,505.26	18.90	324,548.09	5.16	5,962,957.17	5,510,786.47	29.34	275,524.64	5.00	5,235,261.83

Total	33,269,762.75	100.00	1,670,815.40	5.02	31,598,947.35	18,783,981.23	100.00%	922,143.78	4.91	17,861,837.45

Impairment allowance provided on a collective basis:

Unit: RMB Yuan

Nature of receivable	31/12/2025		
	Gross	Impairment allowance	Impairment %
Deposits and margins	26,982,257.49	1,346,267.31	4.99
Imprest funds and others	6,287,505.26	324,548.09	5.16
Total	33,269,762.75	1,670,815.40	

Impairment allowance provided under the general expected credit loss model:

Unit: RMB Yuan

Impairment allowance	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Balance as at 1 January 2025	922,143.78			922,143.78
Balance as at 1 January 2025 for the current period				
Provision for the current period	744,062.55			744,062.55
Other movements	4,609.07			4,609.07
Balance as at 31 December 2025	1,670,815.40			1,670,815.40

Analysis of significant movements in carrying amounts resulting in material changes in loss allowance for the period

□ Applicable ☑ Not applicable

d. Movement in impairment allowance recognised, recovered or reversed during the current period

Impairment allowance recognised during the current period:

Unit: RMB Yuan

Category	31/12/2024	Movement				31/12/2025
		Provision	Recovery or reversal	Write-off	Others	
Impairment assessment by portfolio	922,143.78	744,062.55			4,609.07	1,670,815.40
Total	922,143.78	744,062.55			4,609.07	1,670,815.40

e. Other receivables with the top five closing balances by debtor

Unit: RMB Yuan

Name of debtor	Nature of receivable	Closing balance	Ageing	Percentage of total closing balance of other receivables	Closing balance of impairment allowance
Rank 1	Deposits and security deposits	10,346,543.79	Within 1 year	31.10%	517,327.19
Rank 2	Deposits and security deposits	6,325,920.00	Within 1 year	19.01%	316,296.00
Rank 3	Deposits and security deposits	5,218,110.83	1-2 years	15.68%	260,905.54
Rank 4	Others	2,201,713.85	within 1 year	6.62%	110,085.69
Rank 5	Deposits and security deposits	1,666,700.00	2-3years	5.01%	83,335.00
Total		25,758,988.47		77.42%	1,287,949.42

vii. Prepayments

1. Prepayments by ageing

Unit: RMB Yuan

Ageing	31/12/2025		31/12/2024	
	Amount	Percentage	Amount	Percentage
Within 1 year	59,554,082.65	99.31%	44,692,073.05	97.54%
1-2 years	411,037.14	0.69%	1,127,370.34	2.46%
Total	59,965,119.79		45,819,443.39	

2. Prepayments with the top five closing balances by prepayment recipient

The aggregate balance of the top five prepayments by counterparty at the end of the current period amounted to RMB 28,079,007.34, representing 46.83% of the total prepayment balance at the end of the period.

vii. Inventories

Applicability of disclosure requirements for the real estate industry

No

1. Classification of inventories

Unit: RMB Yuan

Item	31/12/2025			31/12/2024		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Raw materials	305,874,665.08	19,338,053.84	286,536,611.24	253,046,381.36	14,520,806.52	238,525,574.84
Finished goods	316,675,878.76	40,054,775.85	276,621,102.91	127,586,179.93	18,173,895.25	109,412,284.68
Goods delivered but not yet recognised as sales	19,965,212.26	534,474.27	19,430,737.99	35,299,218.03		35,299,218.03
Materials in transit	16,302,158.66		16,302,158.66	36,511,939.35		36,511,939.35
Semi-finished goods	168,793,996.47	5,303,236.02	163,490,760.45	111,277,485.64	12,963,818.50	98,313,667.14

Total	827,611,911.23	65,230,539.98	762,381,371.25	563,721,204.31	45,658,520.27	518,062,684.04

2. Inventory write-down provisions and impairment provisions for contract fulfilment costs

Unit: RMB Yuan

Item	31/12/2024	Increase		Decrease		31/12/2025
		Provision	Others	Reversal or disposal	Others	
Raw materials	14,520,806.52	15,171,137.64	282,490.87	10,636,381.19		19,338,053.84
Finished goods	18,173,895.25	24,975,638.93	1,976,555.47	5,071,313.80		40,054,775.85
Semi-finished goods	12,963,818.50	4,780,687.84	26,505.49	12,467,775.81		5,303,236.02
Goods delivered but not yet recognised as sales		534,474.27				534,474.27
Total	45,658,520.27	45,461,938.68	2,285,551.83	28,175,470.80		65,230,539.98

ix. Other current assets

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Input VAT pending deduction and refund	331,319,544.45	294,228,234.48
Prepaid income tax	5,440,521.73	20,482,524.33
Accrued listing expenses	19,246,835.02	
Total	356,006,901.20	314,710,758.81

x. Other equity instrument investments

Unit: RMB Yuan

1. Details of other equity instrument investments

Item	31/12/2024	Changes in Current period					31/12/2025
		Additional investment	Disposal of investment	Gains recognized in other comprehensive income for the current period	Losses recognized in other comprehensive income for the current period	Others	
Hangzhou Huigan Intelligent Technology Co., Ltd		5,000,000.00					5,000,000.00
Guang				12,047,000.00		13,816,000.00	25,863,000.00

Dong Advanced Carbon Materials Co., Ltd.							
Total		5,000,000.00		12,047,000.00		13,816,000.00	30,863,000.00

(Continued)

Item	Dividend income recognized for the current period	Cumulative gains recognized in other comprehensive income	Cumulative losses recognized in other comprehensive income	Reasons for designation at fair value through other comprehensive income
Hangzhou Huigan Intelligent Technology Co., Ltd				
Guang Dong Advanced Carbon Materials Co., Ltd.		12,047,000.00		
Total		12,047,000.00		

2. There were no other equity instrument investments derecognized during the current period.

xi. Long-term equity investments

Unit: RMB Yuan

Investee	Opening balance (carrying amount)	Opening balance of impairment allowance	Changes in current year								Closing balance (carrying amount)	Closing balance of impairment allowance
			Additional investment	Reduction of investment	Investment income recognised under the equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profits declared	Impairment provision	Others		
1. Joint Ventures												
Yantai Xinghe Battery Materials Techn	1,118,523.55		1,250,000.00		894,673.51						3,263,197.06	

ology Co., Ltd.												
Subtotal	1,118,523.55		1,250,000.00		894,673.51						3,263,197.06	
2. Associates												
Shenzhen Xinyuanbang Technology Co., Ltd.	7,450,819.09		12,230,000.00		-2,185,860.75						17,494,958.34	
Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership)	41,019,615.40			42,398,091.79	1,378,476.39							
Shenzhen Xinglanxin New Material Technology Co., Ltd.			3,100,000.00		-1,287,591.04						1,812,408.96	
Subtotal	48,470,434.49		15,330,000.00	42,398,091.79	-2,094,975.40						19,307,367.30	
Total	49,588,958.04		16,580,000.00	42,398,091.79	-1,200,301.89						22,570,564.36	

Measurement of the net recoverable amount as the residue after deducting disposal costs from the fair value

□ Applicable ☑ Not applicable

Measurement of the net recoverable amount as the present value of the estimated future cash flows

□ Applicable ☑ Not applicable

xii. Other non-current financial assets

Unit: RMB Yuan

Item	31/12/2025	31/12/2024

Investment in equity instruments	94,597,612.73	76,981,857.52
Total	94,597,612.73	76,981,857.52

xiii. Fixed assets

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Fixed assets	10,385,124,711.04	7,332,214,090.98
Total	10,385,124,711.04	7,332,214,090.98

1.Fixed assets

Unit: RMB Yuan

Item	Houses and building	Machinery	Transportation vehicles	Office equipment	Experiment devices and other facilities	Total
I. Gross carrying amount:						
1.As at 31/12/2024	2,285,777,685.66	7,189,592,256.31	20,455,833.99	44,298,511.79	119,410,284.81	9,659,534,572.56
2. Additions	1,704,294,265.05	2,061,730,729.74	3,307,444.41	11,490,177.86	188,245,729.85	3,969,068,346.91
(1) Purchases		35,395,065.61	2,814,195.94	5,392,528.92	12,170,198.68	55,771,989.15
(2) Transfers from construction in progress	1,696,634,489.89	1,999,713,624.81	393,182.16	6,006,714.02	172,332,076.79	3,875,080,087.67
(3) Increase by business combination						
(4) Translation of foreign currency financial statement	7,659,775.16	26,622,039.32	100,066.31	90,934.92	3,743,454.38	38,216,270.09
3. Reductions	1,181,761.86	157,466,547.64	2,422,054.28	75,392.54	1,804,263.37	162,950,019.69
(1) Disposals or written-offs	1,181,761.86	157,466,547.64	2,422,054.28	75,392.54	1,804,263.37	162,950,019.69
4.As at 31/12/2025	3,988,890,188.85	9,093,856,438.41	21,341,224.12	55,713,297.11	305,851,751.29	13,465,652,899.78
II. Accumulated depreciation						
1.As at 31/12/2024	233,774,978.54	1,993,758,652.20	6,357,842.85	17,425,568.04	76,003,439.95	2,327,320,481.58

2. Additions	98,883,626.46	732,932,945.00	2,246,958.31	7,912,505.73	23,871,426.21	865,847,461.71
(1) Accrued	98,773,896.74	731,980,029.79	2,155,683.90	7,866,468.58	23,799,307.98	864,575,386.99
(2) Translation of foreign currency financial statement	109,729.72	952,915.21	91,274.41	46,037.15	72,118.23	1,272,074.72
3. Reductions		141,096,524.93	1,267,352.04	70,765.38	652,509.45	143,087,151.80
(1) Disposals or written-offs		141,096,524.93	1,267,352.04	70,765.38	652,509.45	143,087,151.80
4.As at 31/12/2025	332,658,605.00	2,585,595,072.27	7,337,449.12	25,267,308.39	99,222,356.71	3,050,080,791.49
III. Provision for impairment:						
1.As at 31/12/2024						
2. Additions		30,447,397.25				30,447,397.25
(1) Provision		30,447,397.25				30,447,397.25
3. Reductions						
(1) Disposals or written-offs						
(2)Other transfers out						
4.As at 31/12/2025		30,447,397.25				30,447,397.25
IV. Carrying amount:						
1. As at 31/12/2025	3,656,231,583.85	6,477,813,968.89	14,003,775.00	30,445,988.72	206,629,394.58	10,385,124,711.04
2. As at 31/12/2024	2,052,002,707.12	5,195,833,604.11	14,097,991.14	26,872,943.75	43,406,844.86	7,332,214,090.98

2. Temporarily idle fixed assets

Unit: RMB Yuan

Item	Gross carrying amount	Accumulated depreciation	Impairment provision	Carrying amount	Remarks
Machinery	99,307,355.55	65,440,958.30	30,447,397.25	3,419,000.00	

3. Fixed assets leased out under operating leases

Unit: RMB Yuan

Item	Carrying amount
Houses and building	202,870,329.65

4. Fixed assets for which title certificates have not yet been obtained

Unit: RMB Yuan

Item	Carrying amount	Reason why the title certificate has not yet been obtained
Phase II of the Project with an Annual Production Capacity of 360 Million Square Metres of High-performance Ultra-thin Lithium-ion Battery Separators	1,660,751.62	The conditions for obtaining the title certificate have not yet been met
Malaysia Project for Wet-process Lithium-ion Battery Separators and Coated Separators	252,286,444.02	The conditions for obtaining the title certificate have not yet been met

5. Impairment testing of fixed assets

☑ Applicable ☐ Not applicable

The recoverable amount is determined based on fair value less costs of disposal.

☑ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Carrying amount	Recoverable amount	Impairment amount	Method for determining fair value and costs of disposal	Key parameters	Basis for determining key parameters
Machinery and equipment related to the dry-process production lines of Shenzhen Senior Technology Material Co., Ltd. South China Base (Phase I)	33,866,397.25	3,419,000.00	30,447,397.25	Fair value: Determined based on the weight of recoverable scrap metal and the unit price of scrap metal recycling; Disposal costs: As the scrap metal recycling price adopted in this valuation is the door-to-door collection price, dismantling and removal costs are not considered; only stamp duty is taken into account.	Recoverable metal weight	The equipment weight is determined by the Company through inquiry of equipment technical records or consultation with equipment suppliers..
Total	33,866,397.25	3,419,000.00	30,447,397.25			

The recoverable amount is determined based on the present value of estimated future cash flows.

☑ Applicable ☐ Not applicable

Unit: RMB Yuan

Item	Carrying amount	Recoverable amount	Impairment amount	Forecast period	Key assumptions for the forecast period	Key assumptions for the terminal period	Basis for determining the key assumptions for the terminal period
Real estate related to the dry-process production line of Shenzhen Senior Technology Material Co., Ltd. South China Base (Phase I)	169,577,157.85	210,365,800.00	0.00	34.00	Rental unit price: Determined with reference to market conditions in the same area; Vacancy rate: Determined based on the leasing plan and prevailing market vacancy rates; Income period: Determined as the shorter of the remaining useful lives of the building and the land; Discount rate: Determined by applying a risk adjustment to the risk-free interest rate.	Discount rate, income period, rental unit price, rental growth rate, vacancy rate.	None applicable
Total	169,577,157.85	210,365,800.00	0.00				

xiv. Construction in progress

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Construction in progress	6,114,801,389.86	5,232,986,069.55
Total	6,114,801,389.86	5,232,986,069.55

1. Construction in progress

Unit: RMB Yuan

Item	31/12/2025			31/12/2024		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Functional film project of Shenzhen Senior Technology				26,674,601.77		26,674,601.77

Material Co., Ltd. South China Base (Phase II)						
Phase II of the project with an annual production capacity of 360 million square meters of high-performance ultra-thin lithium battery separator films	13,028,081.66		13,028,081.66	10,862,099.29		10,862,099.29
Project for high-performance lithium-ion battery wet-process separators and coated separators (Phase I, Phase II, and Phase III)	20,729,620.98		20,729,620.98	719,882,060.49		719,882,060.49
Sweden wet-process separator production line and coating production line	2,325,654,330.73		2,325,654,330.73	1,439,171,646.08		1,439,171,646.08
High-safety, high-performance ion battery separator project of Shenzhen Senior Technology Material Co., Ltd.	83,442,921.67		83,442,921.67	2,110,483,652.82		2,110,483,652.82
Malaysia project for high-performance lithium-ion battery wet-process separators and coated separators	3,031,310,071.15		3,031,310,071.15	786,137,356.88		786,137,356.88
U.S. project for high-performance ceramic and	610,802,200.70		610,802,200.70	121,763,235.94		121,763,235.94

polymer separators						
Miscellaneous projects	29,834,162.97		29,834,162.97	18,011,416.28		18,011,416.28
Total	6,114,801,389.86		6,114,801,389.86	5,232,986,069.55		5,232,986,069.55

