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圳市星源材質科技股份有限公司

(the "**C** ")

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IMPORTANT: I

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圳市星源材質科技股份有限公司

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The [REDACTED], on behalf of the [REDACTED], and with the consent of our Company, may, where considered appropriate, reduce the number of [REDACTED] and/or the maximum [REDACTED] stated in this document (which is HK$[REDACTED]) at any time prior to the morning of the last day for [REDACTED] applications under the [REDACTED]. In such case, an announcement will be published on the websites of our Company and the Stock Exchange and the [REDACTED] will be cancelled and relaunched at the revised number of [REDACTED] and/or the maximum [REDACTED] and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new document (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for [REDACTED] applications under the [REDACTED]. Further details are set forth in "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

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This document is available at the websites of the Stock Exchange (. .) and our Company (. 798.). If you require a printed copy of this document, you may download and print from the website addresses above.

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We are a lithium-ion battery separator manufacturer. We were founded in 2003 and

According to Frost & Sullivan, our lithium-ion battery separator shipment volume ranked second globally for the last six years consecutively, with our global market share increasing from 11.0% in 2020 to 11.6% in 2025. In 2025, our Group accounted for a market share of approximately 13.5%, and ranked second in the Chinese Mainland battery separator market, according to Frost & Sullivan. We are the first and one of the few enterprises in Chinese Mainland with capabilities in all three types of lithium-ion battery separator production technologies, namely dry process, wet process and coated process separators. In 2025, our Group accounted for a market share of approximately 21.5% in the global dry process battery separator market and 9.0% in the global wet process battery separator market, ranking first and fourth globally by shipment volume, respectively.

We have developed a clear plan for a comprehensive network encompassing production, R&D and customer engagement. Currently, we have established five manufacturing bases within the PRC. Our overseas manufacturing bases in Europe, Southeast Asia and the U.S. are under construction, demonstrating our commitment to a global footprint. In terms of innovation, we have established R&D centres in the PRC, Japan and Sweden. Our expanding network supports a broad customer base, including more than 100 leading lithium-ion battery manufacturers worldwide. We have established stable relationships with all the world's top ten lithium-ion battery manufacturers in 2025 and are one of the few battery separator companies that supply to all of the world's top ten lithium-ion battery manufacturers according to Frost & Sullivan.

We are committed to advancing industrial upgrades through the application of advanced technologies, not only in the lithium-ion battery separator industry but also membranes in other fields. Building on our extensive expertise in lithium-ion battery separators and guided by our core strategy of "in-depth technology + diverse applications," we have developed a portfolio of solid-state electrolyte membranes and other functional membranes that spans various scenarios. Solid-state electrolyte membrane are a type of battery separator used primarily in next-generation batteries. Unlike traditional batteries that use a liquid electrolyte, our solid-state electrolyte membranes employ a solid material to conduct ions between the battery's anode and cathode. Through our advanced technologies in functional membranes, including heat exchange membranes for air ventilation and energy recovery systems, waterproof and breathable membranes for outdoor apparel and water treatment membranes for municipal water treatment, we aim to provide reliable material solutions for relevant high-value industries, including green energy and semiconductors.

Our planned expansion into the semiconductor materials sector is an extension of our existing expertise in advanced materials, particularly those supporting the lithium-ion battery industry. See "*B* *C*". We believe that we are well positioned to support the new business line considering the following factors. First, our robust R&D infrastructure, including proven experience and in-house experts in polymer chemistry and membrane science, provides a strong foundation to support this diversification; where new expertise is required, we can readily expand its R&D team. Second, our in-house equipment design capabilities allow for tailored machinery development, ensuring flexibility and speed in adapting to semiconductor sector needs. Many existing production lines, originally used for high-precision membrane fabrication, can be reconfigured for semiconductor material manufacturing, reducing significant new investment and enabling faster deployment. Third, there is considerable overlap in raw materials and core processing technologies, supporting knowledge transfer and operational efficiency. Fourth, our established global customer relationships, including with companies already operating in or adjacent to the semiconductor industry, open up valuable pathways to potential customers in the new sector. Finally, our rigorous quality control systems and experience in meeting international standards align well with the requirements of the semiconductor industry, allowing for a smooth expansion into this business.

Below is an overview of our achievements.

Global Market Share

11.6%
Market share in 2025 in terms of total shipment volume

Wet Process Ranked Fourth
Wet process separators market share ranked fourth in 2025 b shipment volume

Dry Process Ranked First
Dr process separators market share ranked rst in 2025 b shipment volume

Designed Production Capacity

Over 2 billion m^2 as of 31 December 2025
Designed overseas annual production capacit

8 manufacturing bases
Chang hou, Jiangsu, Hefei, Nantong, Foshan
(the above in operation)
the U.S., Mala sia, S eden
(the above under construction)

Manufacturing

Among the few in the industry[(1)]
With self-designed e uipment

R&D

First in Chinese Mainland[(1)]
Capabilities in dr , et and coated process separators manufacturing technologies

4 global R&D centres
Japan, S eden, Shen hen, Nantong

Customer

100+
Lithium-ion batter customers globall

Top 10
Global lithium-ion batter manufacturers have built stable relationship ith us

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(1) In 2025, according to Frost & Sullivan.

We believe that our business success and market position are underpinned by the following key strengths:

- We are a competitive lithium-ion battery separator provider, underpinned by over 20 years of R&D and a proven track record of serving world-leading battery manufacturers
- We have a comprehensive and optimised product portfolio that covers comprehensive demand of downstream lithium-ion battery customers in various scenarios
- We have established a three-pronged innovation ecosystem, enabling us to maintain our R&D capabilities, generate numerous high-quality research outcomes and build extensive technological reserves
- We are one of the few enterprises in the industry with independent equipment research and design capabilities
- Our production and R&D network lay the foundation for our services to overseas customers
- We have an experienced and visionary management team and have established a robust talent incentive mechanism to promote sustainable development

We plan to implement the following strategies:

- Continue to invest in the R&D of key technologies for lithium-ion battery separator products, production equipment, raw material, solid-state battery membranes and other functional membranes
- Strengthen our relationships with existing customers, accelerate overseas market expansion and actively pursue new customers worldwide
- Actively seize opportunities in the new energy industry to further implement our global strategies and develop global operating capabilities
- Actively expand our semiconductor materials business and explore opportunities within the industry, insist on "new energy + semiconductors" policy to create a second growth curve

During the Track Record Period, we offer our customers a comprehensive product portfolio of lithium-ion batteries separators that are designed and manufactured in-house. The table below sets forth certain details of our products.

Dry Process Separator 	Thickness: 3–40μm	Batteries for EVs, electric bicycles, power tools, consumer electronics and energy storage	High melting point temperature and consistent quality
Wet Process Separator 	Thickness: 3–25μm	Batteries for EVs, power tools and high-end consumer electronics	High strength, high porosity and adjustable pore size
Coated Separator 	Thickness: 5–25μm	Batteries for EVs, consumer electronics and energy storage batteries with higher safety requirements	High safety, high wettability and adjustable coating thickness

Our separators are widely used in lithium-ion batteries for transportation vehicles, electrical energy storage facilities, consumer electronics such as smartphones and laptops and industrial machinery such as cranes and forklifts. Our comprehensive product offerings can meet the varied and specific demands of our customers, namely the lithium-ion battery manufacturers, based on the end use of their batteries.

We pride ourselves on being a reliable partner to other players in the lithium-ion battery value chain. Given the essential role of battery separators in the lithium-ion battery, the downstream lithium-ion battery manufacturers place great emphasis on the selection of suppliers of separators.

In addition to our traditional lithium-ion batteries separators, we maintain a forward-looking product portfolio covering semi-solid-state electrolyte separators, solid-state electrolyte membranes

Our R&D capabilities have enabled us to independently develop a series of key technologies in relation to the manufacturing of lithium-ion battery separators. Our R&D capabilities lay a strong foundation for our continuous business expansion in the mid- to high-end markets both domestically

Promoted by favourable regulatory policies and rapid development in downstream application scenarios, the global battery separator market has achieved a remarkable growth in total shipment volume in recent years. According to Frost & Sullivan, the market size of global battery separator industry by shipment volume increased from 10.9 billion m^2 in 2021 to 40.3 billion m^2 in 2025 at a CAGR of 38.7%. In 2025, Chinese Mainland led the global battery separator market in terms of shipment, accounting for around 85.9% of the market share. As global demands increase, in the future, the market share of other regions outside Chinese Mainland is expected to increase from 14.1% to 31.1% from 2025 to 2030.

We operate in concentrated markets and are subject to competition from separator manufacturers around the world. According to Frost & Sullivan, the total shipment volume of global battery separator industry reached approximately 40.3 billion m^2 in 2025, with the top five market players accounted for approximately 67.2% of the total shipment volume of global battery separator market. In 2025, our Group ranked second in the global battery separator market and accounted for 11.6% of the market share. In Chinese Mainland, the total shipment volume of battery separators reached approximately 34.6 billion m^2 in 2025, according to Frost & Sullivan, with the top five market players accounted for approximately 78.1% of the total shipment volume of Chinese Mainland battery separator market. For more information on the competitive landscape of our industry, see "*I*" for details.

With the introduction of new technologies and entry of new market participants, we expect competition to continue to intensify in the future. However, leveraging our strong R&D capabilities, production capacities, core technology advantages, global strategic layout, proven go-to-market strategies, established and extensive customer and supplier relationships, a wide spectrum of product portfolio and experienced management team and talent pool, we believe we are positioned favourably in market competition.

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants' Report set out in Appendix I to this document, including the accompanying notes and the information set out in "*F I*" in this document.

The following table sets forth a summary of our results of operations in absolute amounts for the periods indicated.

	B'000	B'000	B'000
Cost of sales	(1,691,456)	(2,521,858)	(3,193,640)
Other income	213,294	182,866	183,947
Net impairment losses (recognise1.3(1(e8d)/a).5(lume).9(t.3(1(e.4(f)0icateorm)-4.nf)0icatef-7.2(e(nciais)-7.2(.3(g))-4.1(p6(ba)-.4(oa)-348.65(f)-059.			

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Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as net profit for the periods adjusted by adding back equity settled share-based compensation, which is a non-cash item, and [REDACTED] expenses. The following table reconciles our adjusted net profit (non-IFRS measure) for the periods indicated.

	B'000	*B'000*	*B'000*
Net profit for the year	593,695	370,708	143,110
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Equity settled share-based compensation	4,811	11,982	39,906
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]

Revenue

During the Track Record Period, we generated revenue from sales of lithium-ion battery separators, including dry process separators, wet process separators and coated separators.

Revenue by product category

The table below sets forth the breakdown of the revenue by product category for the periods indicated.

	B'000	*%*	*B'000*	*%*	*B'000*	*%*
Coated separators	1,837,029	61.6	2,541,055	72.5	3,017,028	74.0
Wet process separators	469,107	15.7	495,103	14.1	593,228	14.6
Dry process separators	675,727	22.7	469,995	13.4	466,589	11.4

Sales Volume and Average Selling Price

The following table sets forth the sales volume and average selling price by product category during the periods indicated.

	B'000		*B*	*B'000*		*B*	*B'000*		*B*
Coated Separators	1,837,029	890,429	2.06	2,541,055	2,032,612	1.25	3,017,028	2,557,598	1.18
Wet Process Separators	469,107	443,937	1.06	495,103	610,979	0.81	593,228	828,981	0.72
Dry Process Separators	675,727	1,194,164	0.57	469,995	1,342,354	0.35	466,589	1,278,077	0.37

Revenue from our sales of dry process separators remained stable at RMB470.0 million in 2024 and RMB466.6 million in 2025, primarily due to a slight decrease in sale volume as we proactively controlled production volume in consideration of downstream demand trend, partially offset by a slight increase in average selling price in line with the broader industry trend according to Frost & Sullivan. According to Frost & Sullivan, the average selling prices for separators in China are expected to stabilize and slightly increase after 2026.

Revenue by geographic region of our shipment destination

During the Track Record Period, we generated most of our revenue from Chinese Mainland. The table below sets forth a breakdown of our revenue by geographic region of our shipment destination for the periods indicated.

	B'000	*%*	*B'000*	*%*	*B'000*	*%*
Chinese Mainland	2,512,646	84.3	3,105,179	88.6	3,508,624	86.1
Others[(1)]						

our separator products during the Track Record Period were generally in line with those of comparable products in the industry, taking into account technical specifications, product positioning and cost structure.

In contrast, for overseas battery separator market, industry experienced strong shipment growth with relatively slower capacity expansion between 2022 and 2024. According to Frost & Sullivan, from 2022 to 2024, shipments of battery separator from other regions outside China expanded at a CAGR of 10.0%, surpassing the 6.7% increase in production capacity, creating increasing opportunities to secure supply locally due to fast-growing demand from downstream battery manufacturers. See “Industry Overview.” This supply-demand dynamic resulted in average selling prices overseas that are significantly higher than those in Chinese Mainland. According to Frost & Sullivan, as domestic overcapacity intensifies, Chinese separator manufacturers have begun expanding overseas, which may exert incremental pricing pressure on overseas markets over time. However, the supplier qualification and certification process required by downstream battery manufacturers is typically longer in overseas markets as compared to domestic customers, and the resulting high switching costs create meaningful barriers to competition that support the price premium.

In the future, we anticipate that expanding our production capacity overseas will further strengthen our ability to capture higher-margin opportunities and improve overall product profitability.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by product category for the periods indicated.

The following table sets forth our gross profit and gross profit margin by geographic region of our shipment destination during the years indicated.

	B'000	*%*	*B'000*	*%*	*B'000*	*%*
Chinese Mainland	1,058,856	42.1	786,297	25.3	703,653	20.1
Others	231,551	49.3	197,998	49.4	179,552	31.6

The following table sets forth a summary of our consolidated statement of financial position as at the dates indicated.

	[illegible]		
	[illegible]	[illegible]	[illegible]
	B'000	B'000	B'000
Total non-current assets	10,526,935	15,603,454	18,709,401
Total current assets	7,418,527	7,542,081	6,083,709
[illegible]	[illegible]	[illegible]	[illegible]
Total non-current liabilities	3,964,513	7,113,391	7,133,225
Total current liabilities	4,022,172	6,061,022	7,519,133
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

We record net current assets of RMB1,481.1 million as at 31 December 2024 and net current liabilities of RMB1,435.4 million as at 31 December 2025, primarily due to (i) an increase in borrowings to support construction of manufacturing bases, and (ii) a decrease in cash and cash equivalents primarily due to capital expenditure in connection with the construction of our Foshan and Malaysia manufacturing bases and acquisition of production equipment, partially offset by a decrease in other payables and accruals, resulting from a decrease in payables for acquisition of non-current assets as a result of our settlement with suppliers.

Our net current assets decreased by 56.4% from RMB3,396.4 million as at 31 December 2023 to RMB1,481.1 million as at 31 December 2024, primarily due to (i) an increase in borrowings for construction of manufacturing bases, (ii) a decrease in time deposits to support construction of manufacturing bases, and (iii) an increase in other payables and accruals resulting from (i) an increase in construction and equipment payables for manufacturing bases, and (ii) an increase in endorsed notes receivable we used to settle payments with suppliers that have not been derecognized and not yet due, partially offset by an increase in cash and cash equivalents.

Our net assets remained relatively stable at RMB9,958.8 million as at 31 December 2023, RMB9,971.1 million as at 31 December 2024, primarily due to profit for the year of RMB370.7 million, partially offset by dividends declared of RMB295.4 million.

Our net assets remained relatively stable at RMB9,971.1 million as at 31 December 2024 and RMB10,140.8 million as at 31 December 2025, primarily due to (i) profit for the period of RMB143.1 million and (ii) other comprehensive income for the period of RMB330.6 million, partially offset by repurchase of shares of RMB300.0 million. See the Consolidated Statements of Changes in Equity to the Accountants' Report set out in Appendix I to this document for more details.

The table below sets forth a summary of our consolidated statements of cash flows for the years indicated.

	B'000	*B'000*	*B'000*
Net cash flows generated from operating activities	1,134,074	368,444	752,512
Net cash flow used in investing activities	(3,791,511)	(2,444,235)	(3,269,560)
Net cash flows generated from financing activities	3,081,322	3,031,016	1,060,852
Net increase/(decrease) in cash and cash equivalents	423,885	955,225	(1,456,196)
Effect of foreign exchange rate changes, net	26,571	(48,880)	(6,887)

The following table sets forth our key financial ratios as at the dates or for the periods indicated:

Gross profit margin(1)	43.3%	28.1%	21.7%
Net profit margin(2)	19.9%	10.6%	3.5%
Return on equity(3)	6.4%	3.7%	1.4%
Current ratio(4)	1.8	1.2	0.8
Liability-to-asset ratio(5)	44.5%	56.9%	59.1%
Gearing ratio(6)	60.8%	107.3%	122.4%
Interest coverage ratio(7)	8.4	4.1	1.6

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year/period and multiplied by 100%.
(2) Net profit margin was calculated based on net profit divided by revenue for the respective year/period and multiplied by 100%.
(3) Return on equity was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
(4) Current ratio was calculated based on the total current assets divided by the total current liabilities as at the relevant dates.
(5) Liability-to-asset ratio was calculated based on total liabilities divided by total assets as of the relevant dates and multiplied by 100%.
(6) Gearing ratio equals total debt, including total borrowings and lease liabilities, for the period divided by total equity for the period and multiplied by 100%.
(7) Interest coverage ratio represents profit before finance costs (expensed only) and income tax divided by finance costs (expensed only) for the relevant period.

Our operations and the [REDACTED] involve certain risks and uncertainties, including (i) risks relating to our business and industry, (ii) risks relating to where we conduct business, and (iii) risks relating to the [REDACTED], which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to [REDACTED] in the [REDACTED]. Some of the major risks we face include, but are not limited to:

- The average selling price of our products may face downward pressure, which will adversely affect our profit margins, result of operations and financial condition.
- All of our revenue is derived from lithium-ion battery separators. Such relatively homogeneous product mix may cause risks in relation to policy restrictions and shifts in market demands.

- Our business is subject to the market forces in the new energy vehicle and energy storage industries and our results are dependent in part on the changes in our customers' industries and market demand for their end products.
- If we fail to keep up with rapid changes in technologies or adapt our technology to emerging industry standards, or if our efforts to invest in new technologies are unsuccessful or ineffective, or if lithium-ion batteries are replaced by other types of battery, our business may be materially and adversely affected.
- We may be subject to intellectual property infringement claims, which could be time-consuming or costly to defend and may result in the diversion of our financial and management resources.
- Our interest-bearing indebtedness exposes us to interest rate risk in relation to our floating-rate debt, and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, whic

Our Directors confirmed that as at the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and SIX Swiss Exchange and other applicable securities laws and regulations of the PRC and Switzerland in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange and SIX Swiss Exchange. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange and SIX Swiss Exchange. As confirmed by our PRC legal adviser, based on the public filings on the website of the Shenzhen Stock Exchange and other information in the public domain, save as otherwise disclosed, the Company has complied with applicable securities laws and regulations of the PRC in relation to its listing on the Shenzhen Stock Exchange in all material respects for the Track Record Period and up to the Latest Practicable Date. As confirmed by our Swiss legal adviser, based on the confirmation from the SIX Swiss Exchange, since its listing on the SIX Swiss Exchange and up to the Latest Practicable Date, the Company has not been subject to any sanctions by SIX Exchange Regulation AG for violations of Swiss stock exchange regulations.

As at the Latest Practicable Date, our Company was held as to approximately 12.669% and 0.026% by Prof. Chen and Ms. Chen, respectively. Therefore, Prof. Chen and Ms. Chen, being the

(3) The unaudited [REDACTED] adjusted consolidated net tangible assets of our Group attributable to owners of the Company per Share as at 31 December 2025 is calculated after making the adjustments referred to in "Appendix II — Unaudited [REDACTED] Financial Information" to this document and on the basis that a total of [REDACTED] Shares (representing 1,348,124,139 Shares as at 31 December 2025, [REDACTED] [REDACTED] and excluding 30,849,340 repurchased shares as at 31 December 2025) were in issue assuming that the [REDACTED] had been completed on 31 December 2025 but excluding the impact of the subsequent event: the Group declared dividends in aggregate of approximately RMB13,173,000 (representing a final dividend of approximately RMB13,259,000, excluding approximately RMB86,000 distributed to holders of restricted shares which does not constitute a reduction in net assets). Including the impact of the subsequent event, the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2025 would be RMB[REDACTED] (HK$[REDACTED]) and RMB[REDACTED] (HK$[REDACTED]), based on an [REDACTED] of HK$[REDACTED] and HK$[REDACTED] per Share, respectively. For more details, please refer to the section headed "Appendix II — Unaudited [REDACTED] Financial Information" to this document.

We have historically met our working capital and other capital requirements principally from a combination of internally generated funds from our operating activities, proceeds from our equity financings and borrowings. We had cash and cash equivalents of RMB1,744.4 million, RMB2,650.8 million and RMB1,187.7 million as at 31 December 2023, 2024 and 2025, respectively. Going forward, we expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from our operations, the net [REDACTED] from the [REDACTED] and other possible equity and debt financing when appropriate. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

As at the Latest Practicable Date, the Group has completed the acquisitions of approximately (i) 13.50% equity interest in Bangci Electronic Technology (Yancheng) Co., Ltd. (邦瓷電子科技(鹽城)有限責任公司), a company principally engaged in the research, development, manufacture and sale of multilayer piezoelectric actuators and related piezoelectric ceramic products, at a consideration of approximately RMB91 million, and (ii) 32.27% equity interest in Zhongxin Carbon (Nantong) Semiconductor Technology Co., Ltd. (□碳素(南通)半導體科技有限公司), a company principally engaged in the research, development, manufacture and sale of Chemical Vapour Deposition silicon carbide semiconductor components, at a consideration of RMB7.1 million, respectively. For details, see "WAIVERS — WAIVER IN RELATION TO POST-TRACK RECORD PERIOD ACQUISITIONS".