2. Changes in significant construction-in-progress projects during the current period

Unit: RMB Yuan

Construction project	Budget	31/12/2024	Increase	Transfer to fixed assets	Other decrease	31/12/2025	Proportion of cumulative investment to budget	Percentage of completion	Cumulative borrowing costs caplitalised	T/o: Borrowing costs capitalised in the period	Borrowing cost capitalisation rate for the period	Source of funding
Functional film project of Shenzhen Senior Technology Material Co., Ltd. South China Base (Phase II)	650,000,000.00	26,674,601.77	58,997,747.75	85,672,349.52			100.00%	100.00%	19,393,972.11		0.00%	Loans from financial institutions
Phase II of the project with an annual production capacity of 360 million square meters of high-	516,350,000.00	10,862,099.29	6,149,240.05	3,983,257.68		13,028,081.66	96.99%	96.99%	8,785,055.74		0.00%	Loans from financial institutions

performance ultra-thin lithium battery separators												
Project for high-performance lithium-ion battery wet-process separators and coated separators (Phase I, Phase II, and Phase III)	8,700,000,000.00	719,882,060.49	116,032,979.59	815,185,419.10		20,729,620.98	65.66%	65.66%	135,741,435.00		0.00%	Proceeds from fund-raising
Swedish wet-process separator production line and coating production line	2,500,000,000.00	1,439,171,646.08	908,040,540.9	21,557,855.44		2,325,654,330.73	85.88%	85.88%	58,452,493.47	45,517,000.81	4.14%	Loans from financial institutions
High-safety, high-	10,000,000,000.0	2,110,483,652.82	498,059,433.61	2,525,100,164.76		83,442,921.67	31.45%	31.45%	83,739,748.14	35,853,566.91	2.75%	Loans from financial institutio

performance ion battery separator project of Shenzhen Senior Technology Material Co., Ltd.	0											ns
Malaysia project for high-performance lithium-ion battery wet-process separators and coated separators	5,000,000,000.00	786,137,356.88	2,610,675,682.76	365,502,968.49		3,031,310,071.15	64.83%	64.83%	304,614.30	304,614.30	2.95%	Others
U.S. project for high-performance ceramic and polymer separators	762,453,700.93	121,763,235.94	501,471,404.73	12,432,439.97		610,802,200.70	82.65%	82.65%	3,405,339.07	3,405,339.07	4.35%	Others
Total	28,128,803,700.93	5,214,974,653.27	4,699,427,028.58	3,829,434,454.96		6,084,967,226.89			309,822,657.83	85,080,521.09		

3. Impairment testing of construction in progress

□Applicable ☑ Not applicable

xv. Right-of-use assets

1. Right-of-use assets

Unit: RMB Yuan

Item	Houses and building	Total
I. Cost		
1.As at 31/12/2024	336,552,446.45	336,552,446.45
2. Additions	58,918,894.26	58,918,894.26
(1) Rental	57,998,461.03	57,998,461.03
(2) Translation of foreign currency financial statement	920,433.23	920,433.23
3. Reductions		
(1) Lease expiration		
4.As at 31/12/2025	395,471,340.71	395,471,340.71
II. Accumulated depreciation		
1.As at 31/12/2024	24,743,727.18	24,743,727.18
2. Additions	37,272,693.94	37,272,693.94
(1) Accrued	34,962,035.44	34,962,035.44
(2) Translation of foreign currency financial statement	2,310,658.50	2,310,658.50
3. Reductions		
(1) Disposal		
(2) Lease expiration		
4.As at 31/12/2025	62,016,421.12	62,016,421.12
III. Provision for impairment		
1.As at 31/12/2024		
2. Additions		
(1) Provision		
3. Reductions		
(1) Disposal		
4.As at 31/12/2025		
IV. Carrying amount:		
1. As at 31/12/2025	333,454,919.59	333,454,919.59
2. As at 31/12/2024	311,808,719.27	311,808,719.27

2. Impairment testing of right-of-use assets

□Applicable ☑ Not applicable

xvi. Intangible assets

1. Intangible assets

Unit: RMB Yuan

Item	Land use rights	Patents	Non-patented technology	Software and others	Total
I. Gross Carrying Amount					
1. Opening balance	1,043,017,460.48			15,241,153.02	1,058,258,613.50
2. Additions during the period	81,346,345.38			16,046,537.34	97,392,882.72
(1)Acquisition	48,200,096.93			16,037,595.91	64,237,692.84
(2) Internally developed					
(3) Increase from business combination					
(4) Exchange rate movements	33,146,248.45			8,941.43	33,155,189.88
3. Reductions during the period					
(1) Disposal					
4. Closing balance	1,124,363,805.86			31,287,690.36	1,155,651,496.22
II. Accumulated Amortization					
1. Opening balance	59,711,366.20			7,397,099.19	67,108,465.39
2. Additions during the period	13,242,966.61			2,953,057.34	16,196,023.95
(1) Amortization charged	13,242,966.61			2,953,057.34	16,196,023.95
(2) Exchange rate movements	-1,641.67			1,131.45	-510.22
3. Reductions during the period					
(1) Disposal					
(2) Exchange rate movements					
4. Closing balance	72,952,691.14			10,351,287.98	83,303,979.12
III. Impairment					

Provision					
1. Opening balance					
2. Additions during the period					
(1) Provision charged					
3. Reductions during the period					
(1) Disposal					
4. Closing balance					
IV. Carrying Amount					
1. Carrying amount at the end of the period	1,051,411,114.72			20,936,402.38	1,072,347,517.10
2. Carrying amount at the beginning of the period	983,306,094.28			7,844,053.83	991,150,14N8.11

2. During the reporting period, the Company did not recognize any intangible assets arising from internal research and development.

3. During the reporting period, the Company had no land use rights for which property ownership certificates had not been obtained.

4. Impairment testing of intangible assets

□Applicable ☑ Not applicable

xvii. Deferred tax assets / Deferred tax liabilities

1. Deferred tax assets before offsetting

Unit: RMB Yuan

Item	31/12/2025		31/12/2024	
	Deductible temporary difference	DTA	Deductible temporary difference	DTA
Asset impairment allowance	60,927,386.45	9,190,869.75	45,732,946.13	6,870,344.99
Unrealised profit	37,238,267.58	3,418,371.75	58,845,070.23	4,575,230.53
Recoverable tax loss	648,607,495.56	98,693,669.22	147,088,691.04	22,496,279.16
Government grants	86,409,860.46	12,961,479.07	92,996,727.88	19,949,509.18

Lease liabilities	259,569,235.68	59,598,053.49	283,588,945.27	64,865,650.34
Total	1,092,752,245.73	183,862,443.28	628,252,380.55	118,757,014.20

2. Deferred tax liabilities before offsetting

Unit: RMB Yuan

Item	31/12/2025		31/12/2024	
	Taxable temporary difference	DTL	Taxable temporary difference	DTL
Difference between the accounting value and tax value of long-term assets	45,356,936.84	8,187,679.10	28,715,190.87	4,307,278.63
One-off depreciation of fixed assets with the cost less than RMB 5 million	474,303,356.08	71,145,503.41	404,228,307.68	62,278,277.65
Right-of-use assets	242,137,629.76	55,596,626.49	284,004,165.81	64,936,237.81
Total	761,797,922.68	134,929,809.00	716,947,664.36	131,521,794.09

3. Deferred tax assets or liabilities presented on a net basis after offsetting

Unit: RMB Yuan

Item	Offset amount of deferred tax assets and liabilities at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Offset amount of deferred tax assets and liabilities at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	117,120,268.59	66,742,174.69	95,033,804.83	23,723,209.37
Deferred tax liabilities	117,120,268.59	17,809,540.41	95,033,804.83	36,487,989.26

4. Details of unrecognized deferred tax assets

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Deductible temporary differences	157,537,401.31	179,696,692.83
Recoverable tax loss	340,057,111.12	340,176,945.35
Total	497,594,512.43	519,873,638.18

5. The deductible tax losses for which no deferred tax assets have been recognized will expire in the following years.

Unit: RMB Yuan

Expiry in year	31/12/2025	31/12/2024	Note
2032		63,872,188.92	
2033	123,544,461.89	203,154,514.07	
2034		13,372,246.14	
2035	162,527,312.20		
Perpetual	53,985,337.03	59,777,996.22	
Total	340,057,111.12	340,176,945.35	

xviii. Other non-current assets

Unit: RMB Yuan

Item	31/12/2025			31/12/2024		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Prepayments for long-term assets	147,205,061.07		147,205,061.07	1,080,089,496.91		1,080,089,496.91
Long-term fixed-term savings and accrued interests	52,524,958.33		52,524,958.33	51,561,551.07		51,561,551.07
Payments for investment				13,816,000.00		13,816,000.00
Deductible input VAT and input VAT refundable	319,885,281.00		319,885,281.00	439,533,833.39		439,533,833.39
Total	519,615,300.40		519,615,300.40	1,585,000,881.37		1,585,000,881.37

xix. Restricted assets

Unit: RMB Yuan

Item	31/12/2025				31/12/2024			
	Gross	Net	Type of restriction	Restriction description	Gross	Net	Type of restriction	Restriction description
Monetary funds	804,717,438.96	804,717,438.96	Pledge	Margins for bank acceptance bills, letter of credit margins and other deposits, time deposits, and others	1,027,130,882.29	1,027,130,882.29	Pledge	Margins for bank acceptance bills, letter of credit margins and other deposits, and others
Notes receivable	285,721,587.69	285,410,958.64		Notes receivable endorsed or discounted but not yet matured at the end of the period				Notes receivable endorsed or discounted but not yet matured at the end of the period
Fixed assets	5,399,009,585.32	4,732,459,247.39	Mortgage	Notes receivable endorsed or discounted but not yet matured at the end of			Mortgage	Collateral for borrowings

				the period				
Intangible assets	508,941,270.14	453,895,739.30	Mortgage	Collateral for borrowings	1,738,034,142.31	1,738,034,142.31	Mortgage	Collateral for borrowings
Construction in progress	83,741,520.34	83,741,520.34	Mortgage	Collateral for borrowings	465,121,236.33	465,121,236.33	Mortgage	Collateral for borrowings
Other non-current assets	52,524,958.33	52,524,958.33			185,014,486.17	185,014,486.17	Pledge	Bank saving
Equity interests held in subsidiaries	829,854,909.23	829,854,909.23	Pledge	Bank borrowings obtained by pledging equity interests in subsidiaries	51,561,551.07	51,561,551.07	Pledge	Bank borrowings obtained by pledging equity interests in subsidiaries
Total	7,964,511,270.01	7,242,604,772.19			576,966,439.10	576,966,439.10		

xx. Short-term bank loans

1. Short-term bank loans

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Collateralized Loan	30,000,000.00	
Guaranteed loans	40,000,000.00	60,000,000.00
Credit loans	1,593,887,122.84	691,000,000.00
Cashed notes receivable	2,350,996,870.73	2,509,089,951.14
Accrue interests	3,259,161.79	1,869,597.23
Total	4,018,143,155.36	3,261,959,548.37

2. Details of overdue and unpaid short-term bank loans

As at the end of the current period, the Company had no short-term borrowings overdue and unpaid as of the reporting date.

xxi. Financial liabilities held for trading

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Financial liabilities held for trading	12,619,557.32	
Including:		
Purchased put-option participating forwards	12,360,136.42	
Purchased USD Call Option	158,176.42	
Written USD Put Option	101,244.48	
Including:		
Total	12,619,557.32	

xxii. Notes payable

Unit: RMB Yuan

Type	31/12/2025	31/12/2024
Bank acceptance	217,200,004.48	120,611,992.93
Total	217,200,004.48	120,611,992.93

The total amount of notes payable that had matured but remained unpaid at the end of the current period was RMB 0.00.

xxiii. Accounts payable

1. Accounts payable

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Construction projects and machinery	692,736,702.10	996,998,352.97
Materials	377,255,428.14	307,507,516.74
Land		113,937,646.18
Expenses and others	76,239,671.35	104,160,866.88
Total	1,146,231,801.59	1,522,604,382.77

2. Significant accounts payable overdue or aged over 1 year

Unit: RMB Yuan

Item	31/12/2025	Reason for non-settlement
Shenzhen Da'an Construction Engineering Co., Ltd.	50,468,952.23	Project costs have not yet been settled.
GUANG DONG Simcheng Plastics Machinery Co., Ltd.	14,351,425.10	The acceptance process is still ongoing.
Total	64,820,377.33	

3. Whether there are any overdue unpaid amounts due to small and medium-sized enterprises.

Whether it is a large enterprise.

□Applicable ☑ Not applicable

xxiv. Other payables

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Other payables	26,879,105.39	34,144,294.63
Total	26,879,105.39	34,144,294.63

1. Other payables

a. Other payables by nature of payment

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Deposits	15,569,502.33	15,003,844.68
Accrued listing expenses	3,185,562.48	
Individual income tax refund payable	13,529.01	280,956.57
Others	8,110,511.57	6,403,031.07
Repurchase obligation for restricted		12,456,462.31

shares		
Total	26,879,105.39	34,144,294.63

xxv. Contract liabilities

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Advance receipts from customers	18,139,182.95	4,333,298.86
Total	18,139,182.95	4,333,298.86

xxvi. Employee benefits payable

1. Employee benefits payable

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025
A. Short-term benefits	61,854,954.66	822,697,115.98	799,513,193.30	85,038,877.34
B. Post-employment benefits – defined obligation plans		44,451,371.97	44,451,371.97	
Total	61,854,954.66	867,148,487.95	843,964,565.27	85,038,877.34

2. Short-term benefits

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025
1. Salaries, wages, bonuses, and allowance	61,854,954.66	751,425,081.67	735,210,551.99	78,069,484.34
2. Welfare		27,421,511.75	27,421,511.75	
3. Social securities		23,129,179.56	23,129,179.56	
T/o: Medical insurance		19,393,175.09	19,393,175.09	
Work injury insurance		2,803,075.07	2,803,075.07	
Maternity insurance		932,929.40	932,929.40	
4. Housing funds		19,274,174.60	12,304,781.60	6,969,393.00
5. Trade union dues and staff education expenses		1,447,168.40	1,447,168.40	
Total	61,854,954.66	822,697,115.98	799,513,193.30	85,038,877.34

3. Defined obligation plans

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025
1. Basic pension		42,916,158.18	42,916,158.18	
2. Job loss insurance		1,535,213.79	1,535,213.79	
Total		44,451,371.97	44,451,371.97	

xxvii. Taxes payable

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
VAT	2,463,470.46	3,547,096.78
CIT	29,772,918.93	17,145,477.82
Personal income tax	5,671,173.67	6,029,720.62
Urban maintenance and construction tax	520,907.07	792,291.73
Stamp duty	1,079,627.71	676,794.09
Education surcharge and local education surcharge	375,305.85	565,922.65
Land use tax	903,675.18	903,675.18
Property tax	4,077,089.60	3,173,996.04
Environment protection tax	7,386.05	108,174.66
Total	44,871,554.52	32,943,149.57

xxviii. Non-current liabilities due within 1 year

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Current portion of long-term borrowings	1,491,019,903.54	741,622,167.29
Current portion of bonds payable		
Current portion of long-term payables	239,125,299.38	101,485,498.90
Current portion of lease liabilities	24,102,423.41	18,646,199.22
Total	1,754,247,626.33	861,753,865.41

xxix. Other current liabilities

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Output VAT pending transfer	365,429.15	466,047.97
Bills endorsed but not derecognized	195,398,809.30	160,350,288.45
Total	195,764,238.45	160,816,336.42

xxx. Long-term bank loans

1. Long-term bank loans

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Collateralized borrowings	5,514,078,295.94	6,126,139,579.90
Guaranteed loans	239,110,045.96	20,000,000.00
Credit loans	1,063,238,321.52	393,000,000.00
Less: Long-term bank loans due within 1 year	-1,491,019,903.54	-741,622,167.29
Total	5,325,406,759.88	5,797,517,412.61

xxxi. Lease liabilities

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Lease liabilities	379,349,305.95	405,175,917.96
Less: Unrecognised financing costs	-73,479,270.33	-86,671,265.78
Less: Lease liabilities due within 1 year	-24,102,423.41	-18,646,199.22
Total	281,767,612.21	299,858,452.96

xxxii. Long-term payables

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Long-term payables	1,036,038,721.23	504,069,250.00
Total	1,036,038,721.23	504,069,250.00

1. Disclosure by nature

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
China Development Bank Development Fund and related interest	67,378,744.00	167,865,498.90
"Borrow and Make Up" Special Support Funds		22,600,000.00
Foshan Huizhi investment funds and related interest	426,051,967.12	415,089,250.00
Bank of Communications Financial Leasing Co., Ltd.	134,378,462.12	
Industrial Financial Leasing Co., Ltd.	465,813,847.37	
Kunlun Financial Leasing Co., Ltd	181,541,000.00	
Subtotal	1,275,164,020.61	605,554,748.90
Less: Long-term payables due within 1 year	239,125,299.38	101,485,498.90
Total	1,036,038,721.23	504,069,250.00

(1) China Development Bank Development Fund

The China Development Bank Development Fund represents special-purpose funds received by the Company and its subsidiary, Hefei Senior New Energy Materials Co., Ltd. (“Hefei Senior”), pursuant to the *Investment Agreement* entered into with Hefei Urban Construction Investment Holding Co., Ltd. In March 2016, the Company, Hefei Senior and Hefei Urban Construction Investment Holding Co., Ltd. (“Hefei Urban Investment”) entered into the *China Development Bank Development Fund Investment Contract* (the “Investment Agreement”) and the *Equity Repurchase Agreement of Hefei Senior New Energy Materials Co., Ltd.* (the “Repurchase Agreement”). At the same time, the Company and Hefei Guoxuan High-Tech Power Energy Co., Ltd. (“Hefei Guoxuan”) entered into the *China Development Bank Development Fund Investment Repurchase Agreement* (the “CDB Repurchase Agreement”). It was agreed that Hefei Urban Investment would make a capital increase of RMB 200 million in cash to

Hefei Senior for the construction of the lithium-ion battery wet-process separator and coated separator project (the "Project"). The investment term of the Project is 10 years. During the investment term, Hefei Urban Investment is entitled to an annual return of 1.272%, either through dividends or through a repurchase premium.

According to the Repurchase Agreement, during and upon expiry of the investment term, if Hefei Urban Investment chooses to recover the fund investment through the Company's repurchase of equity, the Company shall repurchase the entire RMB 200 million equity interest. According to the CDB Repurchase Agreement, subject to certain conditions, the Company and Hefei Guoxuan shall jointly repurchase the equity interest requested by Hefei Urban Investment in accordance with the time, proportion and price stipulated in the agreement.

In December 2016, the Company, Hefei Senior and Hefei Urban Construction Investment Holding Co., Ltd. entered into the *Supplemental Agreement to the China Development Bank Development Fund Investment Contract and Repurchase Agreement*, which amended the annual return payable to Hefei Urban Investment during the investment term from 1.272% to 1.29%, to be obtained through dividends or repurchase premium.

In May 2019, as the Phase II project of Hefei Senior had not yet commenced construction, Hefei Urban Investment withdrew an investment amount of RMB 33,620,000.00, which is to be returned once the Phase II project commences construction.

As the Company cannot unconditionally avoid the contractual obligation to deliver cash, in accordance with the relevant provisions of *Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments*, the equity repurchase amount payable and related interest are recognized as long-term payables. During the current period, the equity repurchases amount and interest payable due in 2026 were reclassified to the current portion of long-term payables due within one year.

(2) Special policy support funds under the "loan-to-grant" program

The special policy support funds under the "loan-to-grant" program represent special-purpose funds obtained by the subsidiary Hefei Senior New Energy Materials Co., Ltd. pursuant to the *Agreement on the Use of Special Fiscal Support Funds under the "Loan-to-Grant" Program for the New Energy Vehicle Industry Cluster Development Base for the Annual Production of 50 Million Square Meters of Lithium-ion Battery Wet-process Separators and Coated Separators Project (Phase I)*, entered into with the Administrative Committee of Anhui Lujiang Economic Development Zone, the Lujiang County Development and Reform Commission, and the Lujiang County Finance Bureau.

According to the agreement, special funds for strategic emerging industry cluster development bases allocated by the provincial finance authorities were provided in advance to support the project construction of Hefei Senior New Energy Materials Co., Ltd. in the form of a “loan-to-grant” arrangement. The specific amount of pre-allocated funds to be converted into government grants can only be determined after the project passes acceptance inspection organized by the relevant authorities and is rated as qualified in the performance evaluation. If the project is rated as unqualified after the performance evaluation, all pre-allocated funds must be repaid in full in a lump sum.

In 2025, as the “loan-to-grant” project completed acceptance inspection and passed the performance evaluation, the Company transferred the special policy support funds received under the “loan-to-grant” program to deferred income.

(3) Foshan Huizhi investment funds

The Foshan Huizhi investment funds represent special investment funds received by the Company and its subsidiary Shenzhen Senior Technology Material Co., Ltd. (Foshan) New Material Technology Co., Ltd. (“Foshan Senior”) pursuant to the Capital Increase Agreement entered into with Foshan Lanhai Huizhi Investment Management Co., Ltd. (“Foshan Huizhi”).

In August 2023, the Company, Foshan Senior and Foshan Huizhi entered into the Capital Increase Agreement, under which Foshan Huizhi agreed to subscribe, in cash consideration of RMB 400 million, for the newly increased registered capital of Foshan Senior in the amount of RMB 400 million, thereby obtaining a 40% equity interest in Foshan Senior. Upon the expiry of five years from the completion date of the capital increase, or upon the occurrence of any circumstance under the agreement in which Foshan Huizhi is entitled to request early repurchase, Foshan Huizhi has the right to require the Company to repurchase the equity interest held by Foshan Huizhi, and the Company has undertaken to cooperate unconditionally.

As the Company cannot unconditionally avoid the contractual obligation to deliver cash, in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments, the equity repurchase amount payable and related interest are recognized as long-term payables.

(4) Sale and Leaseback Transaction

i. Bank of Communications Financial Leasing Co., Ltd.

The Company's subsidiary, Changzhou Senior, as lessee, and Bank of Communications Financial Leasing Co., Ltd. ("BoCom Leasing"), as lessor, entered into a finance lease agreement on April 2, 2025. Pursuant to the agreement, Changzhou Senior

transferred the leased assets, of which it held full ownership, to BoCom Leasing, which then leased such assets back to Changzhou Senior for use. The aggregate purchase price of the leased assets under the agreement amounted to RMB 300,000,000. Upon expiry of the lease term, the lessee is entitled to repurchase the leased assets at a nominal price of RMB 1.00.

As of December 31, 2025, RMB 150,000,000 of the aforesaid purchase price of the leased assets remained uncollected.

ii. Industrial Bank Financial Leasing Co., Ltd.

The Company's subsidiary, Changzhou Senior, together with Shenzhen Senior, as co-lessees, and Industrial Bank Financial Leasing Co., Ltd. ("Industrial Bank Leasing"), as lessor, entered into a finance lease agreement on March 27, 2025. Pursuant to the agreement, Changzhou Senior transferred its self-owned production equipment, of which it held legal ownership and disposal rights, to Industrial Bank Leasing, which then leased such assets to Changzhou Senior and Shenzhen Senior for joint use. The aggregate purchase price of the leased assets under the agreement amounted to RMB 500,000,000. Upon expiry of the lease term, the lessees are entitled to repurchase the leased assets at a nominal price of RMB 0.

iii. Kunlun Financial Leasing Co., Ltd.

The Company's subsidiary, Jiangsu Senior, as lessee, and Kunlun Financial Leasing Co., Ltd. ("Kunlun Leasing"), as lessor, entered into a finance lease agreement on March 28, 2025. Pursuant to the agreement, Jiangsu Senior sold the leased assets, of which it held ownership, to Kunlun Leasing, which then leased such assets back to Jiangsu Senior for use. The aggregate purchase price of the leased assets under the agreement amounted to RMB 200,000,000. Upon expiry of the lease term, the lessee is entitled to repurchase the leased assets at a nominal price of RMB 6,666.67.

xxxiii. Deferred income

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025	Source
Government grants	475,457,972.30	50,010,452.34	53,266,442.83	472,201,981.81	Government grants
Total	475,457,972.30	50,010,452.34	53,266,442.83	472,201,981.81	

xxxiv. Share capital

Unit: RMB Yuan

	31/12/2024	Movement					31/12/2025
		Issue	Bonus issue	Conversion from reserves	Others	Subtotal	
Number of	1,342,956,97				5,167,169.00	5,167,169.00	1,348,124,13

shares	0.00						9.00

1. On November 19, 2024, the Company convened the second extraordinary general meeting of shareholders of 2024 and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but Not Yet Vested. It was resolved to repurchase and cancel 54,892 restricted shares that had been granted to 22 incentive participants but had not yet been vested, at repurchase prices of RMB 11.826745 per share and RMB 11.41 per share, with a total repurchase consideration of RMB 639,330.58. As of January 22, 2025, the Company had paid the repurchase consideration for 54,892 shares totaling RMB 639,330.58, of which share capital decreased by RMB 54,892.00 and capital reserve decreased by RMB 584,438.58.

2. On May 8, 2025, the Company convened the third extraordinary general meeting of shareholders of 2025 and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but Not Yet Vested. It was resolved to repurchase and cancel 47,999 restricted shares granted to 17 incentive participants but not yet vested, at repurchase prices of RMB 11.826745 per share and RMB 11.41 per share, with a total repurchase consideration of RMB 558,448.12.

On May 21, 2025, the Company convened the 2024 annual general meeting of shareholders and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but Not Yet Vested under the 2022 Restricted Share Incentive Plan. It was resolved to repurchase and cancel 962,440 restricted shares granted to 17 incentive participants but not yet vested, at repurchase prices of RMB 11.826745 per share and RMB 11.41 per share, with a total repurchase consideration of RMB 12,021,700.75.

As of July 26, 2025, the Company had paid, in cash, the repurchase consideration, interest, and related costs for 1,010,439 shares, totaling RMB 12,580,148.87, of which share capital decreased by RMB 1,010,439.00, capital reserve decreased by RMB 10,806,524.50, and expenses for the period increased by RMB 763,185.37.

3. On October 10, 2025, the Company convened the nineteenth meeting of the sixth Board of Directors and approved the Proposal on the Fulfilment of the Vesting Conditions for the First Vesting Period of the Initial Grant under the 2024 Restricted Share Incentive Plan. In accordance with the relevant provisions of the 2024 Restricted Share Incentive Plan (Draft) and the authorization granted by the first extraordinary general meeting of shareholders of 2024, the Board agreed to process the vesting of 6,232,500 Class II restricted shares for 47 eligible incentive participants. As of October 10, 2025, the Company had received equity incentive payments from the participants totaling RMB 23,060,250.00, all paid in cash. As a result, share capital increased by RMB 6,232,500.00 and capital reserve increased by RMB 16,827,750.00.

xxxv. Capital reserve

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025
Share premium	6,382,240,339.43	16,827,750.00	11,390,963.08	6,387,677,126.35
Other capital reserve	44,481,902.20	45,992,245.60	6,086,166.71	84,387,981.09
Total	6,426,722,241.63	62,819,995.60	17,477,129.79	6,472,065,107.44

Note, including movement and the reason for movement:

1. On November 19, 2024, the Company convened the second extraordinary general meeting of shareholders of 2024 and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but Not Yet Vested. It was resolved to repurchase and cancel 54,892 restricted shares granted to 22 incentive participants but not yet vested, at repurchase prices of RMB 11.826745 per share and RMB 11.41 per share, with a total repurchase consideration of RMB 639,330.58. As of January 22, 2025, the Company had paid the repurchase consideration for 54,892 shares totaling RMB 639,330.58, of which share capital decreased by RMB 54,892.00 and capital reserve decreased by RMB 584,438.58.

2. On May 8, 2025, the Company convened the third extraordinary general meeting of shareholders of 2025 and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but Not Yet Vested. It was resolved to repurchase and cancel 47,999 restricted shares granted to 17 incentive participants but not yet vested, at repurchase prices of RMB 11.826745 per share and RMB 11.41 per share, with a total repurchase consideration of RMB 558,448.12.

On May 21, 2025, the Company convened the 2024 annual general meeting of shareholders and approved the Proposal on the Repurchase and Cancellation of Certain Restricted Shares Granted but Not Yet Vested under the 2022 Restricted Share Incentive Plan. It was resolved to repurchase and cancel 962,440 restricted shares granted to 17 incentive participants but not yet vested, at repurchase prices of RMB 11.826745 per share and RMB 11.41 per share, with a total repurchase consideration of RMB 12,021,700.75.

As of July 26, 2025, the Company had paid, in cash, the repurchase consideration, interest and related costs for 1,010,439 shares, totaling RMB 12,580,148.87, of which share capital decreased by RMB 1,010,439.00, capital reserve decreased by RMB 10,806,524.50, and expenses for the period increased by RMB 763,185.37.

3.On October 10, 2025, the Company convened the nineteenth meeting of the sixth Board of Directors and approved the Proposal on the Fulfilment of the Vesting Conditions for the First Vesting Period of the Initial Grant under the 2024 Restricted Share Incentive Plan. In accordance with the relevant provisions of the 2024 Restricted Share Incentive Plan (Draft) and the authorization granted by the first extraordinary general meeting of shareholders of 2024, the Board agreed to process the vesting of

6,232,500 Class II restricted shares for 47 eligible incentive participants. As of October 10, 2025, the Company had received equity incentive payments from the participants totaling RMB 23,060,250.00, all paid in cash. Accordingly, share capital increased by RMB 6,232,500.00 and capital reserve increased by RMB 16,827,750.00.