At the 23rd meeting of the Board of Directors held on 24 March 2026, the Company approved the proposal on the registration and issuance of Science and Technology Innovation Bonds. The Company intends to apply to the National Association of Financial Market Institutional Investors (NAFMII) for registration to issue Science and Technology Innovation Bonds with an aggregate principal amount not exceeding RMB1.5 billion. The Company will determine the timing and frequency of issuance (whether in a single tranche or multiple tranches) within the registered amount and validity period based on its actual funding requirements and prevailing market conditions. The final registered amount shall be as specified in the registration notice issued by NAFMII.

The Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since 31 December 2025, and there is no event since 31 December 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

Our revenue increased by approximately 21.6% from RMB881.4 million for the three months ended 31 March 2025 to RMB1,071.3 million for the three months ended 31 March 2026, primarily attributable to (i) an increase in average selling prices for all product categories and (ii) an increase in proportion of sales from coated separators, which have higher average selling prices.

- Our revenue from dry process separators decreased by approximately 49.5% from RMB162.1 million for the three months ended 31 March 2025 to RMB81.8 million for the three months ended 31 March 2026, primarily attributable to a decrease in sales volume resulting from supply-demand imbalances and our strategic shift to focus more on coated separators.
- Our revenue from wet process separators decreased by approximately 36.0% from RMB160.1 million for the three months ended 31 March 2025 to RMB102.5 million for the three months ended 31 March 2026, primarily attributable to a decrease in sales volume resulting from our strategic shift to focus more on coated separators.
- Our revenue from coated separators increased by approximately 58.6% from RMB559.1 million for the three months ended 31 March 2025 to RMB887.0 million for the three months ended 31 March 2026, primarily attributable to (i) an increase in sales volume driven by an increase in orders from existing customers following their product launches and our proactive strategic shift to focus on coated separator products, as well as (ii) an increase in the average selling price of our products reflecting the broader industry trends according to Frost & Sullivan.

Our cost of sales increased by approximately 19.0% from RMB673.6 million for the three months ended 31 March 2025 to RMB801.8 million for the three months ended 31 March 2026, primarily in line with our revenue growth.

Our gross profit increased by approximately 29.7% from RMB207.8 million for the three months ended 31 March 2025 to RMB269.6 million for the three months ended 31 March 2026. Our gross profit margin increased from 23.6% for the three months ended 31 March 2025 to 25.2% for the three months ended 31 March 2026.

- The gross profit from our dry process separators decreased by approximately 84.4% from RMB16.1 million for the three months ended 31 March 2025 to RMB2.5 million for the three months ended 31 March 2026. The gross profit margin of our sales of dry process separators decreased from 9.9% for the three months ended 31 March 2025 to 3.1% for the three months ended 31 March 2026, primarily attributable to reduced production volumes which limited economies of scale and resulted in higher per-unit fixed cost, partially offset by an increase in average selling price.
- The gross profit from our wet process separators decreased by approximately 45.1% from RMB63.4 million for the three months ended 31 March 2025 to RMB34.8 million for the three months ended 31 March 2026. The gross profit margin of our sales of wet process separators decreased from 39.6% for the three months ended 31 March 2025 to 34.0% for the three months ended 31 March 2026, primarily attributable to (i) a decrease in average selling prices for key domestic orders driven by intensified market competition; and (ii) an increase in average unit production costs as our Malaysia production base was in the early stages of its production ramp-up during the three months ended 31 March 2026, partially offset by an increase in the proportion of overseas orders with higher average selling prices, which resulting in an increase in overall average selling price for wet process separators.

- The gross profit from our coated separators increased by approximately 81.1% from RMB128.3 million for the three months ended 31 March 2025 to RMB232.2 million for the three months ended 31 March 2026. The gross profit margin of our sales of coated separators increased from 22.9% for the three months ended 31 March 2025 to 26.2% for the three months ended 31 March 2026, primarily attributable to an increase in average selling price reflecting the broader industry trends according to Frost & Sullivan.

We recorded other gains, net of RMB11.6 million for the three months ended 31 March 2025 and other losses, net of RMB25.8 million for the t

Although currently we do not have a formal dividend policy, any future plan to pay dividends will be made at the discretion of our Board of Directors subject to approval of our Shareholders and the compliance with our Articles of Association and relevant regulatory requirement. Even if we decide to pay dividends, the form, frequency and amount may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Board of Directors may deem relevant.

During the Track Record Period, we declared and paid dividends to our Shareholders as follows:

	B'000	*B'000*	*B'000*
Final dividends	127,931	295,382	66,595

Subsequent to 31 December 2025, our Directors proposed a final dividend in respect of the year ended 31 December 2025, amounting to approximately RMB13,259 thousand in aggregate, which was subsequently settled in May 2026.

[REDACTED] expenses represent professional fees, [REDACTED] and fees incurred in connection with the [REDACTED] and the [REDACTED]. Our [REDACTED] expenses are estimated to be approximately HK$[REDACTED] (including [REDACTED]), accounted for [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming that an [REDACTED] of HK$[REDACTED] per Share (being the mid-point of the [REDACTED] stated in this document), among which, approximately HK$[REDACTED] is directly attributable to the issuance of Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK$[REDACTED] has been or will be charged to our consolidated statement of comprehensive income. The [REDACTED] expenses we expect to incur would consist of (i) approximately HK$[REDACTED][REDACTED] related expenses and fees (including [REDACTED], SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), and (ii) approximately HK$[REDACTED] non-[REDACTED]-related expenses and fees (including (a) fees and expenses of legal advisers and accountants of approximately HK$[REDACTED] and (b) other fees and expenses of HK$[REDACTED]).

The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained Glossary of Technical Terms in this document.

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on ChiNext of the Shenzhen Stock Exchange and traded in Renminbi
"Accountants' Report"	the accountants' report of our Company for the Track Record Period, the text of which is set out in Appendix I to this document
"AESC"	Automotive Energy Supply Corporation, a company established in 2007 in Japan, and one of our major customers
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles" or "Articles of Association"	the articles of association of our Company, as amended, which shall become effective from the [REDACTED] and a summary of which is set out in Appendix IV to this document
"ASEAN"	the Association of Southeast Asian Nations, a group of 11 countries in Southeast Asia that work together to promote peace, stability and economic growth in the region
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BYD"	BYD Company Limited (比亞 股 有限公司), a company established in 1995 in the PRC, and one of our major customers
"CALB"	China Aviation Lithium Battery Co., Ltd. (中▫新 科技集團股 有限公司), a company established in 2007 in the PRC, and one of our major customers
[REDACTED]	[REDACTED]
"CATL"	Contemporary Amperex Technology Co., Limited (寧 新能源科技股 有限公司), a company established in 2011 in the PRC, and one of our major customers
[REDACTED]	[REDACTED]

"Changzhou Senior"	Changzhou Senior New Energy Materials Co., Ltd. (源新能源材料有限公司), a limited liability company established under the laws of the PRC on 5 April 2017, and a wholly owned subsidiary of our Company
"Chinese Mainland"	the People's Republic of China excluding Hong Kong, Macau and Taiwan
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company", or "the Company"	Shenzhen Senior Technology Material Co., Ltd. (圳 源材質科技股 有限公司), a joint stock company with limited liability established under the laws of the PRC
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"CSDC"	China Securities Depository and Clearing Corporation Limited (中國□登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國 □監 管理委員會)
"Director(s)"	the director(s) of our Company
"EU"	the European Union
"Europe Senior"	Senior Material Ultimate Holding (Europe) AB, a limited liability company establish under the laws of Sweden on 21 December 2021, and a wholly owned subsidiary of our Company
"EVE Energy"	EVE Energy Co., Ltd. (惠 億緯鋰能股 有限公司), a company established in 2001 in the PRC, and one of our major customers
"Foshan Senior"	Senior Material (Foshan) New Materials Technology Co., Ltd. (源材質(佛山)新材料科技有限公司), a limited liability company established under the laws of the PRC on 15 February 2023, and a subsidiary of our Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent professional market research and consulting company
"Frost & Sullivan Report"	the report with respect to this [REDACTED] issued by Frost & Sullivan

"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
[REDACTED]	[REDACTED]
"Gotion High-tech"	Gotion High-Tech Co., Ltd. (國軒高科股 有限公司), a company established in 2006 in the PRC, and one of our major customers
"Governmental Authority"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organisation, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time, their predecessors (as the case may be), and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guide for New Listing Applicants"	the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange effective from 1 January 2024 (as amended, supplemented or otherwise modified from time to time)
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be [REDACTED] and [REDACTED] in Hong Kong dollars and [REDACTED] on the Stock Exchange
[REDACTED]	[REDACTED]
"Hefei Senior"	Hefei Senior New Energy Materials Co., Ltd. (合肥 源新能源材料有限公司), a limited liability company established under the laws of the PRC on 5 January 2016, and a subsidiary of our Company
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed to it under the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

"ISO"	the International Organisation for Standardisation, an independent, non-governmental international organisation that develops and publishes standards to ensure the quality, safety, efficiency, and interoperability of products, services, and systems
"Jiangsu Senior"	Jiangsu Senior New Energy Materials Co., Ltd. (□蘇 源新材料科技有限公司), a limited liability company established under the laws of the PRC on 12 March 2018, and a wholly owned subsidiary of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Latest Practicable Date"	26 May 2026, being the latest practicable date for ascertaining certain information in this document before its publication
"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, directives, requests, orders, judgements, decrees, or rulings of any Governmental Authority (including the Stock Exchange and the SFC) of all relevant jurisdictions
"LG Energy Solution"	LG Energy Solution Ltd., a company established in 2020 in South Korea, and one of our major customers
[REDACTED]	[REDACTED]
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
[REDACTED]	[REDACTED]
"MOF"	Ministry of Finance of the PRC (中華人□共和國財政部)
"Ms. Chen"	Ms. Chen Weirong (蔚), being the spouse of Prof. Chen, and one of our Single Largest Shareholders
"Murata"	Murata Manufacturing Co., Ltd., a company established in 1944 in Japan, and one of our major customers
"Nantong Senior"	Senior Material (Nantong) New Materials Technology Co., Ltd. (源材質(南通)新材料科技有限公司), a limited liability company established under the laws of the PRC on 18 June 2021, and a wholly owned subsidiary of our Company
"Nomination Committee"	the nomination committee of the Board

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Prof. Chen"	Prof. Chen Xiufeng (秀峰), the founder, executive Director, chairman of the Board and general manager of our Company, and one of our Single largest Shareholders
"PRC" or "China"	the People's Republic of China, but for the purposes of this document only (unless otherwise indicated) excluding Hong Kong the Macau Special Administrative Region of the PRC and Taiwan Province
"PRC Company Law"	the Company Law of the PRC, as amended, modified and/or otherwise supplemented from time to time
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government Body"	has the meaning ascribed to it under the Listing Rules
"PRC Legal Adviser"	King & Wood, our legal adviser on PRC laws
[REDACTED]	[REDACTED]
"Principal Subsidiaries"	our principal subsidiaries as identified in "History and Corporate Structure — Principal Subsidiaries and Operating Entities"
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Restricted Stock(s)"	restricted stock(s) granted under the 2022 Share Incentive Plan and the 2026 Share Incentive Plan (as the case may be)
"RMB or Renminbi"	Renminbi, the lawful currency of China
"SAFE"	the State Administration for Foreign Exchange of the PRC (中華人□共和國國家外匯管理局)
"SAFT"	Saft Groupe SAS, a company established in 1918 in France, and one of our major customers
"Samsung SDI"	Samsung SDI Co., Ltd., a South Korean company founded in 1970, and one of our major customers
"SEA"	Southeast Asia

"SFC"	Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"U.S.", "US" or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
"U.S. and EU Tariffs Legal Adviser"	Ashurst Tokyo (Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo), our legal adviser as to U.S. and EU laws in respect of tariffs
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
"UK"	the United Kingdom, it territories, its possessions and all areas subject to its jurisdictions
[REDACTED]	[REDACTED]
"VAT"	value-added tax
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"2022 Share Incentive Plan"	our employee incentive plan approved and adopted by our Board on 25 January 2022 and by the extraordinary general meeting of our Company on 21 February 2022
"2024 Share Incentive Plan"	our employee incentive plan approved and adopted by our Board on 10 September 2024 and by the extraordinary general meeting of our Company on 27 September 2024
"2026 Share Incentive Plan"	our employee incentive plan approved and adopted by our Board on 12 March 2026 and by the extraordinary general meeting of our Company on 31 March 2026
"%"	per cent

GLOSSARY OF TECHNICAL TERMS

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"AGV"	automated guided vehicle
"AI"	artificial intelligence
"automated mass assembly"	a manufacturing process in which large quantities of identical or similar products are put together using machinery and robotics with minimal human involvement
"base film"	the initial layer of material typically made from polymers such as polyethylene or polypropylene and undergoes various processing steps to achieve the desired properties for use in batteries
"breathability"	the ability of the separator material to allow the passage of gases and ions while maintaining its structural integrity
"CAGR"	compound annual growth rate
"casting"	a method for producing films by spreading liquid resin, a resin solution, or a dispersion onto a moving carrier, curing it by appropriate methods, and then stripping the formed film from the carrier
"ceramic alumina"	a widely used coating material for separators to enhance their thermal stability and mechanical strength, contributing to the overall safety and performance of the battery
"ceramic board"	a type of electronic circuit board made from ceramic materials such as aluminium nitride, aluminium oxide or beryllium oxide
"coated separator"	a type of battery separator that has an additional layer or coating applied to its surface
"coated thickness"	the thickness of the additional layer or layers applied to the base separator material
"composite coating"	a surface layer created by applying a mixture of two or more distinct materials to a substrate
"composite base film"	a multi-layered material consists of a base layer made from a polymer which is used to enhance the performance and safety of the separator
"consumer electronics battery"	a type of battery specifically designed to power consumer electronic devices such as smartphones, laptops, cameras and other portable gadgets
"crystalline polymer membrane"	a separator made from polymers thatexhibit a crystalline structure, which is used to separate the anode and cathode in lithium-ion batteries, preventing short circuits while allowing the flow of ions

“desalination efficiency” how effectively a desalination process converts saline water (such as

GLOSSARY OF TECHNICAL TERMS

"gravimetric energy density"	the amount of energy stored per unit mass of a substance
"Gurley value"	a measure of the air permeability of a membrane or porous material, representing how easily air can pass through it
"heat exchange separator"	a device used in heat exchange systems to separate different phases of a fluid, such as liquid and gas, while facilitating efficient heat transfer between them
"hollow fibre membrane"	a type of artificial membrane that consists of thin, tube-like structures made from polymer materials such as polysulfone or polyethersulfone
"horizontal thermal shrinkage rate"	the percentage change in the dimensions of a material in the horizontal direction when it is subjected to thermal conditions, such as heating or cooling
"humanoid robot"	a robot designed to resemble and mimic the human body in form and function
"interphase formation"	the development of a interphase at the interface between an electrode and an electrolyte in batteries
"interfacial impedance"	a measure of the resistance and reactance encountered by the flow of electric current at the interface typically between an electrode and an electrolyte in an electrochemical cell, such as a battery or fuel cell
"Kgf/cm^2"	kilogramme-force per square centimetre
"kPa"	kilopascal
"LATP"	lithium aluminium titanium phosphate
"LFP"	lithium iron phosphate, a type of lithium-ion battery that uses lithium iron phosphate as the cathode material and a graphitic carbon electrode with a metallic backing as the anode
"lithium-ion battery"	rechargeable batteries that utilise lithium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"lithium metal anodes"	an electrode made of pure lithium metal and is used as the negative electrode in certain types of advanced batteries, particularly lithium metal and some next-generation solid-state batteries
"MES"	manufacturing execution system, a software-based solution used in manufacturing to monitor, control and optimise production processes on the shop floor
"MPa"	megapascal
"mS/cm"	milliSiemens per centimetre

“microporosity forming technology”	creating a microporous structure within the separator material to enhance its performance in lithium-ion batteries
“nanofibre coating”	a coating technology that utilises low-dimensional nanomaterials as composite reinforcement materials to achieve ideal thickness, heat resistance exceeding and breakdown temperature
“NEV”	new energy vehicle
“oil coating”	a type of coating that uses natural or synthetic oils as the primary component
“PE”	polyethylene
“PEO”	polyethylene oxide
“photovoltaic green energy”	electricity generated from sunlight using photovoltaic technology, specifically solar panels
“PI”	polyimide
“PMC”	product material control
“polyolefin”	polymer of ethylene, propylene, or higher olefins
“pore-forming agent”	Substance added to materials to create pores or voids within the structure
“porosity”	the proportion of internal pores within the apparent volume of granular materials, an important parameter that affects the fluid transmission performance in porous media
“porous membrane”	a type of membrane that contains tiny pores or holes, allowing certain substances to pass through while blocking others
“PP”	polypropylene
“PPO”	polyphenylene oxide, a high-performance thermoplastic polymer derived from phenols
“proton conductivity”	the ability of a material to conduct protons through its structure
“puncture strength”	a measure of a material’s ability to withstand penetration by a sharp or pointed object
“PVDF”	polyvinylidene fluoride, a high-performance thermoplastic fluoropolymer produced by the polymerization of vinylidene difluoride
“quartz component”	a part made from quartz, a hard, crystalline mineral composed of silicon dioxide
“reductive resistant”	the ability to withstand reduction, which are chemical reactions caused

GLOSSARY OF TECHNICAL TERMS

"semi-solid-state electrolyte separator"	a key component in semi-solid-state batteries to enhance battery performance and safety
"shutdown temperature"	the specific temperature at which the separator material melts or closes its pores, effectively stopping the flow of ions between the anode and cathode
"SMT"	surface mount technology, a method used in electronics manufacturing where electronic components are mounted directly onto the surface of a printed circuit board
"sodium-ion battery"	batteries that utilise sodium ions as conductive ions that move between the anode and cathode, and charge and discharge through the mutual conversion of chemical energy and electrical energy
"solid ionic conductor"	a solid material that can conduct electrically charged atoms or molecules through its structure, allowing ionic movement while remaining in the solid state
"solid-state battery"	a type of rechargeable lithium-ion batteries that use solid-state electrolyte
"solid-state electrolyte membrane"	a crucial component in solid-state batteries designed to replace traditional liquid electrolytes
"stretch"	a method that aligns the macromolecular chains in a polymer along the direction of an external force, thereby improving the structure and mechanical properties of the polymer
"ternary lithium-ion battery"	a type of batteries that integrates a cathode composed of three metallic elements, such as nickel, cobalt and manganese
"thermal runaway time"	the duration it takes for a system, such as a battery, to reach a state of thermal runaway
"thermal shrinkage rate"	a measure of how much a material contracts in size when subjected to a specified elevated temperature for a certain period
"thermoelectric semiconductor"	a material that can convert temperature differences into electrical voltage and vice versa
"uniaxial stretching technology"	a method used to manufacture lithium-ion battery separators through stretching the base film in one direction at controlled temperatures
"volatile organic solvents"	organic chemicals that easily evaporate at room temperature due to their high vapour pressure
"volumetric energy density"	the amount of energy stored in a given system or substance per unit volume
"water treatment membrane"	a barrier that allows water to pass through while blocking contaminants based on properties such as size or charge

GLOSSARY OF TECHNICAL TERMS

"waterproof and breathable membrane"	a specialised membrane designed to provide both water resistance and breathability
"WCS"	warehouse control system, a software application designed to manage and direct the real-time activities within a warehouse or distribution centre
"wet process"	a chemical microporosity formation technology by using solvents to dissolve polymers
"wet process separator"	a type of battery separator produced using a solvent-based manufacturing process
"white oil recycling"	the process of collecting, treating and repurposing used white oil, which is a highly refined mineral oil used in various industrial and cosmetic applications
"WMS"	warehouse management system, a software application designed to optimise and manage the daily operations within a warehouse or distribution centre
" m"	micrometres
" m/pa s"	micrometres per pascal-second, a unit used to measure air permeance

We have included in this document forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in "Risk Factors."

In this document, statements of or references to our intentions or those of our Directors were made as at the date of this document. Any such information may change in light of future developments.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

All of our revenue is derived from lithium-ion battery separators. Such relatively homogeneous product mix may cause risks in relation to policy restrictions and shifts in market demands.

Our income relies on the sales performance of the lithium-ion battery separators. As such, our product mix is relatively homogeneous and, to some extent, lacks diversity which may expose us to more risks and uncertainties in times of volatile market conditions compared with those of our competitors that generate their income from a more diversified product portfolio.

In particular, we may be subject to changes in relevant policies and shifts in market demand. If the relevant regulatory bodies were to impose additional requirements in accordance with laws and regulations on the production of lithium-ion battery separators or the purchase of certain raw materials, our business operations and financial performance could be materially and adversely affected. In addition, the market demand for lithium-ion battery separators may be subject to changes such as consumer demand for the products of the new energy vehicle and electrical energy storage industries as a whole, which is beyond our control. This may in turn affect our business, results of operations and financial condition.

If we fail to keep up with rapid changes in technologies or adapt our technology to emerging industry standards, or if our efforts to invest in new technologies are unsuccessful or ineffective, or if lithium-ion batteries are replaced by other types of battery, our business may be materially and adversely affected.

To remain competitive, we must continue to improve our technologies and enhance the quality of our products. The lithium-ion battery separator industry is becoming increasingly competitive as there has been a growing number of new industry entrants, and investments in new technologies, processes and techniques have been rising. Any of these factors could render our existing technologies or products obsolete. Therefore, our success depends, in part, on our ability to identify, develop, acquire or license technologies applicable to our business. We cannot assure you that we will be able to successfully develop or acquire or effectively apply new technologies, recoup relevant development or acquisition costs, or adapt our products accordingly to meet emerging industry standards. If we fail to achieve any of the abovementioned goals, whether for technical, legal, financial or other reasons, our business, financial condition and results of operations may be materially and adversely affected.