4.As the Company failed to meet the company-level performance targets for the second vesting period under the 2023 Restricted Share Incentive Plan, the previously recognized share-based payment expenses were reversed, resulting in a decrease in capital reserve of RMB 6,086,166.71.

5.In accordance with the Restricted Share Incentive Plan, the Company recognizes share-based payment expenses over the service period based on the difference between the grant price and the fair value of the restricted shares granted. During the current period, other capital reserve increased by RMB 45,992,245.60.

xxxvi. Treasury shares

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025
Repurchase obligation for restricted shares	11,989,520.19		11,989,520.19	
Shares repurchased	50,775,358.43	299,982,970.87		350,758,329.30
Total	62,764,878.62	299,982,970.87	11,989,520.19	350,758,329.30

Note, including movement and the reason for movement:

Shenzhen Senior Technology Material Co., Ltd. convened the tenth meeting of the sixth Board of Directors and the eighth meeting of the sixth Supervisory Board on February 17, 2025, at which the *Proposal on the Share Repurchase Plan* was approved. The Company proposed to use its own funds and special-purpose loan funds for share repurchase to repurchase its shares through centralized bidding transactions, for use in equity incentive plans and/or employee stock ownership plans.

As of March 6, 2025, the Company had cumulatively repurchased 8,580,200 shares through the dedicated securities account for share repurchase by centralized bidding transactions, representing 0.64% of the Company's total share capital. The highest transaction price was RMB 12.06 per share, the lowest transaction price was RMB 11.25 per share, and the average transaction price was RMB 11.65 per share, with a total transaction amount of RMB 99,989,740.96 (excluding transaction costs). All the repurchased shares are held in the Company's dedicated securities account for share repurchase and will be used for equity incentive plans and/or employee stock ownership plans.

On April 16, 2025, the Company convened the thirteenth meeting of the sixth Board of Directors and the eleventh meeting of the sixth Supervisory Board, at which the *Proposal on the Share Repurchase Plan* was approved. The Company proposed to use its

own funds and special-purpose loan funds for share repurchase to repurchase its shares through centralized bidding transactions, for the purpose of maintaining the Company's value and safeguarding shareholders' interests. As of June 18, 2025, the Company had cumulatively repurchased 19,855,640 shares through the dedicated securities account for share repurchase by centralized bidding transactions, representing 1.48% of the Company's total share capital. The highest transaction price was RMB 10.30 per share, the lowest transaction price was RMB 9.82 per share, and the average transaction price was RMB 10.07 per share, with a total transaction amount of RMB 199,976,292.11 (excluding transaction costs). The repurchased shares will be used to maintain the Company's value and safeguard shareholders' interests. Such shares will be sold through centralized bidding transactions 12 months after the disclosure of the share repurchase results and changes in share capital, and the disposal will be completed within three years after such disclosure. If the Company fails to complete the disposal within the prescribed period, the unsold shares will be cancelled in accordance with relevant procedures.

In 2025, the Company reduced its repurchase obligation for restricted shares that had been granted but not yet vested, resulting in a corresponding decrease in treasury shares of RMB 11,989,520.19.

xxxvii. Other comprehensive income

Unit: RMB Yuan

Item	31/12/2024	Movement						31/12/2025
		Before tax	Less: Reclassification to profit or loss	Less: Reclassification to retained earnings	Less: Inome tax	After-tax attributable to shareholders of the Company	After-tax attributable to non-controlling interests	
I. Other comprehensive income that will not be reclassified to profit or loss		12,047,000.00				12,047,000.00		12,047,000.00
Changes in the fair value of investments in other equity instruments		12,047,000.00				12,047,000.00		12,047,000.00
II. Other comprehensive income that	-17,090,058.91	318,551,533.36				318,551,533.36		301,461,474.45

may be reclassified to profit or loss								
Exchange differences arising from translation of foreign financial statements	-17,090,058.91	318,551,533.36				318,551,533.36		301,461,474.45
Total other comprehensive income	-17,090,058.91	330,598,533.36				330,598,533.36		313,508,474.45

xxxviii. Surplus reserve

Unit: RMB Yuan

Item	31/12/2024	Increase	Decrease	31/12/2025
Statutory surplus reserve	137,593,837.68			137,593,837.68
Total	137,593,837.68			137,593,837.68

xxxix. Retained earnings

Unit: RMB Yuan

Item	2025	2024
Retained earnings bought forward before adjustment	1,971,719,601.02	1,931,374,834.70
Post-adjustment opening retained earnings	1,971,719,601.02	1,931,374,834.70
Add: Net profit attributable to shareholders of the Company	36,367,767.51	363,826,336.12
Less: Transfer to statutory surplus reserve		28,099,469.60
Dividends for ordinary shares	66,595,335.51	295,382,100.20
Retained earnings carried forward	1,941,492,033.02	1,971,719,601.02

Adjustment of the retained earnings brought forward:

1. Retrospective adjustment upon adoption of new accounting standards with impact on the retained earnings brought forward amounting to RMB 0.00.

2. Change of accounting policies with impact on the retained earnings brought forward amounting to RMB 0.00.

3. Correction of significant accounting errors with impact on the retained earnings brought forward amounting to RMB 0.00.

4. Business combination under common control with impact on the retained earnings brought forward amounting to RMB 0.00.

5. Other adjustments with impact on the retained earnings brought forward amounting to RMB 0.00.

xxxx. Revenue and cost of sales

Unit: RMB Yuan

Item	2025		2024	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary operation	4,076,845,315.01	3,148,177,639.73	3,506,153,025.92	2,496,819,642.87
Other operation	48,526,793.60	27,215,946.34	34,953,578.47	14,259,236.14
Total	4,125,372,108.61	3,175,393,586.07	3,541,106,604.39	2,511,078,879.01

Whether the lower of the audited net profit before and after deduction of non-recurring gain or loss is negative

☑Yes □ No

Unit: RMB Yuan

Item	2025	Details of specific deductions	2024	Details of specific deductions
Operating revenue	4,125,372,108.61	Total revenue	3,541,106,604.39	Total revenue
Total amount of deductions from operating revenue	48,526,793.60	Other operating income	34,953,578.47	Other operating income
Proportion of total deductions from operating revenue to operating revenue	1.18%		0.99%	
I. Revenue from business activities unrelated to the principal operations				
Revenue from other business activities outside normal operations, such as income from leasing out fixed assets, intangible assets or packaging materials, sales of materials, non-monetary asset exchanges involving materials, entrusted management services, and other income generated outside the listed company's normal operations, even if included in principal operating revenue.	48,526,793.60	Income from sales of materials and scrap, rental income, consulting income, etc.	34,953,578.47	Income from sales of materials and scrap, rental income, consulting income, etc.
Subtotal of revenue from business activities unrelated to the principal operations	48,526,793.60	Other operating income	34,953,578.47	Other operating income
II. Revenue without commercial substance				
Subtotal of revenue	0.00	Not applicable	0.00	Not applicable

without commercial substance				
Operating revenue after deductions	4,076,845,315.01	Revenue from principal operations	3,506,153,025.92	Revenue from principal operations

xxxxi. Taxes and surcharges

Unit: RMB Yuan

Item	2025	2024
Urban maintenance and construction tax	5,993,593.17	7,120,644.98
Education surcharge	4,303,417.79	5,087,537.04
Property tax	27,771,606.76	12,526,439.88
Land use tax	4,748,392.04	4,753,333.81
Vehicle and vessel tax	11,700.00	13,740.00
Stamp duty	4,580,430.25	4,418,343.06
Environmental protection tax, water conservancy fund, and other surtaxes	468,056.16	1,043,634.21
Total	47,877,196.17	34,963,672.98

xxxxii. Administrative expenses

Unit: RMB Yuan

Item	2025	2024
Employee compensation	192,352,109.66	139,126,003.85
Depreciation and amortization	60,017,943.97	31,285,109.14
Intermediary and consulting fees	31,485,204.80	31,455,321.52
Restricted share incentive expenses	24,632,571.52	8,281,108.40
Office expenses	21,392,061.06	24,663,810.87
Travel expenses	15,449,837.16	7,967,349.89
Business entertainment expenses	9,387,911.62	10,926,281.26
Insurance expenses	3,304,142.56	3,208,252.81
Others	20,397,800.10	19,231,987.68
Total	378,419,582.45	276,145,225.42

xxxxiii. Selling expenses

Unit: RMB Yuan

Item	2025	2024
Employee compensation	25,246,969.96	20,391,035.92
Business entertainment expenses	6,957,193.93	6,757,320.33
Travel expenses	3,568,435.93	2,876,148.20
Sales agency fees	1,246,487.01	1,784,241.90
Office expenses	1,184,184.68	1,284,787.88
Insurance expenses	908,923.26	1,202,270.69
Restricted share incentive expenses	482,556.02	437,750.00
Depreciation and amortization	54,314.42	49,201.22
Others	3,156,356.18	2,329,432.59
Total	42,805,421.39	37,112,188.73

xxxxiv. R&D expenses

Unit: RMB Yuan

Item	2025	2024
Employee compensation	111,062,843.33	79,596,238.48
Direct input costs	115,336,291.54	120,438,457.05
Depreciation and amortization	32,983,908.83	27,920,137.93
Restricted share incentive expenses	4,792,888.48	190,221.19
Others	14,203,627.26	19,879,220.40
Total	278,379,559.44	248,024,275.05

xxxxv. Financial expenses

Unit: RMB Yuan

Item	2025	2024
Interest expense	186,116,179.54	96,757,324.70
Less: interest income	55,344,078.34	66,283,242.37
Bank surcharge	5,413,075.72	3,727,071.33
Exchange gains or losses	57,894,510.59	-27,137,738.89
Interest on bill discounting	32,143,988.16	35,780,826.39
Total	226,223,675.67	42,844,241.16

xxxxvi. Other income

Unit: RMB Yuan

Sources of other income	2025	2024
Government grants	99,735,598.59	84,462,891.72
Refund of individual income tax handling fees	85,873.29	95,746.16
VAT relief	7,470,750.66	11,329,907.46
Total	107,292,222.54	95,888,545.34

xxxxvii. Gains or losses from changes in fair value

Unit: RMB Yuan

Sources of gains from changes in fair value	2025	2024
Financial assets held for trading	85,599,415.38	-12,436,056.24
Financial liabilities held for trading	-12,219,661.57	
Other non-current financial assets	17,615,755.21	2,770,098.80
Total	90,995,509.02	-9,665,957.44

xxxxviii. Investment income

Unit: RMB Yuan

Item	2025	2024
Investment income from long-term equity investments accounted for using the equity method	-1,200,301.89	-1,348,553.61

Investment income from financial assets held for trading during the holding period	1,416,657.37	20,175,069.99
Total	216,355.48	18,826,516.38

xxxxix. Credit impairment loss

Unit: RMB Yuan

Item	2025	2024
Impairment loss on notes receivable	-967,393.83	-1,524,723.98
Bad debt loss on accounts receivable	8,749,615.12	-60,781,718.57
Bad debt loss on other receivables	-744,062.55	-453,917.25
Total	7,038,158.74	-62,760,359.80

xxxxx. Asset impairment loss

Unit: RMB Yuan

Item	2025	2024
I. Inventory write-down losses and impairment losses on contract fulfillment costs	-45,461,938.68	-25,038,636.46
IV. Impairment losses on fixed assets	-30,447,397.25	
Total	-75,909,335.93	-25,038,636.46

xxxxxi. Gain from asset disposal

Unit: RMB Yuan

Sources of gains from asset disposal	2025	2024
Loss on disposal of fixed assets	-16,215,519.20	-1,682,564.82

xxxxxii. Non-operating income

Unit: RMB Yuan

Item	2025	2024	Amount included in non-recurring profit or loss for the current period
Compensation income	1,157,637.08	234,513.16	1,157,637.08
Others	5,454,886.41	2,351,383.13	5,454,886.41
Total	6,612,523.49	2,585,896.29	6,612,523.49

xxxxxiii. Non-operating expenses

Unit: RMB Yuan

Item	2025	2024	Amount recognized in non-recurring profit or loss for the current period

External donations	783,940.00	447,778.00	783,940.00
Loss on scrapping of non-current assets	32,469,058.68	565,147.54	32,469,058.68
Late payment surcharge	10,856,139.32	720,975.39	10,856,139.32
Other expenses	1,015,057.71	338,397.26	1,015,057.71
Total	45,124,195.71	2,072,298.19	45,124,195.71

xxxxxiv. Income tax expenses

1. Income tax expenses

Unit: RMB Yuan

Item	2025	2024
Current income tax expense	39,125,091.25	51,363,081.97
Deferred income tax expense	-61,771,994.61	-15,052,451.95
Total	-22,646,903.36	36,310,630.02

2. Reconciliation between accounting profit and income tax expense

Unit: RMB Yuan

Item	2025
Profit before income tax	51,178,805.85
Income tax expense calculated at the statutory/applicable tax rate	7,676,820.89
Effect of different tax rates applicable to subsidiaries	-888,196.55
Effect of adjustments to income tax for prior periods	-251,272.78
Effect of non-taxable income	180,045.28
Effect of non-deductible costs, expenses and losses	1,965,744.10
Effect of utilizing deductible tax losses for which deferred tax assets were not previously recognized	-19,237,747.70
Effect of deductible temporary differences or deductible tax losses for which deferred tax assets were not recognized in the current period	20,990,282.54
Changes in the opening balance of deferred tax assets/liabilities due to tax rate adjustments	4,366,371.59
Additional deduction for research and development expenses	-37,448,950.73
Income tax expense	-22,646,903.36

xxxxxv. Other comprehensive income

See Note VII. xxxvii.

xxxxxvi. Notes to the consolidated statement of cash flows

1. Cash flows for operating activities

Other cash receipts in relation to operating activities

Unit: RMB Yuan

Item	2025	2024
Government grants	77,252,485.00	117,330,308.08
Interest received on deposits	46,878,002.26	78,453,049.33
Receipts from current accounts	8,168,325.03	6,856,800.00
Cash received from non-operating income and others	6,642,056.37	2,681,642.45
Total	138,940,868.66	205,321,799.86

Other cash payments in relation to operating activities

Unit: RMB Yuan

Item	2025	2024
Period expenses paid	299,845,156.73	281,891,036.78
Non-operating expenses and other payments	12,655,137.03	109,164,190.65
Payments of current accounts	22,654,106.55	21,148,275.13
Total	335,154,400.31	412,203,502.56

2. Cash flows for investing activities

Significant cash inflows in relation to investing activities

Unit: RMB Yuan

Item	2025	2024
Cash received from redemption of wealth management products, time deposits and structured deposits	3,686,560,170.65	13,528,710,490.28
Cash received from investment income	127,662,097.57	22,010,354.11
Total	3,814,222,268.22	13,550,720,844.39

Significant cash outflows in relation to investing activities

Unit: RMB Yuan

Item	2025	2024
Cash paid for the purchase of wealth management products, time deposits and structured deposits	3,305,851,942.56	11,389,401,410.61
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets	3,780,926,699.99	4,552,627,908.89
Total	7,086,778,642.55	15,942,029,319.50

3. Cash related to financing activities

Other cash receipts in relation to financing activities

Unit: RMB Yuan

Item	2025	2024
Financing security collected for financing activities	485,496,236.47	141,940,353.09

Borrowings from bill financing	2,350,996,870.73	2,509,089,951.14
Proceeds received from sale-and-leaseback transactions	850,000,000.00	
Foshan Huizhi investment funds		84,000,000.00
Total	3,686,493,107.20	2,735,030,304.23

Other cash payments in relation to financing activities

Unit: RMB Yuan

Item	2025	2024
Financing security collected for financing activities	337,593,117.58	895,188,981.40
Share repurchase and payment of Hong Kong listing expenses	317,484,818.26	25,659,874.48
Borrowings from bill financing	2,509,089,951.14	1,418,330,108.44
Principal and interest of lease liabilities	270,262,933.90	13,556,673.76
Total	3,434,430,820.88	2,352,735,638.08

Changes in liabilities arising from financing activities

☑Applicable □Not applicable

Item	31/12/2024	Increase		Decrease		31/25/2025
		Cash transfer	Non-cash transfer	Cash transfer	Non-cash transfer	
Short-term borrowings	3,261,959,548.37	1,943,987,122.84	2,380,677,467.10	1,059,391,031.81	2,509,089,951.14	4,018,143,155.36
Long-term borrowings	6,539,139,579.90	1,406,387,844.21	309,558,546.35	1,438,659,307.04		6,816,426,663.42
Leasing liability	318,504,652.18		74,326,176.08	84,699,963.20	2,260,829.44	305,870,035.62
Long-term payable	605,554,748.90	850,000,000.00	27,772,242.41	185,562,970.70	22,600,000.00	1,275,164,020.61
Dividend payable			66,595,335.51	66,595,335.51		
Total	10,725,158,529.35	4,200,374,967.05	2,858,929,767.45	2,834,908,608.26	2,533,950,780.58	12,415,603,875.01

xxxxxvii. Supplementary information to the consolidated statement of cash flows

1. Supplementary information to the consolidated statement of cash flows

Unit: RMB Yuan

Supplementary information	2025	2024
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	73,825,709.21	370,708,633.32
Add: asset impairment provisions	75,909,335.93	87,798,996.26
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	855,627,197.35	598,296,677.06
Depreciation of right-of-use assets	7,495,538.18	3,489,890.03
Amortization of intangible assets	13,191,857.26	7,532,964.93
Amortization of long-term		

deferred expenses		
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains to be presented with a "-" sign)	16,215,519.20	1,682,564.82
Losses on scrapping of fixed assets (gains to be presented with a "-" sign)	2,789,176.71	565,147.54
Losses from changes in fair value (gains to be presented with a "-" sign)	-90,995,509.02	9,665,957.44
Finance costs (income to be presented with a "-" sign)	194,943,847.77	118,505,306.89
Investment losses (income to be presented with a "-" sign)	-216,355.48	-18,826,516.38
Decrease in deferred tax assets (increase to be presented with a "-" sign)	-43,018,965.32	-12,330,268.33
Increase in deferred tax liabilities (decrease to be presented with a "-" sign)	-18,678,448.85	-2,734,793.46
Decrease in inventories (increase to be presented with a "-" sign)	-292,066,177.72	-145,568,073.01
Decrease in operating receivables (increase to be presented with a "-" sign)	-583,477,486.63	-1,272,054,285.28
Increase in operating payables (decrease to be presented with a "-" sign)	507,124,961.34	609,733,487.18
Others	40,879,879.84	11,981,802.94
Net cash flows from operating activities	752,511,921.04	368,447,491.95
2．Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3．Net changes in cash and cash equivalents:		
Closing balance of cash	1,187,671,329.33	2,650,754,364.28
Less: opening balance of cash	2,650,754,364.28	1,744,408,758.72
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,463,083,034.95	906,345,605.56

2. Composition of cash and cash equivalents

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
I. Cash	1,187,671,329.33	2,650,754,364.28
Including: cash on hand	14,864.54	59,216.76
Bank deposits available for payment at any time	1,184,765,488.18	2,645,250,806.17
Other monetary funds available for payment at any time	2,890,976.61	5,444,341.35
III. Closing balance of cash and cash equivalents	1,187,671,329.33	2,650,754,364.28

3. Monetary funds not classified as cash and cash equivalents

Unit: RMB Yuan

Item	2025	2024	Reasons why they are not classified as cash and cash equivalents
Bank deposits	154,195,765.98	389,058,833.31	Time deposits and related interest accrued using the effective interest method
Other monetary funds	650,521,672.98	638,072,048.98	Deposits
Total	804,717,438.96	1,027,130,882.29	

xxxxxviii. Monetary items denominated in foreign currencies

1. Monetary items denominated in foreign currencies

Unit: RMB Yuan

Item	Amount in foreign currency as at 31/12/2025	Exchange rate	RMB as at 31/12/2025
Monetary funds			
T/o: USD	71,409,407.45	7.0288	501,922,443.08
EUR	9,497,758.17	8.2355	78,218,787.41
HKD	153,790,880.70	0.9014	138,627,099.86
SGD	29,036,414.42	5.4586	158,498,171.75
SEK	48,012,047.56	0.7617	36,570,776.63
JPY	423,929,309.00	0.0448	18,992,033.04
MYR	4,143,649.46	1.7319	7,176,386.50
KRW	53,997,586.00	0.0048	259,188.41
Accounts receivable			
T/o: USD	21,278,653.99	7.0288	149,563,403.16
EUR	666,172.55	8.2355	5,486,264.04
HKD			
MYR	3,285,627.29	1.7319	5,690,377.90
SEK	172,500.00	0.7617	131,393.25
JPY	1,391,211.36	0.0448	62,326.27
Long-term bank loans			
T/o: USD			
EUR	125,000,000.00	8.2355	1,029,437,500.00
HKD			
Accounts payable			

T/o: USD	6,882,797.55	7.0288	48,377,807.42
SEK	60,944,383.91	0.7617	46,421,337.22
MYR	13,312,364.11	1.7319	23,055,683.40
EUR	1,178,335.27	8.2355	9,704,180.12
SGD	437,500.00	5.4586	2,388,137.50
JPY	6,493,474.28	0.0448	290,907.65
Other receivables			
T/o: EUR		8.2355	
USD	1,841,060.31	7.0288	12,940,444.71
SEK	712,864.33	0.7617	542,988.76
MYR	6,199,407.00	1.7319	10,736,752.98
Other payables			
T/o: EUR	6,578.00	8.2355	54,173.12
SGD	1,206,627.08	5.4586	6,586,494.58
SEK	1,964,760.35	0.7617	1,496,557.96
MYR	161,256.86	1.7319	279,280.76

xxxxxix. Leases

1. The Company as the lessee

☑Applicable □ Not applicable

Variable lease payments not included in the measurement of lease liabilities

□Applicable ☑Not applicable

Lease expenses relating to short-term leases or leases of low-value assets accounted for under the simplified approach

☑Applicable □ Not applicable

Profit or loss and cash flows related to leases for the current period

Item	2025
Short-term lease expenses recognized in profit or loss for the current period under the simplified approach	1,928,023.37
Lease expenses for leases of low-value assets (excluding short-term leases)	
Interest expense on lease liabilities	1,944,834.78
Variable lease payments not included in the measurement of lease liabilities recognized in profit or loss for the current period	
Income from subleasing right-of-use assets	
Total cash outflows related to leases	86,627,986.57
Gains or losses arising from sale-and-leaseback transactions	15,195,418.44

Information on sale-and-leaseback transactions involved

In March 2025, the Company entered into a sale-and-leaseback agreement with Industrial Financial Leasing Co., Ltd., under which certain machinery and equipment were agreed to be transferred. As the fixed assets were not transferred to the purchaser at any point during the transaction, the arrangement was determined not to constitute a sale. Accordingly, the fixed assets were not derecognized, and the transfer proceeds received were accounted for as liabilities.

In March 2025, the Company entered into a sale-and-leaseback agreement with Kunlun Financial Leasing Co., Ltd., under which

certain machinery and equipment were agreed to be transferred. As the fixed assets were not transferred to the purchaser at any point during the transaction, the arrangement was determined not to constitute a sale. Accordingly, the fixed assets were not derecognized, and the transfer proceeds received were accounted for as liabilities.

In April 2025, the Company entered into a sale-and-leaseback agreement with Bank of Communications Financial Leasing Co., Ltd., under which certain machinery and equipment were agreed to be transferred. As the fixed assets were not transferred to the purchaser at any point during the transaction, the arrangement was determined not to constitute a sale. Accordingly, the fixed assets were not derecognized, and the transfer proceeds received were accounted for as liabilities.

2. The Company as the lessor

Operating leases

☑Applicable □ Not applicable

Unit: RMB Yuan

Item	Lease income	T/o: Variable lease rental not included in gross lease payments
Leasing income	14,079,402.38	
Total	14,079,402.38	

Financial leases

□ Applicable ☑Not applicable

Gross lease payments for the next 5 years not discounted

☑Applicable□ Not applicable

Unit: RMB Yuan

Item	undiscounted lease payments to be received	
	31/12/2025	31/12/2024
First year	18,948,352.81	
Second year	17,617,780.10	
Third year	15,978,366.97	
Forth year	14,222,767.89	
Fifth year	6,790,407.34	
Total undiscounted lease receivables due in more than five years	4,110,231.19	

Reconciliation between undiscounted lease receipts and the net investment in the lease

VIII. R&D Expenditure

Unit: RMB Yuan

Item	2025	2024
Employee compensation	111,062,843.33	79,596,238.48
Direct input costs	115,336,291.54	120,438,457.05
Depreciation and amortisation	32,983,908.83	27,920,137.93
Incentive plans by restricted shares	4,792,888.48	190,221.19
Others	14,203,627.26	19,879,220.40
Total	278,379,559.44	248,024,275.05
T/o：Expensed R&D Costs	278,379,559.44	248,024,275.05

VIX. Change of the Scope of Consolidation

i. Others

Name of subsidiary	Reason for change
DAOS TECHNOLOGY CO.LTD.	Deregistration

X. Interests in Other Entities

i. Interests in subsidiaries

1. Composition of the Group

Unit: RMB Yuan

Subsidiary	Registered capital	Place of primary operation	Place of registration	Business	Shareholding		Means of acquisition
					Direct	Indirect	
Hefei Senior New Energy Materials Co., Ltd.	550,000,000.00	Hefei	Hefei	Manufacturing	60.00%	0.00%	Establishment through investment
Changzhou Senior New Energy Materials Co., Ltd.	300,000,000.00	Changzhou	Changzhou	Manufacturing	100.00%	0.00%	Establishment through investment
Jiangsu Senior New Material Technology Co., Ltd.	300,000,000.00	Changzhou	Changzhou	Manufacturing	100.00%	0.00%	Establishment through investment
Senior Material (Nantong) New Material Technology Co., Ltd.	1,000,000,000.00	Nantong	Nantong	Manufacturing	100.00%	0.00%	Establishment through investment
Senior Material (Foshan) New Material Technology Co., Ltd.	1,000,000,000.00	Foshan	Foshan	Manufacturing	100.00%	0.00%	Establishment through investment
Shenzhen Senior Clean New Energy Co., Ltd.	10,000,000.00	Shenzhen	Shenzhen	Manufacturing	100.00%	0.00%	Establishment through investment
Senior Clean Energy (Changzhou) Co., Ltd.	10,000,000.00	Changzhou	Changzhou	Manufacturing	0.00%	100.00%	Establishment through investment
Senior Clean	20, 000, 000	Nantong	Nantong	Manufacturin	0.00%	100.00%	Establishmen

Energy (Nantong) Co., Ltd.	.00			g			t through investment
Shenzhen Senior Construction Development Co., Ltd.	50,000,000.00	Shenzhen	Shenzhen	Service	100.00%	0.00%	Establishment through investment
Senior International (HK) Co., Ltd.	26,367,500.00	Hong Kong	Hong Kong	R&D and sales	100.00%	0.00%	Establishment through investment
Senior-Famous New Material (Europe) GmbH	3,891,000.00	Germany	Germany	R&D and sales	90.00%	0.00%	Establishment through investment
Senior Japan Osaka Research Institute Co., Ltd.	5,699,200.00	Osaka, Japan	Osaka, Japan	R&D and sales	100.00%	0.00%	Establishment through investment
Senior International Holding (Singapore) Pte. Ltd.	49,854,000.00	Singapore	Singapore	R&D and sales	100.00%	0.00%	Establishment through investment
Inv (Singapore) .Pte. Ltd	10.00	Singapore	Singapore	R&D and sales	0.00%	100.00%	Establishment through investment
INV New Material Technology (Malaysia) Limited	2,374,401,700.00	Malaysia	Malaysia	Manufacturing	0.00%	100.00%	Establishment through investment
Shenzhen Senior Technology Material Co. Ltd. (US) Research Institute	6,319,400.00	California, US	California, US	R&D and sales	100.00%	0.00%	Establishment through investment
Senior Material(Europe)AB	15,062,000.00	Sweden	Sweden	Manufacturing	0.00%	100.00%	Establishment through investment
Senior Material Properties AB	16,400.00	Sweden	Sweden	Manufacturing	0.00%	100.00%	Establishment through investment
Senior Material Ultimate Holding (Europe) AB	16,600.00	Sweden	Sweden	Service	100.00%	0.00%	Establishment through investment
Senior Material Factory	16,400.00	Sweden	Sweden	Service	0.00%	100.00%	Establishment through investment

Holding AB							
Senior Material Holding Company (Europe) AB	16,400.00	Sweden	Sweden	Service	0.00%	100.00%	Establishment through investment
Green New Energy Materials Inc.	366,776,200.00	US	US	Service	100.00%	0.00%	Acquire Equity

2. Significant non-wholly owned subsidiaries

Unit: RMB Yuan

Name of subsidiary	Shareholding ratio held by non-controlling shareholders	Profit or loss attributable to non-controlling shareholders for the current period	Dividends declared to non-controlling shareholders during the current period	Balance of non-controlling interests at the end of the period
Hefei Senior New Energy Materials Co., Ltd. (“Hefei Senior”)	40.00%	37,473,998.86		209,313,016.63