In addition, there are many types of batteries that can convert chemical energy into electrical energy. After years of development, lithium-ion batteries have been proven to be the most efficient and mature for the new energy industry. Although it is unlikely that lithium-ion batteries will be replaced by other types of batteries in the short term, with the continual advances made in science and technology, a more effective product may replace lithium-ion batteries in the future. In that case, our business, financial condition, and results of operations would be materially and adversely affected.

We may be subject to intellectual property infringement claims, which could be time-consuming or costly to defend and may result in the diversion of our financial and management resources.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, patents, know-how, trade secrets or other intellectual property rights held by third parties without our being aware of such. During September 2019 to November 2023, our Company and certain of our subsidiaries received litigations against us in the US and the UK by a competitor for alleged infringement, illegal acquisition of trade secrets and unfair competition. Please see “Business — Legal Proceedings and Compliance.” We may from time to time be subject to additional proceedings and claims pending or threatened against us in the future relating to the intellectual property rights of others. We cannot assure you that holders of patents or other intellectual property rights purportedly relating to some aspect of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents or other intellectual property rights against us. Further, the application and interpretation of Chinese Mainland laws relating to patents and other intellectual property rights and the procedures and standards for granting such patents or other intellectual property rights in Chinese Mainland are evolving and may be subject to change, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. As we face increasing competition from competitors in Chinese Mainland, there may be a higher risk of us being subject to intellectual property infringement claims or other legal proceedings. We may incur additional costs in monitoring and detecting potential infringement.

If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and may incur licencing fees or be forced to develop alternatives of our own. Defending against any infringement or licencing allegations and claims can be costly and time-consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgement, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, financial position, results of operations, prospects and reputation could be materially and adversely affected.

Our interest-bearing indebtedness exposes us to interest rate risk in relation to our floating-rate debt, and our level of indebtedness may prevent us from meeting relevant obligations under our indebtedness, which may adversely affect our ability to raise additional capital to fund our operations.

We operate in a capital-intensive industry that requires substantial capital and other long-term expenditures, including expenditures for the purchase of equipment and construction of manufacturing bases. During the Track Record Period, we had certain borrowings to finance our business operations and capital expenditures. We expect that we may continue to do so in the future and our liquidity risk may increase. As at 31 December 2023, 2024 and 2025, our Group had borrowings of RMB6,010.6 million, RMB10,384.1 million and RMB12,109.7 million, respectively, with effective interest rates range of 2.40% to 4.25%, 2.28% to 5.59%, and 1.96% to 4.14% per annum, respectively.

We are exposed to interest rate risk resulting from interest rate fluctuations. Rising interest rates could increase interest expenses relating to our outstanding floating-rate borrowings, which could materially and adversely affect our business, results of operations, financial condition and prospects.

We cannot assure you that we will not have a substantial amount of borrowings in the future. The high amount of borrowings may (i) make it more difficult for us to fulfil our obligations under relevant indebtedness, exposing us to the risk of default, which, in turn, would negatively affect our ability to operate as a going concern; (ii) require us to allocate a higher portion of our cash flow from operations to fund repayments of principal and interest on our borrowings, thus reducing the availability of our cash flow for other purposes (such as working capital, capital expenditure and other corporate purposes); (iii) expose us to higher pressure under adverse economic or industry conditions; (iv) limit our flexibility in planning for strategic targets, or reacting to changes in our business or in the industry in which we operate; (v) potentially restrict us from pursuing potential strategic business opportunities; (vi) limit our ability to borrow additional funds; (vii) increase our exposure to interest rate fluctuations; (viii) increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential product liability and/or expenses for upgrading technologies or constructing manufacturing facilities; and (ix) limit our finance budget, each of which will materially and adversely impact our business, results of operations and financial condition.

As a result of the covenants and restrictions, our business may be limited, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. A breach of any of the restrictive covenants could result in a default with respect to the related indebtedness. If a default occurs, the relevant lenders could demand immediate payment. This, in turn, could cause cross-default or payment acceleration of our other debts. In the event that some or all of our debt payments are accelerated and become immediately due and payable, we may not have the funds to repay, or the ability to refinance, such debt.

We face various risks associated with our international operations, and our inability to effectively

We may face strong competition from our existing competitors as well as new industry entrants. If we are unable to maintain our competitive advantages and compete successfully against our competitors and new industry entrants in the future, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions.

We are subject to the risks associated with international trade policies, geopolitics and trade protection measures, and our business, financial condition and results of operations could be adversely affected. Our revenue generated overseas amounted to RMB469.2 million, RMB401.0 million and RMB568.2 million, respectively, in 2023, 2024 and 2025, accounting for 15.7%, 11.4% and 13.9% of our total revenue during the same periods. A large portion of our overseas revenue was generated from South Korea, Japan, SEA and Europe. The severity and frequency of international trade friction and disputes have increased in recent years. We cannot guarantee you that these countries will not strengthen their import policies or product certification requirements for lithium-ion battery separators in the future, which may have an adverse effect on our operations.

In recent years, complexities in international relations, such as the geopolitical tensions between the U.S. and Chinese Mainland, have presented new challenges. For example, on 13 September 2024, the Office of the United States Trade Representative announced a plan to raise the additional tariff rate applicable to U.S. imports of lithium-ion EV batteries and lithium-ion non-EV batteries from Chinese Mainland, pursuant to Section 301 of the Trade Act of 1974, from 7.5% to 25%, effective from 27 September 2024 and 1 January 2026, respectively. Moreover, starting from 1 February 2025, additional tariffs pursuant to the International Emergency Economic Powers Act (IEEPA) related to fentanyl on imports from Chinese Mainland imposed by the U.S. government were imposed at between 10% and 20%. On March 26, 2025, the U.S. government announced its intention to impose a 25% tariff on automobiles and certain automobile parts imported from all countries pursuant to authority granted by Section 232 of the Trade Expansion Act of 1962. In April 2025, the U.S. government imposed IEEPA reciprocal tariffs of up to 125% on all imports from Chinese Mainland. In response, Chinese Mainland implemented counter-measures by imposing a 125% tariff on all imports from the U.S. In November 2025, reciprocal tariffs were reduced to 10%. Subsequently, on 20 February 2026, the U.S. Supreme Court invalidated tariffs previously imposed on goods imported from Chinese Mainland pursuant to the IEEPA, and the Trump Administration has sought to replace these with a 10% tariff under Section 122 of the Trade Act, effective from 24 February 2026, which will generally apply in addition to existing Section 301 tariffs. The U.S. has also further extended the expiration of certain Section 301 tariff exclusions until 10 November 2026. During the Track Record Period, we primarily sold coated separator products to the U.S. The amounts of our separator products sales to the U.S. is RMB1.6 million, RMB9.9 million and RMB64.1 million in 2023, 2024 and 2025, respectively, accounting for 0.05%, 0.3% and 1.6% of our total revenue during the same year, respectively. There is significant uncertainty on how the relevant tariffs or other trade restrictions measures may evolve, and any rising political tensions, as well as increases in tariffs or changes to trade policies between the U.S. and Chinese Mainland, may have a significant impact on our customers' business which may in turn adversely affect demands for our products and business.

Some other regions have implemented or are considering tariffs or trade defense measures on EV-related products manufactured in the Chinese Mainland. The EU imposed countervailing duties on Chinese-origin EV to as much as 35.3% in October 2024. In April 2025, the EU and Chinese Mainland have agreed to look into setting minimum prices of Chinese-made EV instead of tariffs imposed by the EU. Our U.S. and EU Tariffs Legal Advisor has advised that our direct exports to the U.S. were subject to a tariff rate of 29.2% in 2023 and 2024. In 2025,.S.9(0)-(ciprocn92--1.(Ma5Pi5(lnirect)-4.8

also considering various measures to protect its domestic EV industry. In 2023, 2024 and 2025, our sales to the EU amounted to RMB136.6 million, RMB99.3 million and RMB186.7 million, respectively, representing 4.6%, 2.8% and 4% of our total revenue during the same years. As advised by our U.S. and EU Tariffs Legal Adviser, our Directors are of the view that given that (1) the current EU countervailing duties only affect Chinese-origin EVs and not batteries; and (2) we are currently building overseas manufacturing bases (including one in Europe), the current EU tariffs have not had any material adverse effect on us. However, future tariffs imposed by the EU and other potential measures could affect the demand for battery separators made by us in international markets, in which case our business, prospects, financial condition and results of operations could potentially be materially and adversely affected.

Furthermore, concerns over inflation, energy costs, geopolitical frictions, capital market volatility and liquidity issues may create difficult operating conditions in the future. Sales of our products in certain countries and sales of products that include components obtained from certain foreign suppliers maybe be materially and adversely affected by international trade regulations. Certain foreign jurisdictions may impose investment restrictions, economic sanctions and trade restrictions directly or indirectly affecting Chinese Mainland-based companies. For example, on 28 October 2024, the U.S. Department of the Treasury ("Treasury") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of 9 August 2023 (the "Final Rule"), which became effective on 2 January 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. While we believe that we are not a "Covered Foreign Person" and are not engaged in any "covered activities" as defined in the Final Rule, we cannot assure you that the U.S. authorities will not take a different view on the applicability of the Final Rule.

Notably, President Trump issued the America Investment Policy Memorandum on 21 February 2025, which proposes to further expand the set of technologies of concern. On 18 December 2025, U.S. President Trump signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 (the "COINS Act"). The COINS Act largely codifies the core of the Final Rule while making certain modifications, and requires the Treasury to, within 450 days from passage, promulgate new or amended regulations to implement the law. In addition, on 4 July 2025, the One Big Beautiful Bill Act (the "OBBBA") was enacted, which, among other things, provides a series of clean energy tax credits but restricts certain foreign entities, including entities under the control or influence of Chinese citizens, from claiming such tax credits, and imposes other restrictions, such as sourcing, licensing and payment restrictions, on these foreign entities. These rules may limit our ability to engage in certain kinds of research or to invest or maintain investments in Chinese Mainland; they may also limit our ability to raise capital from U.S. and other sources. Such laws and regulations are likely subject to frequent changes, and their interpretations and enforcements involve substantial uncertainties, which may be heightened by national security concerns or driven by political or other factors that are outside of our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be burdensome or costly to comply with and may materially and adversely affect us, business partners and our key suppliers' and customers' abilities to obtain technologies, systems, devices or components that may be critical to our technology infrastructure, service offerings and business operations, and may affect our sales or the sales of our customers to certain foreign markets. We have an extensive global operation network, and there is no guarantee that we will continue to be able to operate in existing geographic markets or enter into new markets given the investment restrictions, economic sanctions and trade restrictions that may be promulgated from time to time. In addition, our suppliers, customers and other business counterparties, either in Chinese Mainland or overseas, may be subject to sanctions or other restrictions themselves. If we are unable to effectively and timely identify high-risk counterparties and adopt compliance measures accordingly, we may be subject to the risks of investigations, penalties or reputational damage.

Our efforts in developing and investing in research and development may not be effective.

Our success relies on our ability to innovate new products and enhance production efficiency. In 2023, 2024 and 2025, our research and development expenses amounted to RMB242.5 million, RMB248.0 million and RMB278.4 million, respectively. In order to maintain and expand our competitive advantage, we may devote more resources in the future. In addition to our in-house R&D capabilities, we also engage in joint R&D collaboration. See "Business — Research and Development." However, as R&D activities are inherently uncertain, we cannot assure you that our product research and development projects will be successful or be completed within the anticipated time frame or budget, or that our newly developed products will achieve wide market acceptance. Even if such products can be successfully commercialised, there is no guarantee that they will be accepted by our customers and achieve their anticipated sales targets or profitability.

In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products or are more competitively priced. As it is often difficult to project the time frame for developing new products and the duration of market

We are subject to customer concentration risk and the loss of, or a significant reduction in purchases from, any of our major customers would significantly reduce our profitability and materially and adversely affect our prospects, business, results of operations and financial condition.

During the Track Record Period, a majority of our lithium-ion battery separators were sold to a relatively limited number of customers, and we expect our customer concentration to remain at a relatively high level in the near future. Our key customers include LG Energy Solution, Samsung SDI, AESC, Murata, SK On, SAFT, CATL, BYD, Gotion High-tech, CALB, EVE Energy and Sunwoda. In 2023, 2024 and 2025, the revenue contributed by our top five customers in each year accounted for 63.8%, 50.9% and 60.8% of our total revenue, respectively. As such, we may be subject to concentration risks from these major customers. We cannot assure you that we will be able to maintain our relationships with our major customers in the future. Our major customers are not obliged in any way to continue to cooperate with us in the future at a level that is similar to that in the past, or at all. Should any of our major customers reduce substantially their demand for our products or terminate its business relationship with us entirely, or fail to settle its payments on time, we may not be able to secure new business from other customers to compensate for such reduction in sales demand or loss of business. If our relationships with these major customers deteriorate, or if there is a perceived decline in the quality of our products, our sales to these major customers may decrease accordingly. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business is susceptible to any policy changes affecting the new energy vehicle and ESS industry, which may materially and adversely affect our business.

New policy for lithium-ion separators or changes in the regulatory requirements concerning the end markets for lithium-ion separators may affect our business, financial condition, results of operations and prospects. For example, on 20 October 2020, the State Council issued the Development Plan for New Energy Automobile Industry (2021–2035) (Guobanfa [2020] No. 39) (2021–2035 [2020]39), proposing to achieve the large-scale application of highly autonomous vehicles through a 15-year programme. However, these policies are subject to certain limits, and we cannot assure you that any new legislations or regulatory requirements, if any, would be favourable to our business or financial condition. For instance, according to the Notice on Improving the Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles (Cai Jian [2020] No. 86) ([2020]86) (the "2020 Subsidy Circular"), released by the Ministry of Finance, the Ministry of Industry and Information Technology, the Ministry of Science and Technology and the Development and Reform Commission on 23 April 2020, which was further confirmed on 31 December 2020 and 31 December 2021, save in areas such as public transportation, the subsidies for EV purchases from 2020 to 2022 will generally be reduced by 10%, 20% and 30%, respectively, based on the level of the previous year, and the total number of EVs sold in Chinese Mainland that will be entitled to such subsidies should be no more than two million each year. In addition, the national EV subsidy policy for purchase of new EVs under the 2020 Subsidy Circular was terminated on 31 December 2022. The termination of the subsidy policy could directly affect the profitability of the EV manufacturers in the short term and some of them may choose to pass down such increased costs to end customers, which may discourage end customers from choosing EVs, and thus affect the overall market demand of EV battery products and lithium-ion battery separators.

In addition, in the context of the national goal of becoming carbon neutral, the energy storage market in Chinese Mainland has welcomed a series of favourable policies. For instance, Action Plan for Carbon Dioxide Peaking Before 2030 (2030), issued by the State Council in 2021, unveiled a series of action plans to accelerate energy storage development. As for ESS industry, on 23 July 2021, the National Development and Reform Commission (the "NDRC") and the National Energy Administration (the "NEA") issued the Guiding Opinions on Accelerating the Development of New Energy Storage (Fa Gai Neng Yuan Gui [2021] No. 1051) ( ) ([2021]1051), which set the goal of achieving a cumulative installation capacity of 30 GWh of ESS by 2025, and achieving the comprehensive market development of new energy storage by 2030. On 26 July 2021, the NDRC issued the Notice on Further Improvement of the Time-of-use Pricing Mechanism (Fa Gai Jia Ge [2021] No. 1093) ( ) ([2021]1093), which encouraged the use of ESS to reduce the power load in peak hours. On 21 December 2021, the NEA issued the Regulations on Power Grid Connection and Operations (Guo Neng Fa Jian Guan Gui [2021] No. 60) ( ) ([2021]60), which included electrochemical energy storage and other new energy storage into the management of grid-connected subjects. On 29 January 2022, the NDRC and NEA issued the "14th Five-Year Plan" New Energy Storage Development Implementation Plan (Fa Gai Neng Yuan [2022] No. 209) (" ") ([2022]209), which set the goal of enhancing the technological performance of electrochemical ESS and reduces the systematic cost by over 30% by 2025, and encouraged to innovate new energy storage business models and explore the application of business models such as shared energy storage, cloud energy storage and energy storage aggregation. The Standards for Lithium-Ion Battery Industry (2024 edition) 2024 and the Measures for the Administration of Lithium-Ion Battery Industry (2024 edition) 2024 were released by the Ministry of Industry and Information Technology, which enhanced the performance specifications requirements for lithium-ion batteries and the application requirements for production capacity expansion.

We may need to change or adapt our business focus from time to time in response to new rules and regulations regarding the end markets of our products, but may not be able to do so timely and efficiently. Any new legislation or changes in the regulatory requirements regarding our end markets could have a material and adverse effect on our end customers, which in turn could materially and

Unauthorised use of our intellectual property by third parties may harm our brand and reputation, materially and adversely affect our business, and we may incur substantial expenses to protect our intellectual property rights.

We regard our patents, trademarks and other intellectual properties as critical to our success. See "Business — Intellectual Property".

We have made advanced progress and attained a large number of R&D achievements since our inception. However, some of our R&D is still in the process of patent applications. We may face risks that our applications may be rejected. In addition, some of our proprietary technologies are non-patented technologies. If such technologies are leaked or violated, our business and financial conditions may be adversely affected.

In addition, we cannot assure you that these agreements will not be breached, that we will have adequate remedies to prevent any breach in time or at all, or that our proprietary technology, know-how or other intellectual property will not otherwise be disclosed to third parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive position. See "Business — Legal Proceedings and Compliance".

Furthermore, our business partners may not always comply with our contract terms prohibiting the unauthorised use of our brands, images and other intellectual property rights. The agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorised disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Implementation of intellectual property laws in Chinese Mainland has been developing. Monitoring the unauthorised use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of resources, including management time and attention, and could disrupt our business, as well as materially and adversely affect our financial condition and results of operations.

We may not be able to properly manage our production capacity.

We strategically operate our production facilities to secure efficient production with high utilisation rates. In 2023, 2024 and 2025, our designed production capacity amounted to 2,923.5 million m^2, 4,475.8 million m^2 and 5,687.9 million m^2, respectively. Our utilisation rate in 2023, 2024 and 2025 amounted to 89%, 90% and 81%, respectively. Despite the increase in our production capacity, our ability to meet the growing demands for our customers may still be constrained by limitations in our production facilities.

We expect to expand our production capacity to meet customers' expected demands for our products. See "Business — Manufacturing". However, there is no assurance that such expansion plans will be successfully implemented as scheduled or will be commercially successful. Our production capacity expansion plan is also subject to interruptions caused by risks commonly associated with large construction and expansion projects, such as sufficiency of capital, failure to obtain requisite approvals from regulatory authorities, adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems, and other factors beyond our control. As such, we may not be able to achieve the planned production capacity expansion on time.

Furthermore, our investment in such expansion plans may not necessarily lead to the desired results. If the expansion results in production capacity that exceeds our business growth or does not

Price fluctuations and inadequate supply of raw materials, energy, transportation and other necessary supplies or services may impact our business, financial condition and results of operations.

Our raw materials primarily consisted of thermal plastics such as PP and PE, additives, packaging and auxiliary production materials. The cost of raw materials represents a substantial portion of our total operating costs. In 2023, 2024 and 2025, our cost of raw materials amounted to RMB693.7 million, RMB1,271.1 million and RMB1, 410.3 million, respectively, accounting for 41.0%, 50.4% and 44.2% of our costs of sales in the same year, respectively. We are vulnerable to price changes in raw materials, energy, transportation, and other essential supplies or services due to factors like inflation, currency fluctuations, weather changes, and shifts in supply and demand. We may not be able to offset price increases by raising the price of our products, in which case our profit margin will decrease, and our financial condition and results of operations may be materially and adversely affected. We may lose our competitive advantage if the prices of our products rise significantly. This in turn could result in loss of sales and customers.

Moreover, if the supply of raw materials, energy, transportation and other necessary supplies or services is affected by natural disasters, adverse weather conditions, suppliers' equipment failures, disruptions in transport or other inclement factors, we may not be able to identify and secure alternative sources of supply at acceptable prices or at all. We cannot assure you that unexpected and serious shortages of supply will not occur in the future. Any price fluctuations or disruption in supply of raw materials, energy, transportation and other necessary supplies or services may have a material adverse effect on our business, financial condition and results of operations.

We may be subject to risks associated with our product quality.

There is no assurance that we will not be involved in those events in the future. Lithium-ion batteries used in EVs and ESSs are inherently complex and may be subject to failure, accidents or other malfunctions. Our lithium-ion battery separator products and the products of third parties in which our products are a component are becoming increasingly sophisticated and complicated as technologies continue to advance. We cannot guarantee that there are no and will not be any quality issues with our products. Any quality issues with our battery separator products could compromise our product performance, lose customers and/or orders, and reduce our profitability. In addition, third parties who have suffered losses may bring product liability claims or legal proceedings against us, which could require us to pay substantial monetary compensation. Moreover, a product liability claim could generate considerable negative publicity about our products and business, which would materially and adversely affect our brand, business, prospects and results of operations.

Our manufacturing processes are potentially vulnerable to disruptions that can increase our production costs. We may experience potential disruptions in operations due to manufacturing difficulties or potential accidents.

Our manufacturing processes are complex, requiring equipment that is periodically modified and upgraded to improve manufacturing yields and product performance. From time to time, production difficulties may arise that could cause delivery delays or reduced output. There is no guarantee that we will not encounter manufacturing issues in achieving acceptable output or timely product delivery due to factors such as construction delays, challenges in upgrading or modifying existing production lines, building new plants, adapting to new manufacturing technologies or processes or delays in equipment deliveries. Any of these issues could constrain our production capacity and adversely affect our results of operations.