3. Financial information of significant partially owned subsidiaries

Unit: RMB Yuan

Name of subsidiary	31/12/2025						31/12/2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Hefei Senior	719,470,802.17	556,229,525.37	1,275,700,327.54	483,552,488.73	144,048,523.82	627,601,012.55	599,505,071.95	605,277,248.72	1,204,782,320.67	374,072,107.39	177,652,356.44	551,724,463.83

Unit: RMB Yuan

Name of subsidiary	2025FY				2024FY			
	Revenue	Net profit	Total comprehensive income	Net cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Net cash flows from operating activities
Hefei Senior	450,946,591.86	95,041,458.15	95,041,458.15	138,990,775.09	354,672,484.71	19,387,654.56	19,387,654.56	40,712,186.55

ii. Transactions in which changes in ownership interests in subsidiaries occurred while control over the subsidiaries was retained

1. Explanation of changes in ownership interests in subsidiaries

During the reporting period, the Company had no transactions involving changes in ownership interests in subsidiaries while retaining control over the subsidiaries.

iii. Interests in joint ventures and associates

1. Significant joint ventures or associates

Name	Place of primary operation	Place of registration	Business	Shareholding		Accounting method
				Direct	Indirect	
i. Joint Venture						
Yantai Xinghe Battery Materials Technology Co., Ltd.	Shandong	Shandong	Manufacturing	50.00%		Equity method
ii. Asscociate						
Shenzhen Xinyuanbang Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	21.16%		Equity method
Shenzhen Xinglanxin New Material Technology Co., Ltd.	Shenzhen	Shenzhen	Manufacturing	31.00%		Equity method

2. Financial information of significant joint ventures

Unit: RMB Yuan

	31/12/2025, 2025	31/12/2024, 2024
	Yantai Xinghe Battery Materials Technology Co., Ltd.	Yantai Xinghe Battery Materials Technology Co., Ltd.
Current assets	8,426,152.37	4,544,073.91
T/o: Cash and cash equivalents	3,237,827.08	4,441,093.50
Non-current assets	4,732.17	6,155.61
Total assets	8,430,884.54	4,550,229.52
Current liabilities	2,167,442.82	76,134.78
Non-current liabilities		
Total liabilities	2,167,442.82	76,134.78
Minority interests		
Equity attributable to the Company	6,263,441.72	4,474,094.74
Share of net assets calculated based on the shareholding proportion	3,131,720.86	1,118,523.69
Adjustment		
- Goodwill		
- Unrealised profit		
- Others		
Book value of investment in joint ventures	3,131,720.86	1,118,523.69
Fair value investment in joint ventures on the basis of open market quotation		
Revenue	5,508,559.59	142,572.55

Financial costs	28,552.00	-4,499.52
Income tax expenses	6,965.63	
Net profit	1,789,346.98	-525,905.26
Net profit from discontinuing operation		
Other comprehensive income		
Total comprehensive income	1,789,346.98	-525,905.26
Dividends received from joint ventures in the period		

3. Financial information of significant associates

Unit: RMB Yuan

	31/12/2025, 2025		31/12/2024, 2024	
	Shenzhen Xinyuanbang Technology Co., Ltd.	Shenzhen Xinglanxin New Material Technology Co., Ltd.	Shenzhen Xinyuanbang Technology Co., Ltd.	Shenzhen Xinglanxin New Material Technology Co., Ltd.
Current assets	87,598,706.84	9,616,138.61	24,802,401.23	
Non-current assets	14,297,862.01		14,123,766.18	
Total assets	101,896,568.85	9,616,138.61	38,926,167.41	
Current liabilities	10,333,014.62	3,769,658.08	4,049,959.82	
Non-current liabilities	826,918.89		1,871,988.63	
Total liabilities	11,159,933.51	3,769,658.08	5,921,948.45	
Minority interests				
Equity attributable to the Company	90,736,635.34	5,846,480.53	33,004,218.96	
Share of net assets calculated based on the shareholding proportion	19,599,113.23	1,812,408.96	7,128,911.30	
Adjustment				
- Goodwill				
- Unrealised profit				
- Others				
Book value of investment in associates	19,599,113.23	1,812,408.96	7,128,911.30	
Fair value investment in associates on the basis of open market quotation				
Revenue	16,238,464.61	0.00	3,437,822.71	
Net profit	-10,667,583.62	-4,153,519.47	-10,568,382.91	
Profit from discontinued operations				
Other Comprehensive				

Income				
Total comprehensive income	-10,667,583.62	-4,153,519.47	-10,568,382.91	
Dividends received from associates during the year				

Other information:

XI. Government Grants

i. Government grants recognized based on receivable amounts as at the end of the reporting period

□ Applicable ☑ Not applicable

Reason for government grants not received at the expected point in time

□ Applicable ☑ Not applicable

ii. Liabilities associated with government grants

☑ Applicable □Not applicable

Unit: RMB Yuan

Account item	31/12/2024	Government grants newly added during the current period	Amount recognized in non-operating income during the current period	Amount transferred to other income during the current period	Other changes during the current period	31/12/2025	Related to assets/income
Deferred income	475,457,972.30	50,010,452.34		53,266,442.83		472,201,981.81	Assets related

iii. Government grants directly recognised in profit or loss

☑ Applicable □Not applicable

Unit: RMB Yuan

Account item	2025	2024
Other income	53,266,442.83	33,844,282.18
Other income	46,469,155.76	50,618,609.54
Financial expenses	1,941,133.98	
Total	101,676,732.57	84,462,891.72

XII. Risks of Financial Instruments

i. Various Risks of Financial Instruments

The risks associated with the Company's financial instruments arise from the various financial assets and financial liabilities

recognized by the Company in the course of its operations, including credit risk, liquidity risk and market risk.

The Company's management is responsible for establishing the objectives, policies and procedures for managing the various risks associated with financial instruments. The day-to-day risk management activities are carried out by the relevant functional departments under the operating management (for example, the Company's credit management department reviews each credit sales transaction individually). The Company's internal audit department conducts ongoing supervision over the implementation of the Company's risk management policies and procedures, and reports relevant findings to the Audit Committee on a timely basis.

The overall objective of the Company's risk management is to formulate risk management policies that minimize the various risks associated with financial instruments as much as possible without unduly affecting the Company's competitiveness and responsiveness.

1. Credit risk

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligations, thereby causing a financial loss to the other party. The Company's credit risk mainly arises from cash and bank balances, notes receivable, accounts receivable, receivables financing, other receivables and debt investments. The credit risk of these financial assets arises from counterparties' default, and the maximum exposure to credit risk is equal to the carrying amount of these instruments.

The Company's cash and bank balances are mainly deposited with commercial banks and other financial institutions. The Company believes that these commercial banks have high credit standing and sound financial positions, and therefore bear relatively low credit risk.

For notes receivable, accounts receivable, receivables financing, other receivables, contract assets and debt investments, the Company has established relevant policies to control credit risk exposure. The Company assesses customers' creditworthiness based on their financial position, the possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions, and grants corresponding credit periods accordingly. The Company monitors customers' credit records on a regular basis. For customers with poor credit records, the Company adopts measures such as written collection notices, shortening the credit period or cancelling the credit period, in order to ensure that the Company's overall credit risk remains within a controllable range.

(1) Criteria for determining significant increase in credit risk

At each balance sheet date, the Company assesses whether the credit risk of the relevant financial instruments has increased significantly since initial recognition. In determining whether the credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including qualitative and quantitative analyses based on the Company's historical data, external credit risk ratings and forward-looking information. The Company assesses, on the basis of either individual financial instruments or groups of financial instruments with similar credit risk characteristics, changes in the risk of default occurring over the expected life of the financial instruments by comparing the risk of default at the balance sheet date with that at the date of initial recognition.

When one or more of the following quantitative or qualitative criteria are triggered, the Company considers that the credit risk of a financial instrument has increased significantly: the quantitative criterion mainly refers to the probability of default over the remaining life as at the reporting date having increased by more than a certain proportion compared with that at initial recognition; the qualitative criteria include significant adverse changes in the operating or financial condition of major debtors, inclusion in the warning customer list, and similar circumstances.

(2) Definition of credit-impaired assets

In determining whether credit impairment has occurred, the criteria adopted by the Company are consistent with its internal credit risk management objectives for the relevant financial instruments, and both quantitative and qualitative indicators are taken into account.

In assessing whether a debtor is credit-impaired, the Company mainly considers the following factors: significant financial difficulty of the issuer or the debtor; breach of contract by the debtor, such as default or overdue payment of interest or principal; the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, granting the debtor a concession that the creditor would not otherwise consider; it becoming probable that the debtor will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit loss.

A financial asset may become credit-impaired as a result of the combined effect of multiple events, and not necessarily due to a single individually identifiable event.

(3) Parameters for measuring expected credit losses

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Company measures impairment provisions for different assets based on either 12-month expected credit losses or lifetime expected credit losses. The key parameters for measuring expected credit losses include probability of default, loss given default and exposure at default. Based on quantitative analysis of historical statistical data (such as counterparty ratings, guarantee methods, categories of collateral or pledged assets, and repayment methods) and forward-looking information, the Company has established models for probability of default, loss given default and exposure at default.

The relevant definitions are as follows:

Probability of default refers to the likelihood that a debtor will be unable to fulfill its repayment obligations over the next 12 months or over the entire remaining lifetime.

Loss given default refers to the Company's expectation of the extent of loss arising from default exposure. Depending on the type of counterparty, the manner and priority of recourse, and the nature of collateral, loss given default may vary. It represents the percentage of loss on the exposure at the time of default, calculated on the basis of the next 12 months or the entire lifetime.

Exposure at default refers to the amount that the Company is entitled to receive at the time of default over the next 12 months or over the entire remaining lifetime. The assessment of significant increases in credit risk and the calculation of expected credit losses both involve forward-looking information. Through historical data analysis, the Company has identified key economic indicators affecting the credit risk and expected credit losses of various types of business.

The maximum exposure to credit risk borne by the Company is the carrying amount of each financial asset presented in the balance sheet. The Company has not provided any other guarantees that would expose it to credit risk.

Among the Company's accounts receivable, the accounts receivable due from the top five customers accounted for 30.07% of the total accounts receivable (comparative period: 33.25%). Among the Company's other receivables, the other receivables due from the top five counterparties accounted for77.42% of the total other receivables (comparative period: 83.25%).

1. Liquidity risk

Liquidity risk refers to the risk that an enterprise encounters difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is responsible for the centralized cash management of all its subsidiaries, including the short-term investment of surplus cash and the raising of borrowings to meet expected cash

requirements. The Company's policy is to regularly monitor its short-term and long-term liquidity needs, as well as compliance with borrowing covenants, in order to ensure that it maintains sufficient cash reserves and marketable securities that can be readily converted into cash.

As of December 31, 2025, the maturity profile of the Company's financial liabilities was as follows:

Item	31/12/2025			
	Within 1 year	1-2 years	2-3 years	Over 3 years
Accounts payable	1,146,231,801.59			
Notes payable	217,200,004.48			
Other payables	21,284,939.51			5,594,165.88
Lease liabilities – lease payments payable	37,471,481.74	38,855,018.28	38,170,689.49	264,852,116.44
Long-term bans loans	1,491,019,903.54	2,033,102,769.10	1,514,819,513.41	1,777,484,477.37
Short-term bans loans	4,018,143,155.36			
Long-term payables	239,125,299.38	173,055,456.08	177,471,437.47	685,511,827.68
Other current liability- Bills endorsed but not derecognized	195,398,809.30			
Total	7,365,875,394.90	2,245,013,243.46	1,730,461,640.37	2,733,442,587.37

3. Market risk

(1) Foreign exchange risk

The Company's foreign exchange risk mainly arises from foreign currency-denominated assets and liabilities held by the Company and its subsidiaries that are not denominated in their respective functional currencies. The Company's exposure to foreign exchange risk is primarily related to borrowings denominated in Hong Kong dollars and U.S. dollars. Except for the Company's subsidiaries established in the Hong Kong Special Administrative Region of the People's Republic of China and other overseas subsidiaries, which use Hong Kong dollars, U.S. dollars, British pounds, Renminbi or Singapore dollars for denomination and settlement, the Company's other principal business activities are denominated and settled in RMB.

① As of December 31, 2025, the principal foreign exchange risk exposures of the Company's various foreign currency asset and liability items were as follows (for presentation purposes, the exposure amounts are presented in Renminbi and translated at the spot exchange rate on the balance sheet date):

Item	31/12/2025							
	USD		HKD		EUR		SEK	
	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB
Monetary funds	71,409,407.45	501,922,443.08	153,790,880.70	138,627,099.86	9,497,758.17	78,218,787.41	48,012,047.56	36,570,776.63
Accounts receivable	21,278,653.99	149,563,403.16			666,172.55	5,486,264.04	172,500.00	131,393.25
Other receivables	1,841,060.31	12,940,444.71					712,864.33	542,988.76

Long-term receivables	6,882,797.55	48,377,807.42			1,178,335.27	9,704,180.12	60,944,383.91	46,421,337.22
Accounts payable					6,578.00	54,173.12	1,964,760.35	1,496,557.96
Other payables	71,409,407.45	501,922,443.08	153,790,880.70	138,627,099.86	9,497,758.17	78,218,787.41	48,012,047.56	36,570,776.63
Long-term bank loans					125,000,000.00	1,029,437,500.00		

Item	31/12/2025							
	JPY		MYR		SGD		KRW	
	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB
Monetary funds	423,929,309.00	18,992,033.04	4,143,649.46	7,176,386.50	29,036,414.42	158,498,171.75	53,997,586.00	259,188.41
Accounts receivable	1,391,211.36	62,326.27	3,285,627.29	5,690,377.90				
Other receivables			6,199,407.00	10,736,752.98				
Long-term receivables	6,493,474.28	290,907.65	13,312,364.11	23,055,683.40	437,500.00	2,388,137.50		
Accounts payable			161,256.86	279,280.76	1,206,627.08	6,586,494.58		
Other payables	423,929,309.00	18,992,033.04	4,143,649.46	7,176,386.50	29,036,414.42	158,498,171.75	53,997,586.00	259,188.41
Long-term bank loans								

The Company closely monitors the impact of exchange rate fluctuations on its foreign exchange risk. Management is responsible for monitoring foreign exchange risk and will consider hedging significant foreign exchange exposures when necessary.

② Sensitivity analysis

As of December 31, 2025, assuming all other risk variables remain unchanged, if Renminbi had appreciated or depreciated by 10% against the U.S. dollar on that date, the Company's net profit for the year would have increased or decreased by RMB 51.2433 million, respectively.

(2) Interest rate risk

The Company's interest rate risk mainly arises from long-term interest-bearing liabilities such as long-term bank borrowings and bonds payable. Financial liabilities bearing floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities bearing fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed-rate and floating-rate contracts based on prevailing market conditions.