In addition, we may experience disruptions in our production lines due to additional factors such as labour shortages or natural disasters, which may delay our production and delivery, leading to sales loss, increased costs and damaged customer relationships. Any such event may adversely affect our business, results of operations, financial condition, and prospects.

We may be subject to liabilities associated with work-related accidents.

Our manufacturing processes entail certain risk, such as industrial accidents, which could lead to significant property damage or personal injury. Any such incident, regardless of its location, could result in substantial production interruptions and delays, or claims for significant damage due to personal injuries or property damage, thereby adversely impacting our business, financial condition and operational results.

We are subject to supplier concentration risk and any decrease in supplies and change in the business relationship with our suppliers could have a material and adverse effect on our business, financial condition, results of operation and prospect.

In 2023, 2024 and 2025, purchases from our top five suppliers in each year were RMB499.7 million, RMB715.4 million and RMB919.3 million respectively, accounting for 47.5%, 44.2% and 48.0% of our total purchases of raw materials in the respective year, respectively. We believe that we have a good cooperative relationship with our key suppliers. However, we cannot assure you that there will not be any dispute with our major suppliers, or that we will be able to maintain business relationships with our existing suppliers. There is no assurance that we are able to maintain business relationship with our existing suppliers, or we will be able to secure supply of raw materials at competitive prices. If we cannot locate alternative suppliers for replacement in a timely manner and/or on comparable commercial terms, our business operation may be hindered, which could materially and adversely affect our profitability.

Work stoppages, increases in labour cost and other labour-related matters may have an adverse effect on our business.

We believe that we have a good working relationship with our employees. We have not experienced any material work stoppages, strikes or other major labour problems during the Track Record Period. However, there is no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption of our operations and/or higher ongoing labour costs, which may have an adverse effect on our business, financial condition and results of operations.

In addition, labour costs in regions where we operate have been increasing in recent years and could potentially continue to increase, which may further increase our manufacturing costs. Factors contributing to rising labour costs include inflationary pressures, changes in minimum wage laws and increased demand for skilled workers. Additionally, regulatory changes or enhanced employee benefits mandated by law could further exacerbate these costs. The competition for skilled labour in our industry is intense and we may be required to offer more attractive compensation packages to retain and attract qualified personnel. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease and our financial condition and results of operations maybe materially and adversely affected.

We may need additional capital for business operations and expansion, and may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

We may require additional capital beyond those generated by the operating activities from time to time to grow our business, better serve our customers, develop and enhance our products, and improve our operating facilities. Accordingly, we may need to issue additional equity or debt securities or obtain a credit facility. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our shareholders.

Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the markets in which we operate;
- our future profitability, overall financial condition and results of operations;

- general market conditions for capital-raising activities by companies in the lithium-ion battery separator market or other relevant markets in Chinese Mainland, which in turn are dependent on the prospects of such industries; and
- economic, political and other conditions in Chinese Mainland and globally.

We may be unable to obtain additional capital in a timely manner or on commercially acceptable terms, or at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth could be significantly impaired, and our business and prospects may be adversely affected.

We recorded net current liabilities during the Track Record Period, which could expose us to liquidity risks.

We recorded net current liabilities of RMB1,435.4 million as of 31 December 2025. Our net current liability position as of 31 December 2025 was primarily due to the increase in borrowings for construction of manufacturing bases. There can be no assurance that we will be able to record net current assets in the future. If we continue to record net current liabilities, we may face liquidity risks and may not be able to repay short term indebtedness. In addition, having significant net current liabilities could constrain our operational flexibility and adversely affect our planned expansion plans and our business operations. Any of these events may have a material adverse impact on our business, financial condition and results of operations.

Fluctuations in exchange rates could have an adverse effect on the Group's results of operations.

A part of our business uses US dollar as the settlement currency. Our revenue generated overseas amounted to RMB469.2 million, RMB401.0 million and RMB568.2 million, respectively, in 2023, 2024 and 2025, accounting for 15.7%, 11.4% and 13.9% of our total revenue during the same periods. In addition, we recorded net foreign exchange gains of RMB1.0 million, RMB27.1 million and RMB11.4 million in 2023, 2024 and 2025, respectively. As we have expanded in, and expect to continue to explore, overseas markets, we are increasingly subject to risks associated with foreign exchange fluctuations.

Failure to maintain optimal inventory levels could increase our inventory holding costs or negatively impact our sales.

Our inventories consisted of raw materials, semi-finished goods and finished products. As at 31 December 2023, 2024 and 2025, the balances of our inventories amounted to RMB396.9 million, RMB518.1 million and RMB762.4 million, respectively. Our average inventory turnover days were 80.7 days, 72.6 days and 79.5 days in 2023, 2024 and 2025, respectively. As at 31 December 2023, 2024 and 2025, our provision for impairment of inventories amounted to RMB43.1 million, RMB45.7 million and RMB65.2 million, respectively. One of our customers during the Track Record Period experienced deterioration of operating conditions. We proactively negotiated with such customer and made full provision of RMB12.7 million for impairment of relevant inventories associated with this customer in 2024. However, we may not be able to effectively manage our inventory level or to identify any excessive build-up or insufficient stock of inventory in our global operations. We may misjudge market demand. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs, and the sale of excess inventory at discounted prices could impair the image of our brands and harm our gross margin. However, if we underestimate the demand for our products, insufficient stock could result in delays in the shipment of our products, thereby impacting our ability to generate sales and cause damages to our reputation and relationships with our customers. Therefore, failure to maintain optimal inventory levels could increase our inventory holding costs or cause us to lose sales, either of which could adversely impact our business, financial condition and results of operations.

We may be exposed to liquidity risk due to a long cash conversion cycle.

We recorded relatively long trade and note receivables turnover days, which may lead to delays in converting our revenue into cash. Our cash conversion cycle, a metric measuring how efficiently we manage its working capital by tracking the number of days it takes to convert our investments in inventory and other resources into cash flows from sales, was 175.2 days, 223.1 days and 234.9 days in 2023, 2024 and 2025, respectively. The cash conversion cycle is calculated by adding average inventory turnover days and average trade and notes receivables turnover days, then subtracting average trade and notes payables turnover days. A long cash conversion cycle may increase our reliance on working capital or external financing to support our operations and growth. If we are unable to manage our inventory and receivables efficiently or to secure adequate financing on acceptable terms, our liquidity position, financial condition, and results of operations could be materially and adversely affected.

Our financial results may be affected by government grants.

We recorded government grants of RMB101.8 million, RMB84.5 million and RMB99.7 million for the years ended 31 December 2023, 2024 and 2025, respectively. Not all of those grants are recurring in nature. The aforementioned grants we received are uncertain and subject to certain criteria and procedures stipulated by local governments. In addition, the development focus of local governments may shift to other industries over time. We cannot assure you that we will be able to receive any such grants in the future. If we are unable to receive future grants at the same level as we received during the past, or at all, our profitability for the period may be adversely affected.

We are exposed to credit risks related to our trade receivables.

We generally grant credit periods within 180 days to our customers. Our trade and notes receivables amounted to RMB1,773.2 million, RMB2,376.1 million and RMB2,480.1 million as at 31 December 2023, 2024 and 2025, respectively. In 2023, 2024 and 2025, our average trade and notes receivables turnover days amounted to 204.4 days, 223.6 days and 224.1 days, respectively. If any of our customers experience financial difficulties in settling the trade receivables due to factors beyond their control such as adverse changes in the competitive landscape and government policies of the industries in which they operate, our corresponding trade receivables recoverability might be adversely affected. One of our customers during the Track Record Period experienced deterioration of operating conditions. We proactively negotiated with such customer and made full provision of RMB50.0 million for trade receivables related to this customer in 2024.

If we are unable to collect our trade receivables from our customers in a timely manner per contractual terms or at all, or if there are any material delays in payment by our customers, our liquidity and cash management will be materially and adversely affected, which, in turn, might affect our business, financial condition and results of operation.

Impairment losses of prepayments, other receivables and other assets would adversely affect our business, financial performance and results of operations.

Our prepayments, other receivables and other assets mainly consisted of (i) prepayment for acquisition of non-current assets, mainly relating to prepayments for acquisition of equipment for our manufacturing, (ii) VAT recoverable, (iii) prepayments for materials and others, mainly relating to raw materials, and (iv) other receivables, mainly relating to lease deposits. As at 31 December, 2023, 2024 and 2025, our prepayment, other receivables and other assets amounted to RMB1,699.2 million, RMB1,891.3 million and RMB907.6 million, respectively.

We measure loss allowance of other receivables as either 12-month expected credit loss or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. All prepayment and other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable. Impairment loss is

could lead to potential loss of customers or difficulty in retaining or recruiting talent that are essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be materially and adversely affected.

Acquisitions, investments or strategic cooperation may fail and materially and adversely affect our reputation, business and results of operations.

We may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licences from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licences may delay, if not halt, our acquisition efforts. Future acquisitions, investments and the subsequent integration of new assets and businesses into our own may entail a number of risks, including:

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Our business depends substantially on the continuous efforts of our talent pool comprising employees and scientists who support our existing operations and future growth. If we are unable to retain, attract, recruit or train such personnel, our business may be materially and adversely affected.

Our success depends on our ability to attract, recruit and train a large number of qualified employees and retain existing key personnel including scientists and experts. In particular, we rely on our research and development team to develop technologies and our experienced sales personnel to maintain relationships with our customers. In order to compete for talent, we may need to offer higher compensation, better training, more attractive career opportunities and other benefits to our employees, which may be costly. We cannot assure you that we will be able to attract or retain the qualified workforce necessary to support our future growth. Furthermore, any disputes between us and our employees or any labour-related regulatory or legal proceedings may divert management and financial resources, negatively affect staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, our ability to train and integrate new employees into our operations may not meet the demands of our growing business. Any of the above issues related to our workforce may materially and adversely affect our operations and future growth.

We rely on third parties to provide logistics services for our business. If these third parties fail to provide reliable and timely services, our business, financial condition and results of operations may be adversely affected.

We rely on third-party service providers for some services in connection with our business, such as logistics. We obtain services from third-party service providers who we believe are able to meet our requirements. However, the services provided by any of the third-party service providers may not be provided in a timely manner and the services provided by them may not be of satisfactory quality. If the third-party service providers do not perform satisfactorily, substantially reduce the amount and scope of their services, substantially increase the prices of their services or terminate their business relationship with us, we may need to replace the third-party service providers or take other remedial actions which could increase our costs of operations. As we do not have direct control over the third-party service providers, if they become involved in the unauthorised provision of services not complying with our requirements or applicable laws and regulations, our reputation in the industry will be affected. This, in turn, may materially and adversely affect our business, financial condition and results of operations.

We may be involved in claims, disputes and legal proceedings in our ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, breach of contract, employment or labour disputes, antitrust, infringement of intellectual property rights, and environmental matters. See "Business — Legal Proceedings and Compliance". If we fail in defending against any such claims, we may be subject to substantial damages to compensate the claimants. Any claims, disputes or legal proceedings initiated by us, or brought against us, with or without merit, may result in substantial costs and diversion of resources and may materially harm our reputation. Furthermore, claims, disputes or legal proceedings against us may be due to defective supplies sold to us by our suppliers, who may not be able to indemnify us in a timely manner, or at all, for any costs that we incur as a result of such claims, disputes and legal proceedings.

On 31 July 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labour Dispute Cases ( ) (the "Interpretation"), which takes effect from 1 September 2025. Failure to comply with the new interpretations may impose additional obligations on us, or otherwise increase our compliance costs and expose us to potential penalties and fines.

Our insurance coverage may not be sufficient to cover all losses, which may increase our costs of operation.

We maintain property risk insurance and employee-related insurance for our business operations. However, the amount of coverage, depending on the insurance policies to which we subscribe, may not be adequate to fully compensate us for all types of loss, damage and liability we may suffer in the future. For example, insurances covering loss from acts of war, terrorism, or natural disasters may be unavailable or cost prohibitive. In addition, we cannot guarantee that our policies can be renewed on similar or acceptable terms, or at all. If we suffer unexpected severe losses or losses that far exceed the policy limits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business and operations may be materially and adversely affected by natural disasters, epidemics and pandemics.

Our business may be adversely affected by the occurrence of typhoons, severe storms, earthquakes, floods, fires or other natural disasters or similar events especially in the areas where we operate. In addition, any outbreak of a contagious disease, such as severe acute respiratory syndrome (SARS), Middle East respiratory syndrome, avian influenza or novel coronavirus disease (COVID-19), could disrupt our operations with respect to our supply chain, production, delivery and sales. Such events could decrease the demand for our products, impact the productivity of our workforce, make it difficult or impossible for us to manufacture and deliver products to our customers in a timely manner, or to receive materials and equipment from our suppliers. Should major public health emergencies, including pandemics, arise, we could be adversely affected by more stringent employee travel restrictions, additional requirements in freight, relevant policies affecting the movement of products between regions, delays in the ramp-up of the production capacity and disruptions in the operations of our suppliers. In the event of a natural disaster, we could incur significant losses, which could require substantial recovery time and result in significant expenditures in order to resume operations.

RISKS RELATING TO WHERE WE CONDUCT BUSINESS

Changes in the economic, political or social conditions or government policies in the countries and regions where we operate could affect our business, financial condition and results of operations.

A substantial part of our assets and operations are located in Chinese Mainland. In addition, we operate our business in a number of other geographic markets globally. Accordingly, our business, financial condition and results of operations could also be influenced by political, economic and social conditions in these markets. Economic growth in each of our geographic markets has been uneven, both geographically and among various sectors within any one of the relevant economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our costs, increase our exposure to legal and business risks, disrupt our operations and affect our results of operations.

We may be subject to approval, filing or other regulatory requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We may, from time to time, undertake capital raising activities, including offerings of equity or debt securities in the PRC or overseas markets. In connection with such activities, we may become subject to approval, filing, registration or other regulatory requirements imposed by the CSRC or other relevant PRC governmental authorities, pa

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value.

The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities are authorised to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgement on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions, claims concerning the conduct of third parties, or threats in attempt to extract payments or benefits from us.

Furthermore, many of the legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis or at all and may have retroactive effects. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your [REDACTED].

The conversion of Renminbi is subject to applicable laws and regulations in Chinese Mainland. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the [REDACTED], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalise our capital expenditure plans, and even our business, results of operations and financial condition, may be affected.

We could be subject to changes in our tax rates, the adoption of new tax legislation or exposure to additional tax liabilities.

For the companies established in Chinese Mainland, the EIT Law imposes a tax rate of 25% on business enterprises. Our Company and some of our subsidiaries are entitled to preferential tax treatment. For example, our Company and several of our subsidiaries in Chinese Mainland have been qualified as high-tech enterprises or engaged in policy-encouraged businesses, accordingly, they were entitled to a preferential income tax rate of 15% during the Track Record Period. For details, see "Financial Information — Description of Selected Consolidated Statements of Profit or Loss — Income Tax Expense". To the extent there are any changes in the laws and regulations governing preferential tax treatment or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, regulations on income, withholding, value-added, and other taxes are subject to be amended or restated. Non-compliance with the tax laws and regulations in Chinese Mainland may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to tax laws and regulations in Chinese Mainland and tax penalties or fines could affect our businesses, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realised upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in Chinese Mainland under the Individual Income Tax Law of the PRC ( ) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ( ) signed on 21 August 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income ( ) issued by the State Taxation Administration of the PRC ("STA") effective on 6 December 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC ( ), and its implementation regulations, dvidends paid by us and gains realised by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (H) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement or an applicable treaty between Chinese Mainland and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your [REDACTED] in our H Shares may be materially affected.

You may experience difficulties in effecting service of legal process and enforcing judgements against us, our most Directors, Supervisors and senior management.

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in Chinese Mainland. The majority of our Directors, Supervisors and senior management reside within Chinese Mainland. The assets of these Directors, Supervisors and senior management also may be located within Chinese Mainland. As a result, it may be complex and difficult to effect service of process upon or to enforce judgements against us, most of our Directors, Supervisors and senior management outside Chinese Mainland.

Any failure to comply with relevant regulations regarding the registration requirements for employee

The characteristics of the A share and H share markets may differ.

Our A Shares are listed and traded on the Shenzhen Stock Exchange. Following the [REDACTED], our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H Share and A Share markets. With different trading characteristics, the H Share and A Share markets have divergent [REDACTED], liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Sh any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See "Financial Information — Dividend Policy" for more details.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to time, we publicly release information relating to us on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares listing is based on regulatory requirements of the securities authorities, industry standards and market practices in Chinese Mainland, which are different from those applicable to the [REDACTED]. The presentation of financial and operational information for the Track Record Period disclosed on the Shenzhen Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. Therefore, prospective [REDACTED] in our H Shares should be reminded that, in making their [REDACTED] decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this document. By applying to [REDACTED] our H Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document and any formal announcements made by us in Hong Kong with respect to the [REDACTED].

Our Single Largest Shareholders have substantial influence over our Group and their interests may not be aligned with the interests of our other Shareholders.

Our Single Largest Shareholders have substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all o

Certain facts, forecast and other statistics in this document obtained from official government sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this document are derived from various government resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that these information is false or misleading or that any fact has been omitted that would render these information false ormisleading. Nevertheless, information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 and Rule 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This will normally mean that at least two of its executive directors must be ordinarily resident in Hong Kong. Given that (i) our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong, namely in the mainland China; (ii) our executive Directors and members of the senior management team principally reside in the mainland China; and (iii) the management and operations of the Company have been mainly under the supervision and guidance of our executive Directors and senior management team, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group's businesses and it is important for them to remain in close proximity to the Group's operations located in the mainland China, the Directors consider that the appointment of executive directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying Rule 8.12 and Rule 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorised representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorised representatives will be readily contactable by the Stock Exchange to deal promptly with enquiries from the Stock Exchange and will be able to meet with the Stock Exchange within a reasonable time frame on request. Both of our authorised representatives are authorised to communicate on our behalf with the Stock Exchange. Our Company will also inform the Stock Exchange promptly in respect of any change in our authorised representatives. At present, our two authorised representatives are Dr. ZHANG XIAOMIN, our executive Director, and Mr. Chow Tsz Ho, our joint company secretary;

(b) pursuant to Rule 3.20 of the Listing Rules, each Director will provide his/her contact information (including telephone number, mobile phone number and/or email address) to the Stock Exchange and to the authorised representatives. This will ensure that the Stock Exchange and the authorised representatives should have means for contacting all Directors promptly at all times as and when required;

(c) we will endeavour to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and

(d) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Vast Harbour Corporate authorised representatives, Directors and other members of the senior management of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Hong Kong Listing Rules; and

(e) meetings between the Stock Exchange and our Directors will be arranged through the authorised representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any change in our authorised representatives and/or our Compliance Adviser.

WAIVER IN RESPECT OF APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;
(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;
(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
(d) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 under the Guide for New Listing Applicants (the "Guide") published by the Stock Exchange, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(a) whether the issuer has principal business activities primarily outside Hong Kong;
(b) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification nor Relevant Experience (both as defined under paragraph 11 of Chapter 3.10 under the Guide) as a company secretary; and
(c) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 under the Guide, such waiver, if granted, will be for a fixed period of time (the "Waiver Period") and on the following conditions:

(a) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and
(b) the waiver can be revoked if there are material breaches of the Listing Rules by the issuer.

Our Company has appointed Mr. Li Sheng ("Mr. Li") as one of our joint company secretaries. Mr. Li has extensive experience in board and corporate management matters but presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfil the requirements of the Listing Rules. Therefore, we have appointed Mr. Chow Tsz Ho ("Mr. Chow"), who is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, as a joint company secretary to provide assistance to Mr. Li for an initial period of three years from the [REDACTED] Date to enable Mr. Li to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For details of their biographies, please see "Directors and Senior Management — Joint Company Secretaries".

Given Mr. Chow's professional qualification and experience, he will be able to explain to both Mr. Li and us the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Mr. Chow will also assist Mr. Li in organising Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Mr. Li is expected to work closely with Mr. Chow and will maintain regular contact with Mr. Chow. In addition, Mr. Li will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules during the three-year period from the [REDACTED] Date. He will also be assisted by the Compliance Adviser and our legal advisers as to the Hong Kong laws on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Mr. Li does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Li may be appointed a

Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Hong Kong Listing Rules, the Hong Kong Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

Minority Investments after 31 December 2025

Since 31 December 2025 and up to the date of this document, the Group has conducted the following acquisitions (the "Minority Investments"), the details of which are set out below.

No.	Name of the target company	Minority interest	Principal business activities of the target company
1.	Bangci Electronic Technology (Yancheng) Co., Ltd. ((鹽城)有 責任公司) ("Bangci Electronic")[1]	Acquired approximately 13.50% equity interest in Bangci Electronic from its certain then shareholders (the "Bangci Sellers"), at a consideration of approximately RMB91 million (the "Bangci Electronic Investment")	Research, development, manufacture and sale of multilayer piezoelectric actuators and related piezoelectric ceramic products
2.	Zhongxin Carbon (Nantong) Semiconductor Technology Co., Ltd. (▫碳素(南)半導 有 公司) ("Zhongxin Carbon")[2]	Subscribed for approximately 32.27%[3] equity interest in Zhongxin Carbon, at a consideration of RMB7.1 million (the "Zhongxin Carbon Investment")	Research, development, manufacture and sale of chemical vapour deposition ("CVD") silicon carbide semiconductor components

Notes:

(1) The investment in Bangci Electronic by our Group was completed on 24 April 2026 upon completion of all regulatory filings in relation to such investment. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Bangci Electronic, the Bangci Sellers, the other current shareholders of Bangci Electronics and their respective ultimate beneficial owners is an Independent Third Party as of Latest Practicable Date. Upon completion of the Bangci Electronic Investment, the Company holds a 13.5% equity interest in Bangci Electronic, the financial results of which are not and will not be consolidated into the consolidated financial statements of the Company, and such equity interest is classified as a financial asset at fair value through other comprehensive income ("FVOCI") under IFRS 9.

(2) The investment in Zhongxin Carbon by our Group was completed on 31 March 2026 upon completion of all regulatory filings in relation to such investment. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Zhongxin Carbon, the other current shareholders of Zhongxin Carbon and their respective ultimate beneficial owners is an Independent Third Party as of Latest Practicable Date. Upon completion of the Zhongxin Carbon Investment, the Company, together with its subsidiary, holds in aggregate a 32.27% equity interest in Zhongxin Carbon, the financial results of which are not and will not be consolidated into the consolidated financial statements of the Company, and such equity interest is classified as a financial asset at FVOCI under IFRS 9.

(3) Comprising approximately 27.27% equity interest in Zhongxin Carbon subscribed directly by the Company and approximately 5.00% equity interest in Zhongxin Carbon subscribed by Nantong Xinyuansheng Enterprise Management Partnership (Limited Partnership)* (南 ▫ (有)), a limited partnership established under the laws of the PRC, principally engaged in enterprise management, which is controlled by its general partner, Shenzhen Senior Dingsheng Investment Co., Ltd.* (圳 資有 責任公司), a wholly-owned subsidiary of the Company.

The consideration for the Minority Investments have been determined upon arm's length negotiations between the parties, having considered various factors including market dynamics and mutually agreed valuation, capital need of the relevant target company's operations, and, in the case of Zhongxin Carbon, a target company incorporated on 25 March 2026 without historical financial data, the anticipated capital requirements for its establishment and initial operations and the prospects of its business. The investment amounts have been satisfied by our internal resources.

Reasons and Benefits

It is believed that, as the principal business activities of Bangci Electronic and Zhongxin Carbon are closely relevant to the Group's principal business, the Minority Investments will complement the Group's business. In particular, the Bangci Electronic Investment extends the Group's product scope from polymer materials into advanced piezoelectric ceramic materials, while the Zhongxin Carbon Investment enables the Group to gain exposure to the high-growth domestic semiconductor components sector and supports the Group's strategic positioning in the import substitution of critical semiconductor materials. In respect of the Zhongxin Carbon Investment, it enables the Group to gain exposure to the high-growth domestic semiconductor components sector and supports the Group's strategic positioning in the import substitution of critical semiconductor materials, directly in line with the Group's stated "new energy + semiconductors" growth strategy. The Directors considered that the CVD silicon carbide semiconductor components sector presents a compelling strategic opportunity, underpinned by strong growth prospects and significant demand for import substitution. The Directors further considered that the sector is characterised by exceptionally high barriers to entry, as the core manufacturing competencies — in particular, CVD furnace design and proprietary gas recipe formulation — constitute deeply accumulated know-how that cannot be readily acquired through equipment procurement or conventional recruitment, and that independent development of such capabilities would require substantial capital expenditure and a prolonged years with no assurance of commercially viable yields. In this context, the Directors noted that Zhongxin Carbon's technical team possesses extensive industry experience and has independently designed and manufactured a number of CVD furnaces, achieving product yields of substantially exceeding the domestic industry average and single-coating production through resolution of the industry-wide nozzle clogging challenge, resulting in a material reduction in production time and a significant increase in per-furnace output. The Directors also considered that Zhongxin Carbon management team possesses established relationships with leading domestic wafer fabrication facilities and equipment manufacturers, and that its products have already passed verification at a major domestic foundry, thereby significantly de-risking the commercialisation pathway. Having regard to the foregoing, the Directors are of the view that the Zhongxin Carbon Investment provides the Group with access to a rare combination of proven technical capabilities, established industry relationships and near-term revenue visibility that would otherwise be extremely difficult and time-consuming to replicate independently. Accordingly, our Directors believe that the Minority Investments are fair and reasonable and in the interests of the Shareholders as a whole.

Conditions for granting the waiver and its scope in respect of the Minority Investments

We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Minority Investments on the following grounds:

Ordinary and usual course of business

Our Company confirms that it makes strategic equity investments in sectors relating to its business as part of its ordinary and usual course of business. Our Company had historically conducted a number of acquisitions and minority investments during the Track Record Period.

The applicable percentage ratios of the Minority Investments (on an aggregate basis) are less than 5% by reference to the most recent audited financial year of our Company's Track Record Period

The applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for the Minority Investments (on an aggregate basis) are all less than 5% by reference to the most recent audited financial year of the Track Record Period.

Accordingly, we do not expect the Minority Investments to result in any significant changes to our financial position and financial performance since 31 December 2025, and all information that is reasonably necessary for potential [REDACTED] to make an informed assessment of our activities or financial position has been included in this document. As such, we consider that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [REDACTED].

It would be unduly burdensome to obtain or prepare the historical financial information of the target companies for inclusion in this document

In respect of Bangci Electronic Investment, as our Company only proposed to acquire a minority interest in Bangci Electronic, it would be unduly burdensome and impracticable and would require considerable time and resources for our Company and its reporting accountants to fully familiarise ourselves with the management accounting policies of Bangci Electronic and compile the necessary financial information in accordance with the Company's accounting policies for disclosure in this document. Furthermore, given that our Company does not have control over Bangci Electronic and Bangci Electronic is not a consolidated subsidiary of our Company, our Company would face difficulties in compelling Bangci Electronic to disclose its historical financial information in this document. Our Company therefore believes that it would be impractical and unduly burdensome to disclose the audited financial information of Bangci Electronic as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules within the tight timeframe available.

In respect of Zhongxin Carbon Investment, it was recently incorporated and has not yet commenced full operations. It does not have audited historical financial statements for the three financial years immediately preceding the issue of this document. It would therefore be impossible, in addition to being unduly burdensome, to comply with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of Zhongxin Carbon.

In addition, having considered the Minority Investments to be immaterial and that our Company does not expect any of the Minority Investments to have any material impact on its business, financial condition or operations, our Company believes that (i) it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of the target companies during the Track Record Period in this document, and (ii) the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the Shareholders or prospective [REDACTED].

Alternative disclosure of the Proposed Acquisitions in this document

We have disclosed alternative information about the Minority Investments in this document. Such information includes those which would be required for a disclosable transaction under Chapter 14 of the Listing Rules that our Directors consider to be material, including, for example, descriptions of the target companies' principal business activities, the consideration, the amount of equity interest acquired and to be acquired by our Company, the independence with the target companies and their respective ultimate beneficial owners, and reasons for and benefit of the Minority Investments.

Since the applicable percentage ratios of the Minority Investments (on an aggregate basis) are less than 5% by reference to the most recent fiscal year of the Company's Track Record Period, we believe the current disclosure is adequate for potential [REDACTED] to form an informed assessment of our Company.

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[REDACTED]

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For details with respect to our Directors, please see "Directors and Senior Management."

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

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A C	Dr. Lin Zhiwei (Chairperson) Mr. Tang Changjiang Mr. Zhu Bide

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CE F I F A I

We commissioned Frost & Sullivan to conduct market research on battery separator industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB660,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and mainland China is likely to remain stable in the forecast period; and (ii) related industryin scenarios, lithium-ion battery can primarily be
es: electric vehicle battery, energy storage battery, and consumer
arily applied for transportation vehicles, energy storage facilities,
l machinery.

ments, lithium-ion battery is also increasingly being adopted in
ic tools, unmanned aerial vehicles, robotics, electric aviation and
rs are expected to become important growth engines for the
global shift toward electrification, automation, and lightweight
on of lithium-ion battery is unlocking vast new market potential,

laying a strong foundation for sustained demand growth across the battery supply chain including high-performance battery separator, which plays a critical role in ensuring safety, efficiency, and reliability across increasingly diverse and high-specification applications.

C A

The value chain of lithium-ion battery industry comprises of raw material suppliers (upstream), lithium-ion battery manufacturers (midstream), and application scenarios (downstream). Raw material suppliers provide cathode materials, anode materials, separators and electrolytes, which are important to lithium-ion battery products in terms of uniformity, stability and safety. Serving as physical barriers between electrodes and pathways for lithium-ions, separators directly influence lithium-ion battery's thermal stability, mechanical strength, ionic conductivity, fast-charging capability, and overall safety performance. Moreover, High-performance separators help mitigate the risks of thermal runaway and enable stable operation under high current densities, which is critical for fast-charging applications. Lithium-ion battery manufacturers design and produce battery products, including cells, battery modules and battery packs, together with their related BMS (Battery Management Systems). Downstream application scenarios of lithium-ion batteries mainly include new energy vehicles, energy storage facilities, and consumer electronics.

G C L - B I

The global lithium-ion battery industry in term of shipment volume increased from 576.0 GWh in 2021 to 2,278.9 GWh in 2025, representing a CAGR of 41.0%. It is expected to exceed 6,500 GWh by 2030, with a CAGR of 23.6% from 2025 onward. China remains the largest market with its lithium-ion battery shipments growing from 327.0 GWh in 2021 to 1,716.7 GWh in 2025, reflecting a CAGR of 51.4%. The volume is expected to surpass 4,500 GWh by 2030, maintaining a CAGR of 21.3% and over 65% share of the global market. The lithium-ion battery shipments from other regions outside China is expected to reach over 2,000 GWh by 2030, representing a CAGR of 29.6%, which is higher than that in China, and increasing to over 30% share of the global market.

Notably, driven by the continued penetration of NEVs and the rapid adoption of energy storage including for user side, Europe and the U.S.'s market share in term of lithium-ion battery by shipment volume is expected to increase from 10.2% and 5.6% in 2025 to 13.3% and 6.6% in 2030, respectively. In response, leading lithium-ion battery manufacturers are actively expanding production capacity in Europe and the U.S., which in turn drives the global lithium-ion battery supply chain including the battery separator industry to accelerate their expansion and localization in these regions.

G C E B I

Global NEV sales grew from approximately 6.3 million units in 2021 to 22.7 million in 2025, representing a CAGR of 37.7%, with China accounting for 68.6% of global sales at 15.6 million units. As consumer acceptance continues to rise, global NEV sales are projected to reach 43.2 million units by 2030, growing at a CAGR of 15.5% from 2025. China is expected to maintain its leading position, with sales reaching 28.6 million units by 2030, representing 66.3% of global NEV sales.

The rapid expansion of the NEV market has significantly boosted demand for EV batteries. Global EV battery shipments rose from approximately 375.0 GWh in 2021 to 1,495.0 GWh in 2025, achieving a CAGR of 41.3%. Going forward, the global EV battery shipment volume is expected to grow from 1,495.0 GWh in 2025 to 3,766.5 GWh in 2030 at a CAGR of 20.3% In China, EV battery shipments surged from 226.0 GWh in 2021 to 1,103.0 GWh in 2025 with a CAGR of 48.6%, and are projected to reach 2,534.1 GWh by 2030, growing at a CAGR of 18.1% from 2025. Meanwhile, EV battery shipments from other regions outside China are expected to reach over 1,200 GWh in 2030, with a CAGR of 25.7% from 2025.

G C E B I

Promoted by supportive policies and the accelerated deployment of clean energy, the global energy storage industry has experienced remarkable growth. The market size of global ESS industry by added installed capacity reached 324.1 GWh in 2025 and is projected to grow to 1,164.7 GWh by 2030, representing a CAGR of 29.2% from 2025 to 2030. China, supported by strong policy incentives and surging downstream demand, accounted for 59.6% of global added installed capacity in 2025, with this share expected to account for 56.3% in 2030.

In terms of battery shipments, global energy storage battery volume increased from 70.0 GWh in 2021 to 632.3 GWh in 2025 at a CAGR of 73.4%, driven by over 20 governments promoting storage-integrated renewable energy projects. This volume is expected to reach 2,510.0 GWh by 2030, representing a CAGR of 31.7% from 2025. In China, aligned with its "carbon peak" and "carbon neutrality" goals and a maturing electricity trading mechanism, energy storage battery shipments grew from 48.0 GWh in 2021 to 551.0 GWh in 2025 at a CAGR of 84.1%, and are forecasted to reach 1,859.9 GWh by 2030, growing at a CAGR of 27.5% from 2025. From other regions outside China, energy storage battery shipments are expected to reach over 650 GWh in 2030, representing a CAGR of 51.6% from 2025.

G C C E B I

Consumer electronics, including smartphones, tablets, laptops, wearables, and AR/VR devices, have seen stable demand driven by advances in mobile internet, IoT, AI, and rising disposable income. Global shipment volume decreased from 2,397.9 million units in 2021 to 2,239.6 million units in 2025, representing a CAGR of approximately –1.7%, and is expected to reach nearly 2,700 million units in 2030. The market size by shipment volume of consumer electronic products in China increased slightly from 564.5 million units in 2021 to 571.9 million units in 2025, representing a CAGR of approximately 0.3%. Looking ahead, growing demand for smartphone upgrades and deeper AI integration in devices is expected to boost market growth, with China's shipments forecast to reach 817.6 million units by 2030, maintaining a 30.3% share of global volume.

The global consumer electronics battery market grew modestly from 98.0 GWh in 2021 to 110.0 GWh in 2025 with a CAGR of 2.9%, but is expected to expand more robustly to 179.4 GWh by 2030 with a CAGR of 10.3% from 2025 as products become more intelligent, compact, and multifunctional. In China, consumer electronics battery shipments rose from 33.0 GWh in 2021 to 37.7 GWh in 2025 at a CAGR of 3.4% and are projected to reach 56.9 GWh by 2030 representing a CAGR of 8.6% from 2025, driven by 5G adoption and the broader use of AR/VR devices.

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D C

A battery separator is a type of polymeric membrane. As an indispensable component of lithium-ion batteries, separators prevent electrical short circuits and provide a pathway for lithium ions to move between cathode and anode, thus having a significant impact on the performance of lithium-ion battery products.

Separators can be classified into dry process separators and wet process separators. Dry process separators are generally made of polypropylene (PP) or polyethylene (PE). Due to the relatively high shut-down point and low thermal shrinkage rate, dry process separators have a higher thermal stability, which ensures a better safety performance. Wet process separators are made of polyethylene (PE). With less thickness, better pore size distribution and larger range of controllable porosity, wet process separators facilitate the transportation of lithium ions between electrodes, allowing the batteries to improve the energy density. The coating process can be applied to both dry and wet process separators, which can significantly increase the separators' thermal stability, puncture strength and safety performance. In wet process separators, coatings are primarily employed to improve high-temperature stability, which is critical for high-energy-density batteries, while in dry process separators, coatings focus on enhancing wettability, mechanical strength, and uniformity, supporting cost-sensitive or high-temperature applications. Generally, approximately

80% of wet process separators undergo coating, reflecting the high safety and performance demands of high-energy-density battery applications, whereas around 20% of dry process separators are coated, consistent with their broader use in cost-sensitive and moderate-performance applications. This distribution underscores the critical role of coating in enabling wet process separators to meet advanced battery performance requirements.

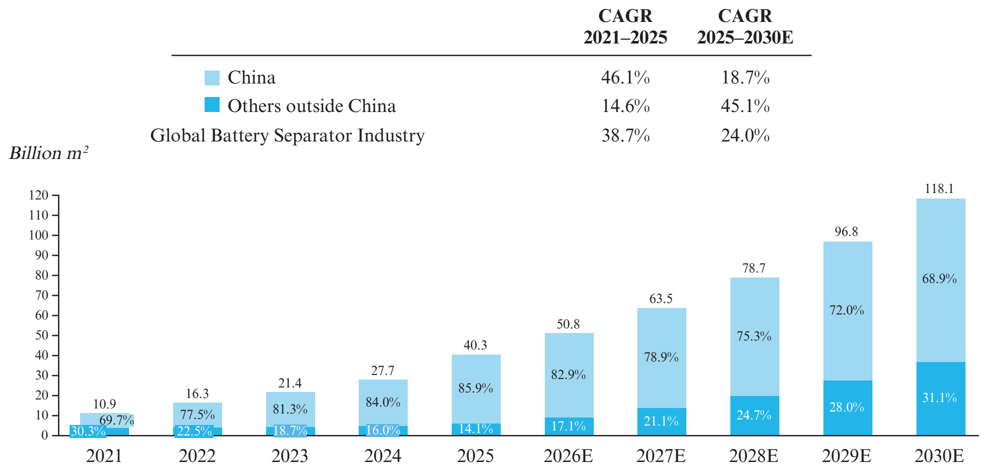
C A

Major upstream suppliers in the battery separator industry encompass raw material suppliers and equipment manufacturers. Raw material suppliers provide materials such as polyethylene (PE), polypropylene (PP), additives, packaging and auxiliary production materials, while the equipment suppliers provide machineries and tools. The leading battery separator manufacturers with in-house design capability equipment for both dry and wet process separators that is highly compatible with their proprietary production techniques, which will enable them to produce high-quality separators with high level of precision and production efficiency. Separators are crucial to the batteries not only because they prevent short circuits, but they also act as last resorts that shut off the flow of lithium-ions if the battery overheats and explodes. Leading battery separator manufacturers at the midstream offer dry and wet process separators and also conduct coating process based on demands from customers, which enhances thermal shutdown capability, safety performance, and compatibility with battery chemistries. The battery separators are applicable to lithium-ion batteries for a wide range of application scenarios, including new energy vehicles, electrical energy storage facilities, consumer electronics, etc.

G C B I

The market size of global battery separator market by shipment volume increased from 10.9 billion m^2 in 2021 to 40.3 billion m^2 in 2025 at a CAGR of 38.7%. In 2025, China had the largest shipment volume of battery separator in the world, accounting for around 85.9% of the market in major countries. Going forward, driven by the additional government mandates and technological advancements, it is forecasted that the market size of global battery separator market by shipment volume will increase from 40.3 billion m^2 in 2025 to 118.1 billion m^2 in 2030, representing a CAGR of 24.0%. Meanwhile, driven by the rapid increase in local lithium-ion battery and separator production capacities in Europe and the U.S., supported by rising NEV penetration in both regions and high annual growth in energy storage installations, regional manufacturers are accelerating local production to enhance supply chain resilience, shorten logistics cycles, reduce transportation costs, and meet increasingly stringent local requirements for quality, sustainability, and traceability. Geopolitical uncertainties and the growing emphasis on supply chain security are further strengthening the motivation for onshore production. At the same time, closer collaboration between material suppliers, battery producers, and downstream users is improving efficiency and enabling faster product innovation. Together with the overseas expansion of leading Chinese separator companies to support globalised battery supply chains, these forces are expected to significantly increase the shipment share outside China is expected to rise significantly from 14.1% in 2025 to 31.1% in 2030 reflecting a CAGR of 45.1%.

G B I , 2021 2030E



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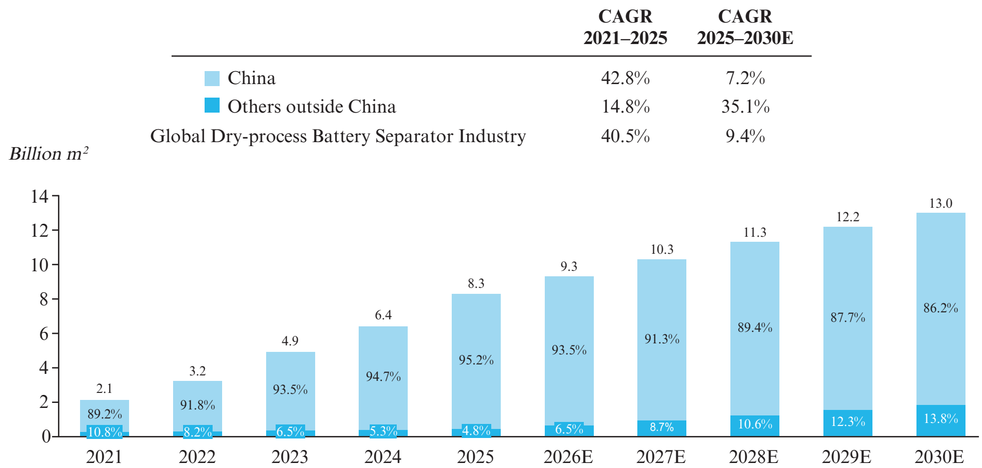
From 2021 to 2025, the global market size of dry process battery separators by shipment volume increased from approximately 2.1 billion m^2 to about 8.3 billion m^2, representing a strong CAGR of 40.5%. In 2025, China accounted for 95.2% of the global shipment volume, maintaining a dominant position in the market. Going forward, global shipments are projected to grow from approximately 8.3 billion m^2 in 2025 to 13.0 billion m^2 in 2030, with a CAGR of 9.4%. As Chinese companies accelerate overseas expansion and manufacturers in other countries improve production capacity and customer base, the share of dry process separator shipments outside China is expected to rise from 4.8% in 2025 to 13.8% in 2030, reflecting a CAGR of 35.1%.