The finance department at the Company's headquarters continuously monitors the interest rate levels of the Group. An increase in interest rates would raise the cost of newly incurred interest-bearing debt, as well as the interest expense on the Company's outstanding floating-rate interest-bearing liabilities, and could have a significant adverse effect on the Company's financial performance. Management will make timely adjustments based on the latest market conditions.

For the period ended December 31, 2025, assuming all other risk variables remain unchanged, if the interest rates on borrowings calculated at floating rates had increased or decreased by 10 basis points, 78the Company's net profit for the year would have decreased or increased by RMB 6.4612 million, respectively.

XIII. Fair Value Disclosure

i. Fair value of assets and liabilities measured at fair value as at the statement date

Unit: RMB Yuan

Item	Fair value as at 31/12/2025			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
(I) Financial assets held for trading		30,000,798.16		30,000,798.16
1. Financial assets at fair value through profit or loss		30,000,798.16		30,000,798.16
(1) Fund products		30,000,798.16		30,000,798.16
(II) Investments in other equity instruments			30,863,000.00	30,863,000.00
(III) Receivables financing			369,752,725.56	369,752,725.56
(IV) Other non-current financial assets			94,597,612.73	94,597,612.73
Total assets measured at fair value on a recurring basis		30,000,798.16	495,213,338.29	525,214,136.45
(V) Financial liabilities held for trading		12,619,557.32		12,619,557.32
Others		12,619,557.32		12,619,557.32
Total liabilities measured at fair value on a recurring basis		12,619,557.32		12,619,557.32
II. Non-recurring fair value measurement	--	--	--	--

XIV. Related Parties and Related Party Transactions

i. Information on the Company's parent company

Name of parent company	Place of registration	Nature of business	Registered capital	Parent company's shareholding percentage in the Company	Parent company's voting rights percentage in the Company

Explanation of the Company's parent company:

The Company's ultimate controlling party is Mr. Chen Xiufeng.

Other information:

ii. Information on the Company's subsidiaries

Details of the Company's subsidiaries are set out in Note X.1.

iii. Information on the Company's joint ventures and associates

Details of the Company's significant joint ventures or associates are set out in Note X.3.

Other joint ventures or associates that had related-party transactions with the Company during the current period, or had balances arising from related-party transactions with the Company in prior periods, are as follows:

Name of joint venture or associate	Relationship with the Company

Other information:

iv. Other related-party information

Name of other related party	Relationship with the Company
Shenzhen UTE Fresh Filter Material Technology Co., Ltd.	An entity controlled by Chen Yifu, the son of the ultimate controlling party, Mr. Chen Xiufeng
Shenzhen Xinyuanbang Technology Co., Ltd.	An investee of Shenzhen Senior Technology Material Co., Ltd.
Shenzhen Xinglanxin New Material Technology Co., Ltd.	An investee of Shenzhen Senior Technology Material Co., Ltd.
Entai Environmental Technology (Changzhou) Co., Ltd.	An investee of Shenzhen Senior Technology Material Co., Ltd.
Shenzhen Kexinchuangjie New Material Co., Ltd. (Former: Shenzhen Kexin Hydrogen Materials Co., Ltd.)	An entity in which the ultimate controlling party, Mr. Chen Xiufeng, holds a 25.61% equity interest
Shenzhen Senior Investment Development Co., Ltd.	An entity in which the ultimate controlling party, Mr. Chen Xiufeng, holds a 50% equity interest
Hainan Bense Impression Culture Media Co., Ltd.	An entity in which the ultimate controlling party, Mr. Chen Xiufeng, holds a 60% equity interest
Shenzhen Qianhai Senior Development Holding Co., Ltd.	An entity in which the ultimate controlling party, Mr. Chen Xiufeng, holds a 50% equity interest
Shenzhen Tianya Trading Co., Ltd.	An entity in which the ultimate controlling party, Mr. Chen Xiufeng, holds a 50% equity interest
Directors, Supervisors and Senior Management	Key Management Personnel
Chen, Yifu	Son of Chen Xiufeng, the actual controller

Other information:

v. Related party transaction

1. Purchase and sales of goods and rendering and receiving services

Purchase of goods and receiving services

Unit: RMB Yuan

Related party	Nature	2025	Approved transaction limit	In excess of approved transaction limit	2024
Shenzhen Xinyuanbang Technology Co., Ltd.	Purchase of materials	4,292,470.33		No	1,041,594.70
Shenzhen Xinyuanbang Technology Co., Ltd.	Testing services	1,735,811.31		No	

Entai Environmental Technology (Changzhou) Co., Ltd.	Purchase of materials	140,176.99		No	195,398.23
Shenzhen Kexinchuangjie New Material Co., Ltd. (Former: Shenzhen Kexin Hydrogen Materials Co., Ltd.)	Testing services			No	188,679.24

Schedule of sales of goods / provision of services

Unit: RMB Yuan

Related party	Nature of related-party transaction	2025	2024
Shenzhen UTE Fresh Filter Material Technology Co., Ltd.	Wet-process separators	431,148.74	5,734.51
Shenzhen Kexin Hydrogen Materials Co., Ltd.	Property leasing and equipment leasing	1,157,626.37	

Explanation of related-party transactions involving the purchase and sale of goods and the provision and receipt of services

2. Related-party lease arrangements

The Company as lessor：

Unit: RMB Yuan

Name of lessee	Type of leased asset	Lease income recognized in the current period	Lease income recognized in the prior period
Shenzhen Kexinchuangjie New Material Co., Ltd. (Former: Shenzhen Kexin Hydrogen Materials Co., Ltd.)	Plant	594,495.45	
Shenzhen Kexinchuangjie New Material Co., Ltd. (Former: Shenzhen Kexin Hydrogen Materials Co., Ltd.)	Equipment	71,681.42	
Shenzhen Xinglanxin New Material Technology Co., Ltd.	Plant	467,532.50	
Shenzhen Xinglanxin New Material Technology Co., Ltd.	Equipment	1,206,999.21	

The Company as lessee:

Unit: RMB Yuan

Lessor	Leased asset	Lease rentals for short-term leases and low-value leases adopting the simplified approach (if	Variable lease payment not included in the measurement of lease liability (if applicable)	Lease rental paid	Interest associated with lease liability	Increase of right-of-use assets

		applicable)									
		2025	2024	2025	2024	2025	2024	2025	2024	2025	2024

Explanation of related-party lease arrangements

3. Key management remuneration

Unit: RMB Yuan

Item	2025	2024
Key management remuneration	6,961,374.72	12,562,431.96

vi. Related-party receivables and payables

1. Receivables

Unit: RMB Yuan

Item	Related Party	31/12/2025		31/12/2024	
		Gross	Impairment allowance	Gross	Impairment allowance
Accounts receivable	Shenzhen UTE Fresh Filter Material Technology Co., Ltd.	209,777.28	1,971.91	6,480.00	90.72
Accounts receivable	Shenzhen Kexinchuangjie New Material Co., Ltd. (Former: Shenzhen Kexin Hydrogen Materials Co., Ltd.)	729,000.00	6,852.60		
Accounts receivable	Shenzhen Xinglanxin New Material Technology Co., Ltd.	630,444.23	5,926.18		
Other receivable	Shenzhen Xinglanxin New Material Technology Co., Ltd.	2,201,713.85	110,085.69		

2. Payables

Unit: RMB Yuan

Item	Related Party	31/12/2025	31/12/2024
Accounts payable	Shenzhen Xinyuanbang Technology Co., Ltd.	904,461.07	517,750.90
Accounts payable	Entai Environment Protection (Changzhou) Co., Ltd.	89,203.54	116,814.16

XV. Share-based Payments

i. General information

☑ Applicable □ Not applicable

Unit: RMB Yuan

Target	Granting in the period		Exercise in the period		Restriction lifted in the period		Expired in the period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Sales personnel			125,000.00	462,500.00	125,000.00	881,982.70	100,000.00	848,000.00
Administrative personnel	40,000.00	86,715.93	3,820,000.00	14,134,000.00	3,820,000.00	26,953,391.46	840,000.00	7,365,640.08
R&D personnel	330,000.00	715,406.40	682,500.00	2,525,250.00	682,500.00	4,815,625.57	155,000.00	1,326,522.00
Production personnel			1,605,000.00	5,938,500.00	1,605,000.00	11,324,657.93	475,000.00	4,173,464.05
Total	370,000.00	802,122.33	6,232,500.00	23,060,250.00	6,232,500.00	43,975,657.66	1,570,000.00	13,713,626.13

Share options or other equity instruments outstanding as at the statement date

☑ Applicable □ Not applicable

Target	Share options outstanding as at the statement date		Other equity instrument outstanding as at the statement date	
	Range of exercise price	Remaining term	Range of exercise price	Remaining term
Sales personnel			3.70	The validity period of this incentive plan shall commence from the date of grant of the restricted shares and expire on the date when all restricted shares granted to the incentive participants are either vested or forfeited and become invalid, with a maximum duration of 48 months.
Administrative personnel			3.70	
R&D personnel			3.70	
Production personnel			3.70	

Other information:

ii. Equity-settled share-based payments

☑ Applicable □ Not applicable

Unit: RMB Yuan

Method for determining the fair value of the equity instrument on the grant date	Black-Scholes option pricing model
Significant parameters of fair value of equity instruments on the grant date	Share price of the underlying stock, expected term, historical volatility, risk-free interest rate

Basis for determining the number of equity instruments for which options are exercisable	Management's best estimate
Reasons for the material difference between the estimates in the current period and those in the prior period	None
Accumulated amount of equity-settled share-based payments recognized in capital reserve	140,727,335.80
Total expenses recognized by equity-settled share-based payment in the current period	39,906,078.89

Other information:

iii. Share-based payment expenses for the period

☑ Applicable□ Not applicable

Unit: RMB Yuan

Target	Equity-settled share-based payment	Cash-settled share-based payment
Sales personnel	482,556.02	
Administrative personnel	24,632,571.52	
R&D personnel	4,792,888.48	
Production personnel	9,998,062.87	
Total	39,906,078.89	

Other information:

XVI. Commitments and Contingencies

i. Significant commitments

Significant commitment as of the statement date

1. Capital commitments

Capital commitments contracted for but not yet recognized in the financial statements	31/12/2025
Commitments for the acquisition and construction of long-term assets	2,169,526,523.49

ii. Contingencies

1. Significant contingencies existing at the balance sheet date

There were no significant contingencies as at the balance sheet date.

XVII. Post-balance-sheet-date events

i. Other explanations of events after the balance sheet date

The Company's 23rd Meeting of the Sixth Board of Directors held on March 24, 2026 reviewed and approved the Proposal on the Company's Application for Registration and Issuance of Sci-Tech Innovation Bonds . The Company intends to apply to the National Association of Financial Market Institutional Investors (NAFMII) for registration and issuance of Sci-Tech Innovation Bonds with an aggregate amount not exceeding RMB 1.5 billion (inclusive of RMB 1.5 billion). The Company will determine the timing to issue the bonds once or in multiple tranches within the registered amount and validity period based on its actual funding requirements and market conditions. The final registered amount shall be subject to the amount specified in the registration notice issued by NAFMII.

XVIII. Other Significant Matters

i. Correction of prior-period accounting errors

During the reporting period, the Company had no correction of prior-period accounting errors.

ii. Segment information

During the reporting period, the Company operated in a single business segment and did not engage in diversified operations. Its operating risks were not significantly different, and therefore segment information is not required to be disclosed.

XIX. Notes to the major items in the parent company’s financial statements

i. Accounts receivable

1. Disclosure by age group

Unit: RMB Yuan

Age group	31/12/2025	31/12/2024
Within 1 year (incl. 1 year)	1,174,226,993.32	1,725,234,625.15
1 to 2 years	65,716,717.42	7,969,164.38
2 to 3 years	5,996,438.93	1,172,792.45
Over 3 years	14,332,175.40	13,909,668.28
3 to 4 years	1,053,026.19	2,425,726.34
4 to 5 years	1,935,432.78	1,886,414.56
Over 5 years	11,343,716.43	9,597,527.38
Total	1,260,272,325.07	1,748,286,250.26

2. Classified disclosure by method of bad debt provision recognition

Unit: RMB Yuan

Category	31/12/2025			31/12/2024		
	Gross	Impairment	Net	Gross	Impairment	Net

			allowance					allowance		
	Amount	% of total	Amount	Impairment %		Amount	% of total	Amount	Impairment %	
Impairment by individual assessment	9,067,406.98	0.72	9,067,406.98	100.00		6,877,059.43	0.39	6,877,059.43	100.00	
T/o:										
Impairment assessment by portfolio	1,251,204,918.09	99.28	18,796,935.96	1.50	1,232,407,982.13	1,741,409,190.83	99.61	30,933,570.37	1.78	1,710,475,620.46
T/o:										
Due from oversea customers	87,843,012.09	6.97	1,306,154.72	1.49	86,536,857.37	41,960,343.05	2.40	1,241,023.12	2.96	40,719,319.93
Due from domestic customer	1,075,669,846.46	85.35	17,490,781.24	1.63	1,058,179,065.22	1,570,747,659.85	89.84	29,692,547.25	1.89	1,541,055,112.60
elated parties within the scope of consolidation	87,692,059.54	6.96			87,692,059.54	128,701,187.93	7.37			128,701,187.93
Total	1,260,272,325.07	100.00	27,864,342.94	2.21	1,232,407,982.13	1,748,286,250.26	100.00	37,810,629.80	2.16	1,710,475,620.46

Bad debt provision recognized on an individual basis:

Unit: RMB Yuan

Customer	31/12/2024		31/12/2025			
	Gross	Impairment allowance	Gross	Impairment allowance	Provision ratio	Reason for provision
Customer A	2,333,494.87	2,333,494.87	2,333,494.87	2,333,494.87	100.00%	Expected to be unrecoverable
Customer B	1,369,298.51	1,369,298.51	1,369,298.51	1,369,298.51	100.00%	Expected to be unrecoverable
Customer C	910,047.10	910,047.10	910,047.10	910,047.10	100.00%	Expected to be unrecoverable
Customer D	894,105.00	894,105.00	894,105.00	894,105.00	100.00%	Expected to be unrecoverable
Customer E	789,736.20	789,736.20	789,736.20	789,736.20	100.00%	Expected to be unrecoverable
Customer F			519,444.46	519,444.46	100.00%	Expected to be unrecoverable
Customer G			387,900.00	387,900.00	100.00%	Expected to be

						unrecoverable
Customer H			316,415.20	316,415.20	100.00%	Expected to be unrecoverable
Customer I	290,422.80	290,422.80	290,422.80	290,422.80	100.00%	Expected to be unrecoverable
Customer J	289,954.95	289,954.95	289,954.95	289,954.95	100.00%	Expected to be unrecoverable
Customer K			216,386.56	216,386.56	100.00%	Expected to be unrecoverable
Customer L			129,115.00	129,115.00	100.00%	Expected to be unrecoverable
Customer M			102,043.63	102,043.63	100.00%	Expected to be unrecoverable
Customer N			96,608.00	96,608.00	100.00%	Expected to be unrecoverable
Customer O			85,558.28	85,558.28	100.00%	Expected to be unrecoverable
Customer P			64,068.00	64,068.00	100.00%	Expected to be unrecoverable
Customer Q			60,138.00	60,138.00	100.00%	Expected to be unrecoverable
Customer R			57,549.00	57,549.00	100.00%	Expected to be unrecoverable
Customer S			54,310.00	54,310.00	100.00%	Expected to be unrecoverable
Customer T			37,036.50	37,036.50	100.00%	Expected to be unrecoverable
Customer U			35,268.52	35,268.52	100.00%	Expected to be unrecoverable
Customer V			12,506.40	12,506.40	100.00%	Expected to be unrecoverable
Customer W			8,000.00	8,000.00	100.00%	Expected to be unrecoverable
Customer X			8,000.00	8,000.00	100.00%	Expected to be unrecoverable
Total	6,877,059.43	6,877,059.43	9,067,406.98	9,067,406.98		