G D B I , 2021 2030E



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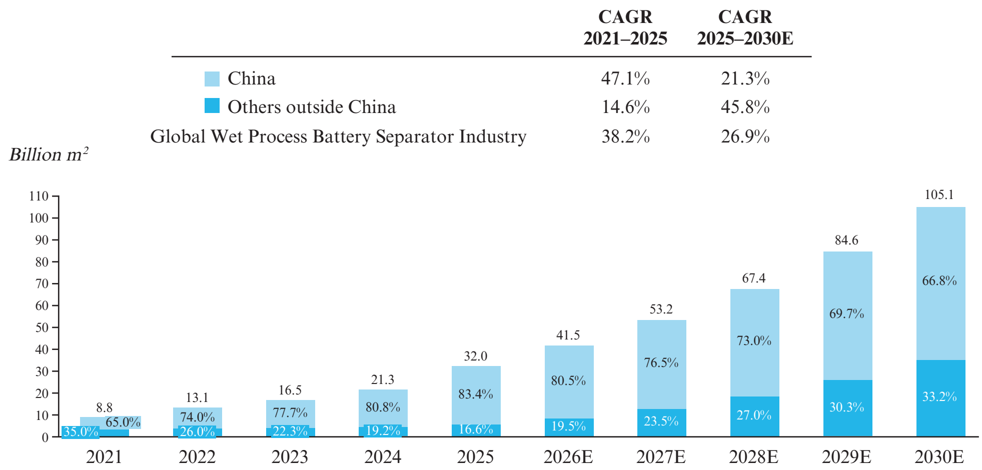
The global wet process battery separator market by shipment volume grew from approximately 8.8 billion m^2 in 2021 to about 32.0 billion m^2 in 2025, at a CAGR of 38.2%. In 2025, China dominated the market with an 83.4% share. Moving forward, the market is projected to expand from 32.0 billion m^2 in 2025 to 105.1 billion m^2 in 2030, at a CAGR of 26.9%. Notably, the market share outside China is expected to rise from 16.6% in 2025 to 33.2% in 2030 with a CAGR of 45.8%, driven by accelerated demand growth in international markets as well as Chinese enterprises' strategic overseas expansion. Leveraging their advanced manufacturing technologies, strong research capabilities, and integrated supply chains, Chinese companies are rapidly establishing production bases abroad to efficiently meet growing global battery demand, enhance supply chain resilience, and maintain cost competitiveness, thereby reinforcing their leading position in the global wet process battery separator market.

G B I , 2021 2030E



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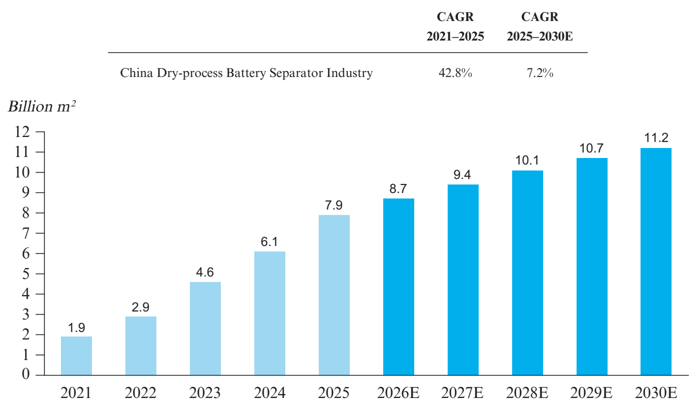
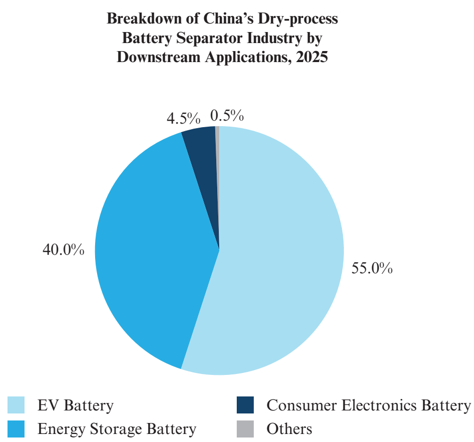
From 2021 to 2025, the shipment volume of dry process battery separator from China increased from approximately 1.9 billion m^2 to approximately 7.9 billion m^2, at a CAGR of 42.8%. Driven by further development of the downstream industries, the shipment volume of dry process battery separators from China is expected to reach approximately 11.2 billion m^2 in 2030, at a CAGR of 7.2% from 2025. In 2025, EV battery was the largest downstream applications of China's dry process battery separator market, accounting for approximately market share of 55.0%, followed by energy storage battery (40.0%) and consumer electronics battery (4.5%).

D B C , 2021 2030E





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The shipment volume of wet process battery separator from China has increased from 5.7 billion m^2 in 2021 to 26.7 billion m^2 in 2025, at a CAGR of 47.1%. Looking forward, shipment volume of wet process battery separator from China is expected to surge from 26.7 billion m^2 in 2025 to 70.2 billion m^2 in 2030, representing a CAGR of 21.3%. In 2025, EV batteries accounted for 68.5% of China's wet process battery separator market, followed by energy storage battery (27.0%) and consumer electronics battery (3.0%).

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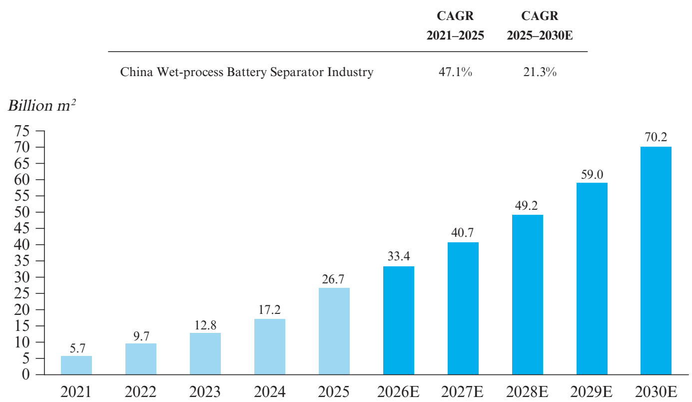

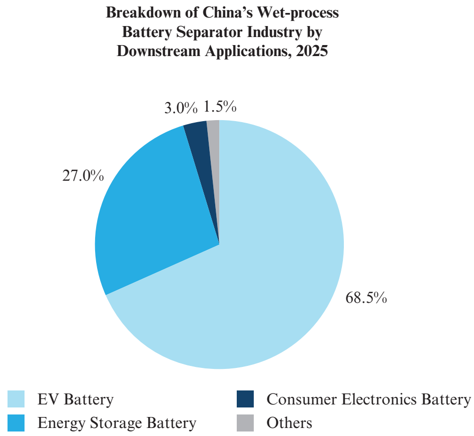

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Driven by strong growth expectations for the lithium-ion battery market, particularly in NEVs and the energy storage sector, as well as manufacturers' efforts to secure strategic positions within the supply chain, battery separator manufacturers accelerated capacity investments. In this context, in China, from 2022 to 2024, China's battery separator industry's production capacity expanded at a CAGR of 63.8%, surpassing the 35.8% increase in shipments, thereby driving price declines in domestic markets due to intensified competition and supply-demand imbalances. Due to the surge in demand especially for energy storage battery in 2025, the supply-demand imbalances have been gradually mitigated, leading to more stable price change. The battery separator prices in China fell from RMB1.96 per square metre in 2021 to RMB1.53 per square metre in 2023, further to RMB0.74 per square metre in 2024, and slightly decrease to RMB0.72 per square metre in 2025, while the dry process battery separator prices in China increased by nearly 5% from 2024 to 2025 based on annual average prices. As China accounted for over 85% of global shipment volume in 2025, its prices are highly aligned with global price trends. Looking toward 2030, capacity is projected to reach 98.2 billion m^2 and shipments 81.4 billion m^2, reflecting CAGRs of 15.4% and 18.7% from 2025. It is forecasted that the separator prices in China are expected to stabilise and slightly increase after 2026 as the pace of new capacity slows, downstream demand accelerates, and inefficient or sub scale capacity is phased out. This growth supports domestic demand and strengthens Chinese enterprises' competitiveness through technological expertise and strategic partnerships with customers. Similar to the separator segment, China's downstream lithium-ion battery industry has also experienced periods of intensified competition and structural overcapacity in recent years due to the rapid commissioning of new production lines alongside slower growth in end-markets. It is expected that rising penetration of NEVs, accelerating deployment of energy storage systems, and expanding emerging applications such as robotics and low-altitude aviation will help absorb excess capacity over time and support a gradual recovery in supply–demand dynamics.

However, in regions outside China, the industry experienced strong shipment growth while relatively slower capacity expansion between 2021 and 2025, creating increasing opportunities to secure supply locally due to fast-growing demand from downstream battery manufacturers. Capacity increased from 2.7 billion m^2 to 5.0 billion m^2 with a CAGR of 16.7%, while shipments rose from 3.3 billion m^2 to 5.7 billion m^2 with a higher CAGR of 14.6%. To meet regional demand and enhance supply efficiency, China's leading separator enterprises have expanded overseas, establishing localised production that enables faster response, tailored services, and optimised cost structures within local value chains. By 2030, capacity is expected to reach 38.6 billion m^2 and shipments 36.7 billion m^2, reflecting CAGRs of 50.5% and 45.1% from 2025, addressing a more balanced regional supply and allowing Chinese manufacturers to strengthen pricing power and profitability through closer engagement with local manufacturers.

Thus, at the global level, separator capacity grew from 13.2 billion m^2 in 2021 to 53.0 billion m^2 in 2025, registering a CAGR of 41.6%, with shipments rising from 10.9 billion m^2 to 40.3 billion m^2 at a CAGR of 38.7%. By 2030, global capacity is projected to reach 136.8 billion m^2 and shipments 118.1 billion m^2, reflecting CAGRs of 20.9% and 24.0% from 2025, supporting a more balanced and resilient global supply network while responding to the rapidly growing demand across the battery value chain worldwide.

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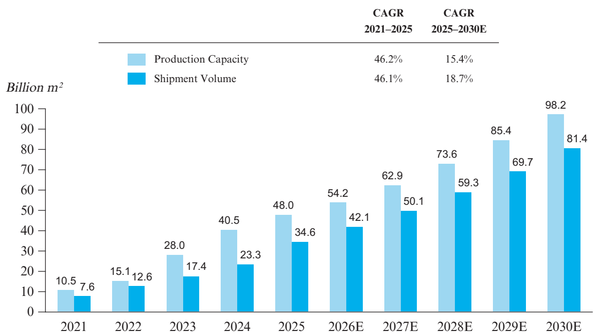

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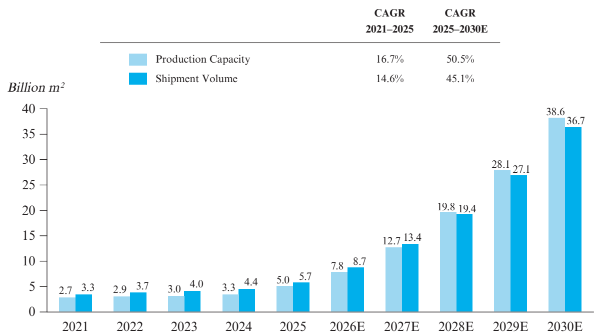

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D A G C B I

NE A P r r r

In 2025, the NEV penetration rates in China, Europe and the U.S. were 45.3%, 18.1% and 11.3%, respectively. In 2030, these figures are expected to increase to 68.1%, 26.7% and 14.1%, respectively. Compared to China, the penetration rate of NEVs in Europe and the U.S. indicate substantial growth potential, with further increases expected in the future. The global surge in NEV adoption driven by carbon neutrality goals, supportive policies, and automaker electrification strategies continues to fuel rapid growth in EV battery industry. As EV batteries evolve toward higher energy density, faster charging, and enhanced safety, the demand for high-performance separators intensifies. This has led to a parallel expansion in both wet process and dry process separator technologies. Wet process separators, offering superior uniformity and mechanical strength, are gaining traction in high-end batteries like high-nickel and semi-solid-state systems. Meanwhile, dry process separators, favoured for their thermal stability and cost-effectiveness, remain competitive in mainstream applications. With EV battery expected to maintain high growth in the coming years, the separator industry is scaling capacity and upgrading processes to match this momentum.

D r E r r r F D

The energy storage segment including grid-scale systems, telecom base stations, home energy storage, and portable power is becoming a critical growth driver for separator demand. Each application scenario has unique technical specifications, such as long-cycle performance for grid storage or high energy density and thermal resistance for residential and portable systems. Separator manufacturers are responding by developing customised, scenario-specific solutions, including functional coatings, optimised porosity, and enhanced thermal shutdown properties. Among these, energy storage industry in Europe and the U.S. especially for user-side grew significantly and ESS market size by added installed capacity is expected to exceed 135 GWh in Europe and 200 GWh in the U.S. by 2030, representing CAGRs of 35.8% and 31.9% from 2025 to 2030, respectively. This rapid growth is driving increased lithium-ion battery demand in Europe and the U.S., and in turn accelerating overseas separator capacity expansion to meet rising local demand. As global investments in renewable energy and grid stability increase, the energy storage battery industry is rising rapidly, creating a growing, sustainable demand base for separators in the energy storage sector.

C C r

Chinese separator manufacturers have rapidly caught up with, and in many cases surpassed, international competitors in terms of production scale, technology maturity, and cost efficiency. Through continued investment in research and development and production capacity, Chinese players are now leading global separator supply. Their competitive pricing and ability to deliver large volumes of high-quality wet and dry process separators have made them dominant exporters, especially to EV battery producers in Europe and SEA. This increasing competitiveness has reshaped the global market structure and consolidated leading position of Chinese suppliers.

I B L E r r D r L

Technological innovation continues to shape the battery separator sector, spanning material breakthroughs and process advancements such as high-speed wet production lines and low-temperature stretching in dry processes. Demand is rising for next-generation separators that are ultra-thin, heat-resistant, and capable of suppressing dendrite growth, driving a new wave of product development. Leading separator suppliers have integrated into these top-tier supply chains to participate in early-stage product definition and secure long-term value creation. At the same time, smart manufacturing, AI-powered quality control, and sustainability-driven research and development are transforming both cost structures and environmental footprints. On the product side, wet and dry processes are expected to coexist, with a clear trend toward thinner, more functional separators. Coated separator demand is rising, and differentiated coating formulas are becoming a key competitive edge favouring diversified players in technology routes. Looking ahead, industry concentration is likely to intensify, further benefiting leading enterprises with scale, innovation capacity, and strong customer access.

I B A G C B I

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The development and application of new technologies for the production of battery separators typically require lengthy period, which constitutes an entry barrier for new entrants to conduct independent research. Manufacturers in the battery separator industry must strive for competitive advantages through technological breakthroughs. Pioneering separator manufacturers, through their rich industry experience, establish important expertise for the entire production process. The expertise includes the selection of raw materials and design and final production of battery separators. Pioneers in the battery separator industry have simultaneously mastered process and equipment technologies in dry and wet process separator production. To further extend their leading positions, separator manufacturers have collaborated with renowned universities and research institutions to develop cutting-edge technologies, which makes it challenging for new entrants to enter into the battery separator industry.

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The high-calibre talents with extensive professional knowledge, deep industry understanding and rich experience play an important role in the success of battery separator manufacturers. Battery separator manufacturers with a proven track record in the industry normally have built-up high technical research teams. Besides, an experienced and professional management team will help the battery separator manufacturers to better operate their business with effective operational and strategic planning. Since the battery separator industry is a knowledge-intensive and technology-leading industry, the high-calibre talents are mainly concentrated in the leading manufacturers of this industry. As for new entrants in the battery separator industry, it is relatively difficult to gather talents in different fields with high qualification in a short time.

C

Substantial capital investment plays a critical role in different stages of design and production of battery separators. In the early stages, battery separator manufacturers typically make significant capital investments in building research and development teams, purchasing raw materials, developing product formular and construction of manufacturing base, etc. In the commercialization stages, sufficient capital support is significant in purchasing manufacturing equipment. In the scaling production stages, capital investment is also essential in expanding production lines, building new factories, etc. New entrants who lack sufficient capital may be less competitive in the battery separator industry, which forms capital barrier.

C

Leading battery separator manufacturers ensure consistent, reliable production and flexibly localise facilities globally to meet market demand. Beyond production capacity, customers require lengthy evaluations of product quality and manufacturing stability, resulting in extended certification periods for new entrants. Once approved, suppliers usually secure stable, long-term partnerships due to high switching costs and the need for supply reliability. In order to match lithium-ion battery manufacturers expansion overseas, leading separator companies are able to localise production to strengthen these relationships. New entrants often struggle with both production scale and customer trust, forming a high barrier to market entry.

Excellent production capability is also one of the entry barriers for battery separator industry since it is an indication of operational efficiency, production flexibility, and long-term growth potential. Battery separator manufacturers with strong leadership positions in the industry are able to provide consistent, reliable and rapid production and product supply. These companies are able to layout their global markets with vision, flexibly arranging their local production facilities to implement production plans according to the actual orders from different markets. In addition, these companies could leverage their excellent technical capabilities and resources in designing their production facilities independently, thereby relieving their production activities from the pressure of insufficient equipment supply. However, new entrants may lack of production build-up capability to deliver products, thus forms production capability barrier.

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Separator production equipment is highly customised to meet stringent technical requirements and involves long cycle times for installation, fine-tuning, and capacity ramp-up. Leading companies utilise single production lines with large capacity, featuring wide web widths and high line speeds, enabling efficient and high-volume base film manufacturing. Established players typically form strategic alliances with international equipment suppliers and leverage in-house research and development capabilities to co-develop and secure advanced equipment, particularly for high-end coated separators. These suppliers have limited production capacity, much of which is locked in through long-term agreements with leading manufacturers. For new entrants, challenges include not only the difficulty of acquiring high-performance equipment in a timely manner but also the steep learning curve in commissioning, process optimization, and quality control. Together, these factors lead to high upfront capital requirements, delayed time-to-market, and a significant competitive disadvantage, reinforcing the dominance of incumbent players.

G

The battery separator industry is protected by strong patent barriers, as key technologies are heavily patented across materials, structures, and manufacturing processes. Overseas market expansion especially in developed regions requires a comprehensive patent strategy to ensure compliance and avoid infringement risks. Without sufficient intellectual property protection, companies may face restrictions in entering high-end markets, making patent layout a critical threshold for global competitiveness.

C E I I E LA D CA E F GL BAL A D CHI A BA E E A A I D

In 2025, the total shipment volume of global battery separator industry reached approximately 40.3 billion m^2. The top 5 companies accounted for approximately 67.2% of the total shipment volume of global battery separator market. In 2025, Our Group ranked second in the global battery separator market and accounted for 11.6% of the market share.

In China, the total shipment volume of battery separator reached approximately 34.6 billion m^2 in 2025. The top 5 companies accounted for approximately 78.1% of the total shipment volume of China battery separator market. In 2025, Our Group accounted for a market share of approximately 13.5%, and ranked second in the China battery separator market.

In order to further consolidate their competitive positions in both the global and Chinese markets, leading Chinese battery separator companies are actively establishing overseas production capacity.

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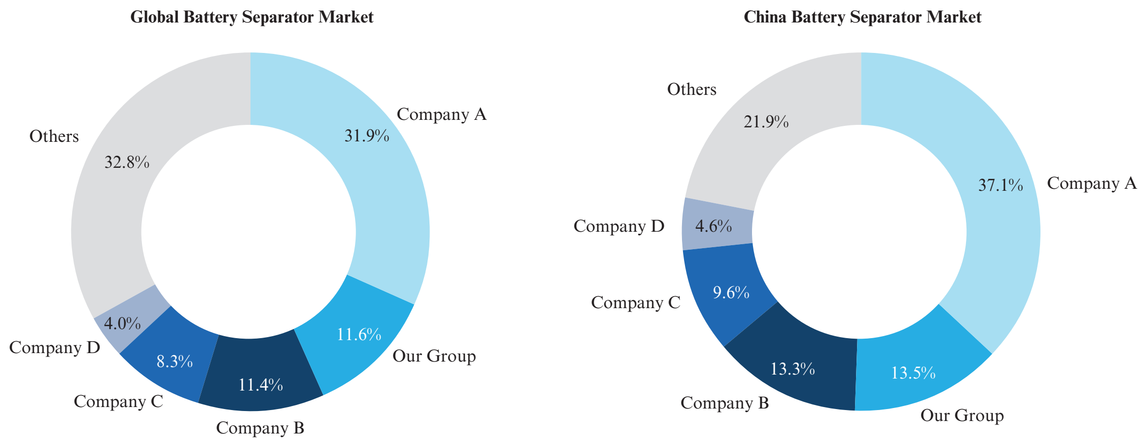
, 2025



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In 2025, the total shipment volume of global dry process battery separator reached approximately 8.3 billion m^2. The top 5 companies accounted for approximately 76.8% of the total shipment volume of global dry process battery separator. In 2025, Our Group accounted for a market share of approximately 21.5%, and ranked first in the global dry process battery separator market.

In 2025, the total shipment volume of global wet process battery separator reached approximately 32.0 billion m^2

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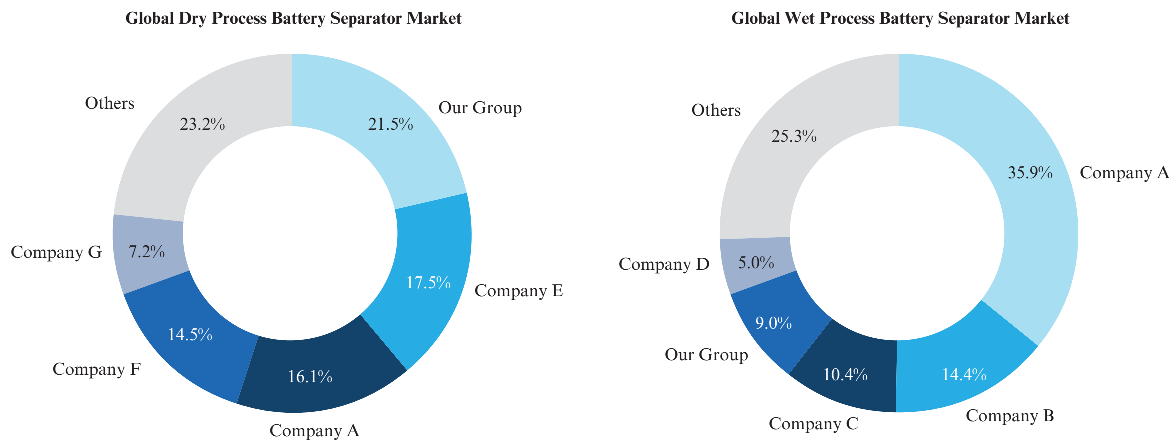
, 2025



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In 2025, the total shipment volume of China dry process battery separator reached approximately 7.9 billion m^2. The top 5 companies accounted for approximately 80.8% of the total shipment volume of China dry process battery separator. In 2025, Our Group accounted for a market share of approximately 22.6%, and ranked first in China's dry process battery separator market.

In 2025, the total shipment volume of China wet process battery separator reached approximately 26.7 billion m^2. The top 5 companies accounted for approximately 89.6% of the total shipment volume of China wet process battery separator. In 2025, Our Group accounted for a market share of approximately 10.8%, and ranked fourth in the China wet process battery separator market.

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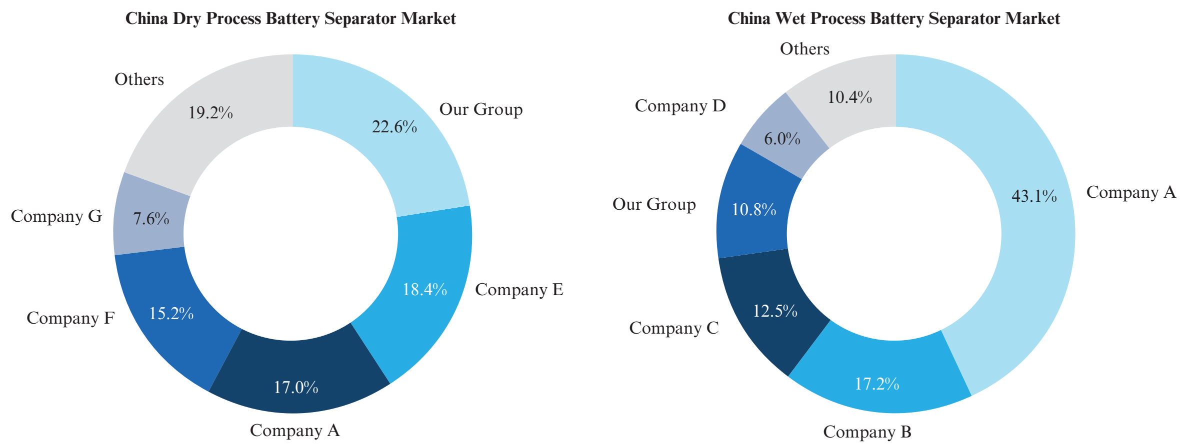
, 2025



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1. Established in 1996 and headquartered in Yunnan, China, Company A is a listed company which engaged in the production, processing and sales of new energy materials and development of new technologies and new products, including battery separator.
2. Established in 2010 and headquartered in Hebei, China, Company B is the subsidiary of a listed company which integrates research and development, production, sales and service of the wet process battery separator.
3. Established in 2001 and headquartered in Beijing, China, Company C is a listed company which integrates research and development, design, product manufacturing and sales, and technology and equipment in the field of special fibre composited and the battery separator in China.

4. Established in 2017 and headquartered in Jiangsu, China, Company D is a private company which focus on the research and development, production, sales and technical services of the battery separator and polymer special membrane materials.
5. Established in 2011 and headquartered in Henan, China, Company E is a private company which focuses on the research and development, development, production, and sales of the battery separator.
6. Established in 2012 and headquartered in Shenzhen, China, Company F is a private company which focus on the research and development, production, sales and technical services of the wet-process battery separator.
7. Established in 2015 and headquartered in Shenzhen, China, Company G is the subsidiary of a listed company which engaged in the production, processing and sales of the dry-process battery separator.

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The cost of battery separators mainly consists of labour cost, raw material cost, depreciation, and energy cost. The raw materials of battery separator mainly comprise of polypropylene (PP) and polyethylene (PE), which accounted for a large portion of raw material cost.

After the pandemic which impacted the production and incoming projects of raw material manufacturers and the entire raw material supply chain, the prices of raw materials have gradually increased and remained relatively stable, fueled by the rapid development of battery and its related industry. In 2023, the price of PP declined due to rapid capacity expansion from large-scale plants, combined with moderate demand. In 2025, the price of PP and PE has reached RMB7.0 thousand and 7.5 thousand per tonne, respectively. In 2026, PE prices are expected to slightly decrease as new capacity comes online according to earlier development plans. Historical fluctuations in PP and PE prices have had a direct and material impact on the Group's selling prices. Periods of cost decline, especially during times of industry-wide overcapacity, have enabled the Group to adjust product prices more flexibly, providing room to implement rational price reductions without compromising profitability. This has strengthened the Group's ability to maintain competitiveness in a challenging market environment. At the same time, sustained volatility in raw material prices has led the Group to adopt a disciplined and forward-looking pricing strategy, balancing the need to preserve market share with the objective of supporting long-term strategic positioning. By aligning pricing with raw material cost trends and broader industry cycles, the Group has improved resilience and enhanced its capacity to pursue stable and sustainable growth.

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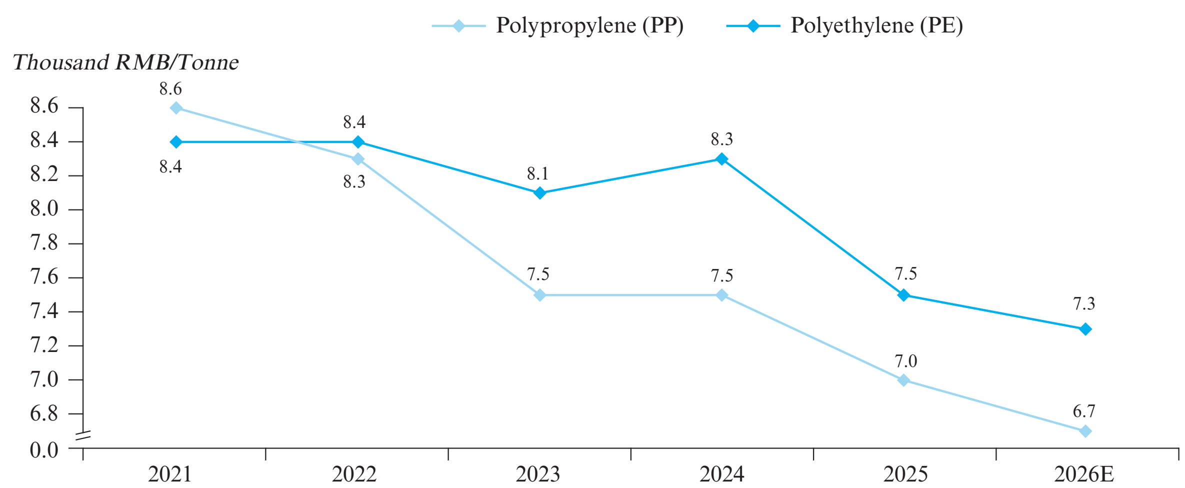

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We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets out a summary of relevant laws and regulations that may have material impact on our business activities.

EG LA I D C ALI

In accordance with the Product Quality Law of the PRC (《中華人□共和國□品質量□》) promulgated by the Standing Committee of the National People's Congress ("**C C**") on 22 February 1993, and most recently amended on 29 December 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code of the PRC (《中華人□共和國□□典》) (the "**C C**"), promulgated by the National People's Congress of the PRC on 28 May 2020, and became effective on 1 January 2021, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

The Notice of National Standard of the People's Republic of China (No.9, 2018) (《中華人□共和國國家□ 公告(2018年第9號)》) was jointly announced on 7 June 2018 by State Administration for Market Regulation and China National Standardisation Management Committee. It includes the National Standard for Polyolefin Diaphragm of Lithium-ion Batteries (Standard No.: GB/T36363-2018) (《鋰 子電□□聚烯 膜國家□ (□ 號:GB/T36363-2018)》), which was established by relevant enterprises organised by the National Standardisation Technical Committee for Alkaline Batteries plus the China Chemical and Physical Power Industry Association, after which it was finally settled by the National Standardisation Technical Committee for Alkaline Batteries (SAC/TC77). The standard, which specifies terms and definitions of polyolefin separators for lithium-ion batteries, classification, requirements, test methods, inspection rules, packaging marks, transportation and storage, took effects on 1 January 2019.

EG LA I D C I AFE ,E I E AL EC I A D E E G C E A I E IE

According to the Production Safety Law of the PRC (《中華人□共和國 全□□□》) (the " L "), which was last amended by SCNPC on 10 June 2021 and came into effect on 1 September 2021, entities engaged in production and business activities within the PRC shall comply with the Production Safety Law and other laws and regulations related to production safety, strengthen production safety management. Ent-401-288.6(5a)-4uctio8(.)-31021.5(nag)-4.5(e).8(m.7(en)-1TD.0309'at to control and properly handle hazardous substances such as waste gas, waste water, waste residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. The State implements a pollutant discharge permit management system in accordance with the law.

According to the Environmental Impact Assessment Law of the PRC (《中華人□共和國環□影□評□□》), which was amended by the SCNPC on 29 December 2018 and came into effect on the same day, the Regulation on the Administration of Environmental Protection of Construction Projects (《建設□目環□保□管理□例》), which was amended by the State Council on 16 July 2017 and came into effect on 1 October 2017, and the Interim Measures for Environmental Protection Acceptance Inspection Upon Completion of Construction Projects (《建設□目□□環□保□驗收□ □》), which was promulgated by the former Ministry of Environmental Protection on 20 November 2017 and came into effect on the same day, the PRC implements a system to assess the environmental impact of construction projects. The construction entity shall submit an environmental impact report or an environmental impact statement for approval prior to the commencement of the construction project, or an environmental impact registration form as required by the environmental protection competent administrative department of the State Council for record. In addition, after the completion of a construction project for which an environmental impact report or an environmental impact statement has been prepared, the construction entity shall, in accordance with the standards and procedures prescribed by the competent administrative department of environmental protection under the State Council, conduct acceptance inspection on the supporting environmental protection facilities and prepare an acceptance report. For construction projects that are constructed in phases or put into production or used in phases, the corresponding environmental protection facilities shall be inspected and accepted in phases. The construction projects can only be put into production or use after the completed supporting environmental protection facilities have passed the acceptance inspection. Facilities that have not been carried out or have not passed the acceptance inspection shall not be put into production or use.

According to the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Wastes (《中華人□共和國□體廢□□染環□ □□》) (the "Ŀ "), which was last amended on 29 April 2020 by the SCNPC and came into effect on 1 September 2020, any entity or individual that generates, collects, stores, transports, utilises or disposes of solid waste shall take measures to prevent or reduce the pollution of solid waste to the environment, and shall be responsible for the environmental pollution caused in accordance with the law. Where hazardous waste exists in solid waste, it shall be managed in accordance with hazardous waste management.

According to the Law of the PRC on the Prevention and Control of Water Pollution (《中華人□共和國□□染 □□》), which was last amended on 27 June 2017 by the SCNPC and came into effective on 1 January 2018, the enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to water bodies, and the enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. Furthermore, environmental impact assessment must be carried out in accordance with the law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. Water pollution prevention and control facilities should be designed, constructed and put into use at the same time as the main construction of the projects.

According to the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人□共和國大□□染 □□》), which was last amended by the SCNPC on 26 October 2018 and took effect on the same day, enterprises, institutions and other production and operation units shall, in accordance with the relevant national regulations and monitoring standards, monitor their emissions of industrial waste gases or toxic and hazardous air pollutants listed in the catalogue published according to Article 78 of the Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人□共和國大□□染 □□》), and keep the original monitoring records. Enterprises and institutions that emit industrial waste gas or toxic and hazardous air pollutants listed in the above-mentioned catalogue, as well as other units that implement administration of pollution discharge permits in accordance with the law, shall obtain a pollutant discharging permit. In addition, enterprises, institutions and other production and operation units constructing projects that have an impact on the atmospheric environment shall carry out environmental impact assessment and make environmental impact assessment documents public in accordance with the law; the units that emit pollutants into the atmosphere must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

According to the Regulations on the Administration of Pollution Discharge Permits (《排□許可管理□例》) promulgated by the State Council on 24 January 2021 and took effect on 1 March 2021, enterprises, institutions and other production and operation units subject to administration of pollution discharge permits shall discharge pollutants in accordance with the Regulations on the Administration of Pollution Discharge Permits, and shall not discharge pollutants without obtaining a pollutant discharging permit. Environmental protection authorities impose various administrative penalties, such as fines, order to correct, restriction or suspension of production for rectification, and officially came into effect on 30 October 2023, fire prevention design review and acceptance should be carried out for special construction projects. With respect to the construction projects other than special construction projects, the fire protection acceptance of construction projects shall be filed with the competent authorities.

EG LA I E A I F G D

Pursuant to the Foreign Trade Law of the PRC (《中華人□共和國對外貿 □》) which was promulgated by the SCNPC on 12 May 1994 and implemented on 1 July 1994, and subsequently revised on 6 April 2004, 7 November 2016, and 30 December 2022, foreign traders engaging in import and export of goods or technology shall submit documents and material related to its foreign trade activities to the relevant departments in accordance with the provisions of the foreign trade department of the State Council or other relevant State Council departments in accordance with the law.

Pursuant to the Customs Law of the PRC (《中華人□共和國□ □》) promulgated by the SCNPC on 22 January 1987 and amended on 8 July 2000, 29 June 2013, 28 December 2013, 7 November 2016, 4 November 2017 and 29 April 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人□共和國□ □ □位□□管理□ 》) promulgated by the General Administration of Customs on 19 November 2021 and taking effect from 1 January 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

EG LA I LEA I G

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On 1 December 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《□品房屋租賃管理 □》), which became effective on 1 February 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人□□ 於 理城鎮房屋租賃合同糾紛□ 具體□□□律□干□□的□釋(2020修正)》), which took effect on 1 January 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the

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The Measures on Administration of Internet Domain Names (《 聯網域名管理 □》) was promulgated by the MIIT in 2017, which adopts "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicise the PRC domain name system. After completion of the registration procedures, the applicant will become the holder of the relevant domain name.

EG LA I E L E A D CIAL ELFA E

E

The major PRC laws and regulations that govern employment relationship are the PRC Labour Law (《中華人□共和國□□□》), the PRC Labour Contract Law (《中華人□共和國□□合同□》) (the "**L C L**") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labour Contract Law, which became effective on 1 January 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labour contracts. Pursuant to the Labour Contract Law, labour contracts must be executed in writing if labour relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labour Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labour Dispatch (《□□□ □□》) promulgated by the Ministry of Human Resources and Social Security and came into effect on 1 March 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

I

The PRC Social Insurance Law (《中華人□共和國社會保 □》) (the "**I L**") issued by the SCNPC in 2010 and latest amended on 29 December 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保 費徵□ □□例》) promulgated by the State Council on 22 January 1999 and most recently amended on 24 March 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

The Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labour Dispute Cases (最高人□□ 於 理□□□□□ 適□□律□□的□釋( )) (the "**I**"), promulgated by the Supreme People's Court of the PRC on 31 July 2025 and took effect on 1 September 2025, provides further clarification on the application of existing labour laws and regulations, particularly in relation to social insurance contributions. Specifically, the Interpretation clarifies the legal consequences of the following scenarios: (i) any undertakings or agreements by employees to waive social insurance contributions are invalid; (ii) if an employer fails to make social insurance contributions and the employee terminates the employment relationship on such basis, the employee is entitled to economic compensation pursuant to Article 38(3) of the Labour Contract Law; and (iii) if an employer has made supplementary contributions for social insurance, it may request the return of any overpaid amounts, and the people's courts shall support such claims.

H F

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公□金管理□例》) promulgated by the State Council on 3 April 1999, and amended on 24 March 2002, and 24 March 2019, enterprises must register at the designated administrative centres and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management centre. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management centre shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

EG LA I A

E I

According to the Enterprise Income Tax Law of the PRC (《中華人□共和國企 所得□□》), which was promulgated by the SCNPC and was latest amended on 29 December 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人□共和國企 所得□□ 施□例》), which was promulgated by the State Council and was latest amended in December 2024, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

-

Pursuant to the Value-added Tax Law of the PRC (《中華人□共和國□

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、□□□局、□ □署 於□化□□□改□有 政策的公告》) promulgated on 20 March 2019 and effective from 1 April 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

D D

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the PRC Company Law, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the Civil Procedure Law of the PRC (《中華人□共和國□, 訴訟□》) which was promulgated by the National People's Congress on 9 April 1991 and most recently amended on 1 September 2023 and became effective on 1 January 2024, the limitation period for an action to recover a debt (including the recovery of declared dividends) is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Pursuant to the Individual Income Tax Law of the PRC (《中華人□共和國□人所得□□》), which was most recently amended on 31 August 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人□共和國□人所得□□ι 施□例》), which was most recently amended on 18 December 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the Enterprise Income Tax Law of PRC (the "**EI L**") and the Regulation on the Implementation of the Enterprise Income Tax Law of PRC, since 1 January 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident Dividri% toDivid5a5.8((nc)limitati68)-376.3(5348.6(r2(r)(olici70)-3421-5(e).37r)-330)-2-4.,fang8((nc)e5.1(m8.6(r2(n

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The Company Law of the PRC (《中華人□共和國公司□》), promulgated by the SCNPC of the PRC (the " C C") on 29 December 1993, last amended on 29 December 2023 and came into effect on 1 July 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the PRC Company Law.

Pursuant to the Foreign Investment Law of the PRC (《中華人□共和國外□投資□》), the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人□共和國外□投資□ 施□例》) and Measures on Reporting of Foreign Investment Information (《外□投資信 □告 □》), which became effective on 1 January 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign-funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require the submission again of any investment information that can be obtained by interdepartmental information sharing. For foreign investment enterprises investing in China and establishing an enterprise (including multi-level investment), upon completion of registration filing and submission of annual report information to the market regulatory authorities, the relevant information shall be forwarded by the market regulatory authorities to the commerce administrative authorities, and these enterprises are not required to submit separately.

Foreign investment in the PRC is subject to the Catalogue of Industries for Encouraging Foreign Investment (2022 edition) (《□□外□投資□ 目錄(2022年□)》) (the "C ")), amended on 26 October 2022 and effective since 1 January 2023 and the Special Administrative Measures for Foreign Investment Access (Negative List) (2024 edition) (《外□投資准入□□管理措施(負□ □)(2024年□)》) (the " ꓡ ")), amended on 6 September 2024 and effective since 1 November 2024, both of which issued by the National Development and Reform Commission (the " D C") and the Ministry of Commerce of the PRC (the " FC "). According to the Negative List, foreign investors shall not make investments in prohibited industries as specified in the Negative List, while foreign investments must satisfy certain conditions stipulated in the Negative List for investment in restricted industries. Industries not listed in the Negative List are generally deemed "permitted" for foreign investments.

According to the Measures for the Security Review of Foreign Investment (《外□投資 全 查 □》) promulgated by the NDRC and the MOFCOM on 19 December 2020 and became effective on 18 January 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

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F C E

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人□共和國外匯管理□例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局 於改□外□投資企 外匯資本金結匯管理方式的通 》) (the “ **AFE C 19**”) on 30 March 2015, and it became effective on 1 June 2015, which was partially repealed on 30 December 2019, and latest amended on 23 March 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局 於改□和□範資本□目結匯管理政策的通 》) (the “ **AFE C 16**”), which was amended on 4 December 2023, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局 於進 步促進跨□貿 投資便□化的通 》), which was amended on 4 December 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or [REDACTED] their securities overseas shall comply with the relevant provisions of the State Council and for [REDACTED] and [REDACTED] of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the [REDACTED] and [REDACTED] of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

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On 17 February 2023, the CSRC released several regulations regarding the management of filings for overseas [REDACTED] and [REDACTED] by domestic companies, including the Overseas Listing Trial Measures together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the " L "). Under Overseas Listing Regulations, PRC domestic companies that seek to [REDACTED] and [REDACTED] securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas [REDACTED] is submitted.

The Overseas Listing Regulations provides that no overseas [REDACTED] and [REDACTED] shall be made under any of the following circumstances: (i) such securities [REDACTED] and [REDACTED] is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities [REDACTED] and [REDACTED] may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities [REDACTED] and [REDACTED], or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities [REDACTED] and [REDACTED] is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has [REDACTED] and [REDACTED] securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of [REDACTED] status or transfers of [REDACTED] segment, and (iv) a voluntary or mandatory delisting. Overseas [REDACTED] and [REDACTED] by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfil their obligations to protect national security.

On 24 February 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《 於□强□內企□外發□□□和上市相 保 和□□管理□作的□ 》) (the " C "). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas [REDACTED] and [REDACTED] of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Leveraging with his educational background in power engineering, our Company, then known as Shenzhen Fu Yi Da Electronics Technology Co. Ltd. (□圳市　　達電子科技有限公司), was founded by Prof. Chen in September 2003, dedicated to becoming a domestic pioneer in R&D and production of lithium-ion battery separators. At the inception of the Company, it engaged in the import and export trade of various electronic products and electronic materials through well-established business relationships with major Japanese corporations, acted as a distributor for lithium-ion battery separator products in the domestic market, and commenced early-stage research and development work related to separators. Our Company was converted into a joint stock company in 2008 and changed its name to Shenzhen Senior Technology Material Co., Ltd. (□圳市.源材質科技股　有限公司). We became listed on ChiNext of the Shenzhen Stock Exchange in December 2016 under the stock code 300568 and on SIX Swiss Exchange in December 2023 under the stock symbol SENIOR. With over 20 years of experience in the R&D and manufacturing of battery separator materials, our Company has become a competitive supplier and technology innovator in the global lithium-ion battery separator market. According to Frost & Sullivan, our lithium-ion battery separator shipment volume ranked second globally for the last six years consecutively, with our global market share increasing from 11.0% in 2020 to 11.6% in 2025.

The following table sets forth our various key corporate and business development milestones.