Bad debt provision recognized on a portfolio basis:

a. Overseas Customer Portfolio

Unit: RMB Yuan

Item	31/12/2025		
	Gross	坏账准备	Gross
Less than 1 year (Inc.1 year)	87,756,979.58	1,220,122.21	1.39
2-3 years (Inc 3 years)	567.71	567.71	100.00
3-4 years (Inc 4 years)	85,464.80	85,464.80	100.00
Total	87,843,012.09	1,306,154.72	

b. Domestic Customer Portfolio

Unit: RMB Yuan

Item	31/12/2025		
	Gross	Impairment allowance	Provision ratio
Less than 1 year(Inc.1 year)	1,062,977,559.41	9,990,119.49	0.94
1-2 years(Inc.2years)	6,097,006.48	1,035,881.40	16.99

2-3 years(Inc 3 years)	242,427.76	113,819.83	46.95
3-4 years(Inc 4 years)	9,230.69	7,338.40	79.50
4-5years(Inc 5 yaers)	791,857.57	791,857.57	100.00
More than 5 years	5,551,764.55	5,551,764.55	100.00
Total	1,075,669,846.46	17,490,781.24	

Explanation of the basis for determining the portfolio:

If the loss allowance for accounts receivable is recognized in accordance with the general expected credit loss model:

□ Applicable ☑ Not applicable

3. Movement in bad debt provisions recognized, recovered or reversed during the current period

Bad debt provisions recognized during the current period:

Unit: RMB Yuan

Category	31/12/2024	Movement				31/12/2025
		Recognized	Recovered or reversed	Written off	Others	
Bad debt provision recognized on an individual basis	6,877,059.43	2,190,347.55				9,067,406.98
Bad debt provision recognized on a portfolio basis	30,933,570.37	-12,136,634.41				18,796,935.96
Total	37,810,629.80	-9,946,286.86				27,864,342.94

Among them, the amounts of bad debt provisions recovered or reversed during the current period that were significant were as follows:

4. Accounts receivable and contract assets from the top five debtors by closing balance

Unit: RMB Yuan

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	Proportion of the total closing balance of accounts receivable and contract assets	Closing balance of bad debt provision for accounts receivable and impairment provision for contract assets
Customer A.	146,922,860.96		146,922,860.96	11.66%	1,381,074.89
Customer B	83,799,698.54		83,799,698.54	6.65%	787,717.17
Customer C	77,429,767.48		77,429,767.48	6.14%	727,839.81
Customer D.	67,283,541.37		67,283,541.37	5.34%	632,465.29
Customer E	47,607,745.06		47,607,745.06	3.78%	
Total	423,043,613.41		423,043,613.41	33.57%	3,529,097.16

ii. Other receivables

Unit: RMB Yuan

Item	31/12/2025	31/12/2024
Dividends receivable		200,000,000.00
Other receivables	2,688,631,510.61	2,853,863,112.40

Total	2,688,631,510.61	3,053,863,112.40

1. Dividends receivable

Unit: RMB Yuan

Item(investee)	31/12/2025	31/12/2024
Changzhou Senior New Energy Materials Co., Ltd.		100,000,000.00
Jiangsu Senior New Material Technology Co., Ltd.		100,000,000.00
Total		200,000,000.00

2. Other receivables

a. Classification of other receivables by nature of the amounts

Unit: RMB Yuan

Nature	31/12/2025	31/12/2024
Deposits and security deposits	429,545.20	602,165.85
Advances and others	2,689,132.77	658,582.31
Related parties within the scope of consolidation	2,685,558,680.85	2,852,665,401.65
Less: bad debt provision	-155,933.90	-63,037.41
Total	2,688,521,424.92	2,853,863,112.40

b. Disclosure by ageing

Unit: RMB Yuan

Ageing	31/12/2025	31/12/2024
Less than 1 year (incl. 1 year)	472,498,873.48	2,510,870,156.39
1 to 2 years	2,215,493,370.30	343,002,833.42
2 to 3 years	631,955.04	6,000.00
Over 3 years	53,160.00	47,160.00
3 to 4 years	6,000.00	
4 to 5 years	47,160.00	47,160.00
Total	2,688,677,358.82	2,853,926,149.81

c. Classified disclosure by method of bad debt provision recognition

Unit: RMB Yuan

Category	31/12/2025					31/12/2024				
	Gross		Impairment allowance		Net	Gross		Impairment allowance		Net
	Amount	% of total	Amount	Impairment %		Amount	% of total	Amount	Impairment %	
T/o:										
Impairment assessment by	2,688,677,358.82	100.00	155,933.90	0.01	2,688,521,424.92	2,853,926,149.81	100.00	63,037.41	0.00	2,853,863,112.40

portfolio										
T/o:										
Related parties within the scope of consolidation	2,685,558,680.86	99.97			2,685,558,680.86	2,852,665,401.65	99.96			2,852,665,401.65
Down payments and margin deposits	429,545.20	0.02	21,477.26	5.00	408,067.94	602,165.85	0.02	30,108.29	5.00	572,057.56
Imprest funds and others	2,689,132.76	0.02	134,456.64	5.00	2,554,676.12	658,582.31	0.02	32,929.12	5.00	625,653.19
Total	2,688,677,358.82	100.00	155,933.90	0.01	2,688,521,424.92	2,853,926,149.81	100.00	63,037.41	0.00	2,853,863,112.40

Bad debt provision recognized on a portfolio basis:

Unit: RMB Yuan

Item	31/12/2025		
	Gross	Impairment allowance	Provision ratio
Related Parties within the Consolidation Scope	2,685,558,680.86		0.00
Deposits and Guarantees	429,545.20	21,477.26	5.00
Petty Cash and Others	2,689,132.76	134,456.64	5.00
Total	2,688,677,358.82	155,933.90	

Explanation of the basis for determining the portfolio:

If the loss allowance is recognized in accordance with the general expected credit loss model:

Unit: RMB Yuan

Impairment allowance	1st stage	2nd stage	3rd stage	Total
	Expected credit loss for the next 12 months	Life-time expected credit loss (impairment not present)	Life-time expected credit loss (impairment present)	
Balance as of January 1, 2025	63,037.41			63,037.41
Balance as of January 1, 2025 recognized in the current period				
Provision recognized during the current period	92,896.49			92,896.49
Balance as of December 31, 2025	155,933.90			155,933.90

Basis for classification into each stage and the provision ratios for bad debt allowances

Significant movements in carrying amounts resulting in material changes in loss allowances during the current period

□ Applicable ☑ Not applicable

d. Movement in bad debt provisions recognized, recovered or reversed during the current period

Bad debt provisions recognized during the current period:

Unit: RMB Yuan

Category	31/12/2024	Movement				31/12/2025
		Recognized	Recovered or reversed	Written off	Others	
Bad debt provision recognized on a portfolio basis	63,037.41	92,896.49				155,933.90
Total	63,037.41	92,896.49				155,933.90

e. Top 5 other receivables as of the statement date

Unit: RMB Yuan

Debtor	Nature	30/6/2025	Age group	% of total gross other receivables	Impairment allowance as at 31/12/2025
Customer A	Intercompany balances	1,119,223,564.31	Within 1 year，1-2years	41.63	
Customer B	Intercompany balances	707,290,998.57	Within 1 year, 1-2years	26.31	
Customer C	Intercompany balances	443,230,031.55	1-2 years	16.49	
Customer D	Intercompany balances	139,482,227.45	Within 1 year, 1-2years	5.19	
Customer E	Intercompany balances	119,788,191.82	Within 1 year, 1-2years, 2-3 years	4.46	
Total		2,529,015,013.70		94.08	

iii. Long-term equity investments

Unit: RMB Yuan

Item	31/12/2025			31/12/2024		
	Gross	Impairment allowance	Net	Gross	Impairment allowance	Net
Investment in subsidiaries	8,433,199,932.78		8,433,199,932.78	4,783,627,208.27		4,783,627,208.27
Investment in joint ventures and associates	22,570,564.36		22,570,564.36	49,588,958.04		49,588,958.04
Total	8,455,770,497.14		8,455,770,497.14	4,833,216,166.31		4,833,216,166.31

1. Investment in subsidiaries

Unit: RMB Yuan

Investee	Gross as at 31/12/2024	Impairment allowance as at 31/12/2024	Movement				Gross as at 31/12/2025	Impairment allowance as at 31/12/2025
			Investment	Divestment	Impairment	Others		
Hefei Senior New Energy Materials Co., Ltd.	270,200,000.00						270,200,000.00	
Changzhou Senior New Energy Materials Co., Ltd.	772,735,758.14						772,735,758.14	
Senior International (HK) Co., Ltd.	26,367,471.00						26,367,471.00	
Senior Japan Osaka Research Institute Co., Ltd.	4,722,210.00		976,940.00				5,699,150.00	
Shenzhen Senior Technology Material Co. Ltd. (US) Research Institute	6,319,400.00						6,319,400.00	
Jiangsu Senior New Material Technology Co., Ltd.	871,267,091.46						871,267,091.46	
Senior-Famous New Material (Europe) GmbH	3,502,620.02						3,502,620.02	
Senior Material (Nantong) New Material Technology Co., Ltd.	1,123,158,657.65		50,000,000.00				1,173,158,657.65	
Shenzhen Senior Clean New Energy Co., Ltd.	35,500,000.00						35,500,000.00	
Senior	430,000,00						430,000,00	

Material(Europe)AB	0.00						0.00	
Senior International Holding (Singapore) Pte. Ltd.	49,854,000.00		3,095,407,712.62				3,145,261,712.62	
Senior Material (Foshan) New Material Technology Co., Ltd.	600,000,000.00						600,000,000.00	
Senior Material Ultimate Holding (Europe) AB	590,000,000.00		503,188,071.89				1,093,188,071.89	
Total	4,783,627,208.27		3,649,572,724.51				8,433,199,932.78	

2. Investment in joint ventures and associates

Unit: RMB Yuan

Investee	Gross as at 31/12/2024	Impairment allowance as at 31/12/2024	Movement								Gross as at 31/12/2025	Impairment allowance as at 31/12/2025
			Investment	Divestment	Investment income recognised by the equity method	OCI adjustment	Other equity movement	Cash dividend or profit declared	Impairment	Others		
1.Joint venture												
Shenzhen Xinglanxin New Material Technology Co., Ltd.	1,118,523.55		1,250,000.00		894,673.51						3,263,197.06	
Subtotal	1,118,523.55		1,250,000.00		894,673.51						3,263,197.06	
2. Associate												
Shenz	7,450,		12,		-						17,494	

hen Xinyuanbang Technology Co., Ltd.	819.09		230,000.00		2,185,860.75						,958.34	
Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership)	41,019,615.40			42,398,091.79	1,378,476.39							
Shenzhen Xinglanxin New Material Technology Co., Ltd.			3,100,000.00		-1,287,591.04						1,812,408.96	
Subtotal	48,470,434.49		15,330,000.00	42,398,091.79	-2,094,975.40						19,307,367.30	48,470,434.49
Total	49,588,958.04		16,580,000.00	42,398,091.79	-1,200,301.89						22,570,564.36	49,588,958.04

Measurement of the net recoverable amount as the residue after deducting disposal costs from the fair value

□Applicable ☑ Not applicable

Measurement of the net recoverable amount as the present value of the estimated future cash flows

□Applicable ☑ Not applicable1

iv. Revenue and cost of sales

Unit: RMB Yuan

Item	2025		2024	
	Revenue	Cost of sales	Revenue	Cost of sales
Primary operation	2,857,068,445.92	2,594,236,879.05	2,725,326,974.39	2,474,847,945.06

Other operation	52,258,686.00	34,798,527.04	373,623,288.44	364,999,716.17
Total	2,909,327,131.92	2,629,035,406.09	3,098,950,262.83	2,839,847,661.23

v. Investment income

Unit: RMB Yuan

Item	2025	2024
Investment income from long-term equity investments accounted for using the cost method		200,000,000.00
Investment income from long-term equity investments accounted for using the equity method	-1,200,301.89	-1,348,553.61
Investment income from financial assets held for trading during the holding period	5,860,617.55	15,999,651.11
Total	4,660,315.66	214,651,097.50

XX. Supplementary information

i. Non-recurring gain or loss for the period

☑ Applicable □ Not applicable

Unit: RMB Yuan

Item	Amount	Explanation
Gain or loss from disposal of non-current assets	-16,215,519.20	
Government grants charged to current profit or loss (excluding government grants that are closely related the Company's ordinary course of business, that are in compliance with the national policies and subject to constant or fixed amount according to certain standards)	99,368,147.38	
Except for the effective hedging activities related to the Company's ordinary activities, gains or loss arising from changes in fair value from financial assets and financial liabilities as well as gains or loss from disposal of financial assets and financial liabilities held by non-financial entities	91,211,864.50	
Non-operating income and expenses other than those listed above	-18,624,190.42	
Other items of profit or loss that meet the definition of non-recurring profit or loss	-38,511,672.22	
Less: Impact of income taxes	20,205,074.17	
Effect of non-controlling interests	6,364,855.07	

(after tax)		
Total	90,658,700.80	--

Details of other items that meet the definition of non-recurring gains and losses：

□ Applicable ☑ Not Applicable

Notes of the definition of recurring profit and loss items which are listed as non-recurring profit and loss items according to the Interpretative Announcement No. 1 on Information Disclosure of Publicly Issued Securities Companies - Non-recurring Profit and Loss

□ Applicable ☑ Not Applicable

ii. Return on equity (ROE) and earnings per share (EPS)

Net profit for the reporting period	Weighted average ROE	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	0.37%	0.0272	0.0271
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring gain or loss	-0.55%	-0.0406	-0.0406

Shenzhen Senior Technology Material Co., Ltd.

31 March, 2026