2003	• Our Company was incorporated and we commenced the sales and R&D of lithium-ion battery separators.
2008	• Our first dry process production line that specialises in the uniaxial stretching process was established and commenced operation in Shenzhen, China.
2010	• Our southern China manufacturing base in Shenzhen, China was built, where our new dry process separators production line was established and commenced operation.
2013	• We expanded our business of lithium-ion battery separator into South Korea, the first of our overseas markets.
2015	• The third generation of dry process separator production line commenced operation with improved performance stability.
2016	• We were listed on ChiNext of Shenzhen Stock Exchange under the stock code 300568.
	• Our production line for nanocomposite separators was established and commenced operation in Shenzhen, China.
	• We established Hefei Senior.
2017	• We established Changzhou Senior.
2018	• We established Jiangsu Senior.

2021	•	We expanded our business of lithium-ion battery separator into Europe and established Europe Senior.
	•	We established Nantong Senior.
2023	•	We established Foshan Senior.
	•	We were listed on the SIX Swiss Exchange under the stock symbol SENIOR.
2024	•	We started the construction of our US manufacturing base in the U.S. and Malaysia manufacturing base in North Carolina, the U.S. and Penang, Malaysia, respectively.

As at the Latest Practicable Date, we had seven principal subsidiaries, being our subsidiaries which were (i) material to our performance during the Track Record Period; and/or (ii) important for our future development and business operations (the " "). Set forth below is a table summarising the key information of our Principal Subsidiaries during the Track Record Period and as at the Latest Practicable Date.

Hefei Senior[(1)]	RMB650,000,000	41.54%	China	5 January 2016	Manufacturing
Changzhou Senior	RMB300,000,000	100%	China	5 April 2017	Manufacturing
Jiangsu Senior	RMB300,000,000	100%	China	12 March 2018	Manufacturing
Nantong Senior	RMB1,000,000,000	100%	China	18 June 2021	Manufacturing
Europe Senior	SEK25,000	100%	Sweden	21 December 2021	Investment holding
Singapore Senior	SGD2,500,000	100%	Singapore	2 June 2022	Raw material procurement and sales
Foshan Senior	RMB1,000,000,000	60%	China	15 February 2023	Manufacturing
Innovay New Material Technology (Malaysia) Co., Ltd	RM1,422,327,491	100%	Malaysia	18 August 2024	Manufacturing and sales
Green New Energy Materials, Inc.	USD10,000	100%	US	27 November 2023	Manufacturing

Note:

(1) The other shareholders of Hefei Senior are Hefei Urban Construction Investment and Holding Co., Ltd. (合肥城建投資控股有限公司) (" ") and Hefei Guoxuan High-tech Power Energy Co., Ltd. (合肥國軒高科□□能源有限公司) (" "), holding, respectively, approximately 30.77% and 27.69% of the share capital of Hefei Senior. Based on the articles of association and the shareholders agreement of Hefei Senior, its board of directors shall consist of five members, among which our Company shall have the right to appoint three; further, Hefei Construction shall be entitled to an annual return of 1.29% of its investment in Hefei Senior, and any remaining distributable profits of Hefei Senior shall be allocated to our Company as to 60% and Hefei Guoxuan as to 40%, respectively.

Our Company, then known as Shenzhen Fu Yi Da Electronics Technology Co. Ltd. (□圳市 達電子科技有限公司), was incorporated in September 2003 and was converted into a joint stock company and changed its name to Shenzhen Senior Technology Material Co., Ltd. (□圳市 源材質科技股 有限公司) in September 2008. Upon completion of the conversion, our Company had a total share capital of RMB75,000,000 divided into 75,000,000 Shares. The shareholding structure of our Company immediately upon completion of the conversion was as follows:

Prof. Chen	33,428,550	44.57%
Shenzhen Oriental Fortune Venture Capital (Limited Partnership) (□圳市東方 □□ 投資企 (有限合))	6,249,975	8.33%
Chen Liang (□)	5,361,675	7.15%
Shenzhen Xiaoyang Science & Technology Investment Co., Ltd. (□圳市 揚科技投資有限公司)	4,464,300	5.95%
Sichuan Zhongcheng Management Consulting Co., Ltd. (□中誠 理諮詢有限公司)	3,857,175	5.14%
Shenzhen Chuangdongfang Growth Investment Enterprise (Limited Partnership) (□圳市□東方成□投資企 (有限合))	3,571,425	4.76%
Yan Aixi (□□□)	2,185,725	2.91%
Zhou Zhihua (周志華)	2,185,725	2.91%
Shenzhen Xinyu Industrial Co., Ltd. (□圳市信 有限公司)	1,821,450	2.43%
Other Shareholders(1)	11,874,000	15.83%
		%

Note:

(1) Other Shareholders represent 41 Shareholders at the time of our conversion into a joint stock company, each of whom/which held no more than 2% of our Shares.

Between 2009 and 2011, our Company underwent a series of capital increases. Upon completion of such capital increases, our Company had a total share capital of RMB90,000,000 divided into 90,000,000 Shares.

In December 2016, our Company was listed on ChiNext of the Shenzhen Stock Exchange under the stock code 300568. In connection with the listing, we completed an initial public offering of our A Shares (the "   "), pursuant to which our total share capital increased from RMB90,000,000 to RMB120,000,000. The shareholding structure of our Company immediately after A Share Offering was as follows:

Prof. Chen	31,442,825	26.20%
Shenzhen Oriental Fortune Venture Capital (Limited Partnership) (圳市東方 投資企 (有限合))	6,796,850	5.66%
Chen Liang ( )	6,288,525	5.24%
Lhasa Changyuan Yingjia Investment Co., Ltd. (拉薩市 園盈佳投資有限公司)	5,685,725	4.74%
Shenzhen Xiaoyang Science & Technology Investment Co., Ltd. (圳市 揚科技投資有限公司)	4,854,925	4.05%
Shenzhen Chuangdongfang Growth Investment Enterprise (Limited Partnership) (圳市 東方成 投資企 (有限合))	3,883,925	3.24%
Sichuan Zhongcheng Management Consulting Co., Ltd. (中誠 理諮詢有限公司)	3,857,175	3.21%
Shenzhen Suyuan Investment Enterprise (Limited Partnership) (圳市 源投資企 (有限合))	3,634,650	3.03%
Shenzhen Suyuan Holdings Group Co., Ltd (圳市 源控股集團有限公司)	3,500,000	2.92%
Shenzhen Huashang Dingsheng Equity Investment Partnership (Limited Partnership) (圳市華 盛股權投資合 企 (有限合))	2,500,000	2.08%
Other A Shareholders(1)	47,555,400	39.63%
		%

Note:

Between 9 November 2023 and 21 May 2025, the Board and the Shareholders (as the case may be) approved the cancellation of 3,271,967 Restricted Stocks that had been granted under the 2022 Share Incentive Plan but had not yet been vested. After the completion of the share cancellations and a series of capital changes from 2024 up to the Latest Practicable Date, our Company had a total share capital of RMB1,345,710,639 divided into 1,345,710,639 A Shares.

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us and would require disclosure under Rule 4.05A of the Listing Rules.

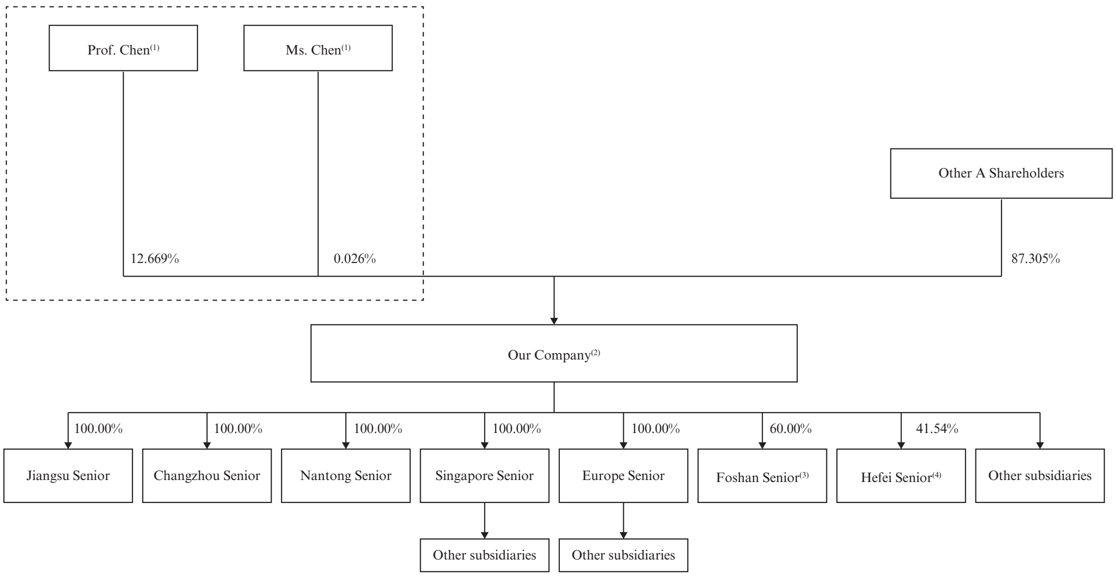
Our Company has been listed on ChiNext of the Shenzhen Stock Exchange and the SIX Swiss Exchange since 2016 and 2023, respectively. We seek to be [REDACTED] on the Hong Kong Stock Exchange in order to further advance our global strategic layout, establish an international capital operation platform, and enhance our comprehensive competitiveness. please see "Business — Our Growth Strategies" and "Future Plans and Use of [REDACTED]" for more details.

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we had complied with the rules of the Shenzhen Stock Exchange and SIX Swiss Exchange and other applicable securities laws and regulations of the PRC and Switzerland in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange and SIX Swiss Exchange. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause it to disagree with our Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange and SIX Swiss Exchange. As confirmed by our PRC legal adviser, based on the public filings on the website of the Shenzhen Stock Exchange and other information in the public domain, save as otherwise disclosed, the Company has complied with applicable securities laws and regulations of the PRC in relation to its listing on the Shenzhen Stock Exchange in all material respects for the Track Record Period and up to the Latest Practicable Date. As confirmed by our Swiss legal adviser, based on the confirmation from the SIX Swiss Exchange, since its listing on the SIX Swiss Exchange and up to the Latest Practicable Date, the Company has

Rule 19A.13C of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions whether under contract, the Listing Rules, applicable laws or otherwise, at the time of listing, must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK$50,000,000; or (b) have an expected market value at the time of listing of not less than HK$600,000,000.

The Company is expected to satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

The following simplified diagram illustrates the corporate and shareholding structure of our Group, immediately prior to the completion of the [REDACTED].



Notes:

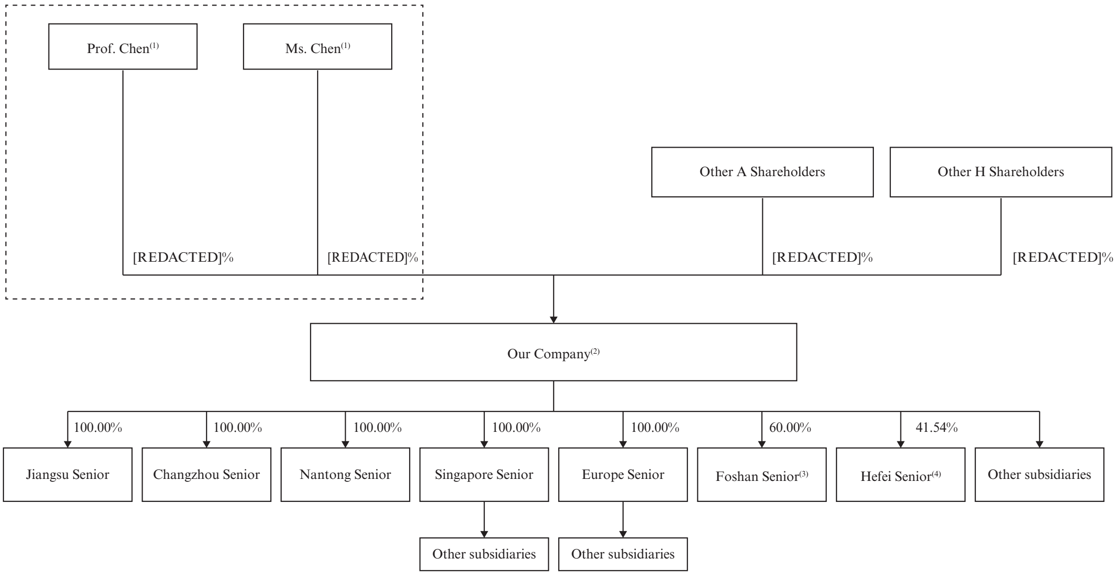
(1) Prof. Chen and Ms. Chen form the Single Largest Shareholders of our Company. Please see "Relationship with Our Single Largest Shareholders" for details.

(2) As at the Latest Practicable Date, we had 24 subsidiaries, including our Principal Subsidiaries and other subsidiaries incorporated in various jurisdictions.

(3) As at the Latest Practicable Date, the remaining 40% interests in Foshan Senior were held by Foshan Lanhai Huizhi Investment Management Co., Ltd. (佛山市 □匯 投資 理有限公司), which is in turn held by Foshan Nanhai Industrial Development Investment Management Co., Ltd. (佛山市南□□ 發展投資 理有限公司), a state-owned enterprise and an independent third party of the Company, as to 80%.

(4) As at the Latest Practicable Date, the remaining interests in Hefei Senior were held by Hefei Construction, a state-owned enterprise, and Hefei Guoxuan as to 30.77% and 27.69%, respectively. Based on the articles of association and the shareholders agreement of Hefei Senior, its board of directors shall consist of five members, among which our Company shall have the right to appoint three; further, Hefei Construction shall be entitled to an annual return of 1.29% of its investment in Hefei Senior, and any remaining distributable profits of Hefei Senior shall be allocated to our Company as to 60% and Hefei Guoxuan as to 40%, respectively. Hefei Guoxuan is a wholly owned subsidiary of Gotion High-tech.

The following simplified diagram illustrates the corporate and shareholding structure of our Group immediately following the completion of the [REDACTED].



Notes:

(1)–(4): Please see the respective notes under "— Corporate Structure — Corporate structure immediately before the [REDACTED]" of this section.

We are a competitive lithium-ion battery separator manufacturer. We were founded in 2003 and accumulated more than 20 years of industry experience in research and development, production and sales of lithium-ion battery separators. According to Frost & Sullivan, we are the first Chinese company to master the dry process uniaxial stretching technology for lithium-ion battery separators, ranking first globally in terms of market share in dry process separators market by shipment volume in 2025. We are also the first lithium-ion battery separator manufacturer to achieve mass export, which refers to the continuous and stable supply of substantial volumes of lithium-ion battery separator products that consistently meet the production requirements of major overseas customers. of lithium-ion battery separators, as well as the first and one of the few enterprises in Chinese Mainland with capabilities in all three types of lithium-ion battery separator production technologies, namely dry process, wet process and coated process separators.

As an early entrant in the lithium-ion battery sector, we have established ourselves as a established supplier within the global lithium-ion battery separator market. Our unique position as one of the few companies with independent equipment research and design capabilities, together with our proprietary microporosity forming technology, has enabled us to build competitive battery separator production lines. We excel in many key performance indicators for battery separators, including thickness, porosity, thermal shrinkage, breathability and puncture strength. Utilising our technological expertise and commitment to quality, we serve world-leading lithium-ion battery manufacturers such as LG Energy Solution, Samsung SDI, AESC, Murata, SK On, SAFT, CATL, BYD, Gotion High-tech, CALB, EVE Energy and Sunwoda. According to Frost & Sullivan, our lithium-ion battery separator shipment volume ranked second globally for the last six years consecutively, with our global market share increasing from 11.0% in 2020 to 11.6% in 2025.

We have developed a clear plan for a comprehensive network encompassing production, R&D and customer engagement. Currently, we have established five manufacturing bases within the PRC. Our overseas manufacturing bases in Europe, Southeast Asia and the U.S. are under construction, demonstrating our commitment to a global footprint. In terms of innovation, we have established R&D centres in the PRC, Japan and Sweden. Our expanding network supports a broad customer base, including more than 100 leading lithium-ion battery manufacturers worldwide. We have established stable relationships with all the world's top ten lithium-ion battery manufacturers in 2025 and are one of the few battery separator companies that supply to all of the world's top ten lithium-ion battery manufacturers according to Frost & Sullivan.

We are committed to advancing industrial upgrades through the application of cutting-edge technologies, not only in the lithium-ion battery separator industry but also membranes in other fields. Building on our extensive expertise in lithium-ion battery separators and guided by our core strategy of "in-depth technology + diverse applications," we have developed a portfolio of solid-state electrolyte membranes and other functional membranes that spans various scenarios. Through our advanced technologies in functional membranes, we aim to provide reliable material solutions for relevant high-value industries, including green energy and semiconductors.

Below is an overview of our achievements.

Global Market Share

11.6%
Market share in 2025 in terms of total shipment volume

Wet Process Ranked Fourth
Wet process separators market share ranked fourth in 2025 by shipment volume

Dry Process Ranked First
Dry process separators market share ranked rst in 2025 by shipment volume

Designed Production Capacity

Over 2 billion m^2 as of 31 December 2025
Designed overseas annual production capacity

8 manufacturing bases
Changzhou, Jiangsu, Hefei, Nantong, Foshan
(the above in operation)
the U.S., Malaysia, Sweden
(the above under construction)

Manufacturing

Among the few in the industry[(1)]
With self-designed equipment

R&D

First in Chinese Mainland[(1)]
Capabilities in dry, wet and coated process separators manufacturing technologies

4 global R&D centres
Japan, Sweden, Shenzhen, Nantong

According to Frost and Sullivan, there exists a demand-supply gap in overseas markets due to limited local production capacity for separators. As global adoption of electric vehicles (EVs) accelerates, we believe this supply shortfall continues to drive strong international demand. In 2025, Chinese companies supplied over 80% of the global separator market, according to Frost & Sullivan. However, as geopolitical risks and the threat of supply chain disruptions increase, overseas customers have actively sought support from local separator suppliers. We believe our strategic international presence and significant overseas production capacity position us well to serve the overseas markets. By drawing on our extensive experience with leading international customers, we are able to bridge the demand-supply gap, secure long-term relationships with key customers and further strengthen our role in the global value chain, thereby enhancing our global competitiveness.

According to Frost and Sullivan, suppliers of lithium-ion battery separators currently face a range of complex challenges. The industry is experiencing increasingly stringent performance requirements, driven by evolving end-user demands, rapid technological advances, tougher government regulations and a heightened focus on battery safety, durability and lifespan. To meet these demands, companies must closely monitor developments downstream and invest in strengthening independent research and development (R&D) capabilities. For example, the forthcoming Safety Requirements and Test Methods for Power Batteries for Electric Vehicles (《電□□ □□□、電□ 全□□》), a mandatory national standard issued by the MIIT that will come into effect on 1 July 2026, will further raise the bar for thermal diffusion safety requirements for EV batteries. On the other hand, technological advancements such as the development of sodium-ion and solid-state batteries present future opportunities and challenges alike, highlighting the critical need for forward-looking R&D strategies within the separator industry.

According to Frost and Sullivan, ongoing technological progress, increased capital investment and rapid capacity expansion have reduced costs but heightened price competition for standard products. To ensure competitiveness and profitability, separator manufacturers must focus on developing mid- to high-end products that deliver greater performance and better value, including ultra-thin functional coatings and innovative membrane technologies. Building these capabilities is essential not only for attracting and retaining high-end customers, but also for improving margins and developing technological expertise.

We are proactively tackling these industry challenges and capitalising on new opportunities. Leveraging our core technologies, global reach and long-standing relationship with major customers, we have developed a forward-looking R&D approach that positions us to drive progress within the industry. We are confident that these strengths will enable us to sustain our industry leadership over the medium to long term.

Our main products are lithium-ion battery separators, including dry process separators, wet process separators and coated separators. These products serve major sectors such as transportation vehicles, industrial machinery, energy storage facilities and consumer electronics, with a wide range of application scenarios. Additionally, through independent R&D, we have proactively established a presence in emerging sectors such as solid-state battery materials and other functional membrane materials. Our current product portfolio is as follows.

Dry Process Separator 	Thickness: 3–40μm	Batteries for EVs, electric bicycles, power tools, consumer electronics and energy storage	High melting point temperature and consistent quality

Wet Process Separator 	Thickness: 3–25µm	Batteries for EVs, power tools and high-end consumer electronics	High strength, high porosity and adjustable pore size
Coated Separator 	Thickness: 5–25µm	Batteries for EVs, consumer electronics and energy storage batteries with higher safety requirements	High safety, high wettability and adjustable coating thickness
Semi-solid-state electrolyte separator	3–20µm	High-performance EVs, drones and humanoid robots	Low-temperature operation, high safety and low interface resistance
Solid-state electrolyte membrane	7–30µm	High-end consumer electronics and EVs	High safety and high strength

In addition to our semi-solid-state electrolyte separators and solid-state electrolyte membranes, we also aim to provide our customers with other functional membranes, including heat exchange membranes, waterproof and breathable membranes and water treatment membranes. Please refer to "— Our Core Technologies" for details of each product.

With competitive technologies, a diverse product portfolio and a comprehensive sales and production network, we have built strong relationships with leading lithium-ion battery enterprises, with major customers including LG Energy Solution, Samsung SDI, AESC, Murata, SK On, SAFT, CATL, BYD, Gotion High-tech, CALB, EVE Energy and Sunwoda.

We have entered into long-term strategic partnerships with our prominent customers. During the Track Record Period, we entered into a Global Strategic Cooperation Memorandum with LG Energy Solution, a Strategic Memorandum with Samsung SDI and a Global Strategic Cooperation Framework Agreement with EVE Energy. See "— Research and Development — Our R&D Platform — Industry-Academic-Research Platforms" for details. Through close collaboration with these prominent industry leaders, we have secured stable order flows and strengthened our market position. Additionally, by leveraging their industry influence and technical expertise, we have been able to enhance our own technological standards and overall competitiveness in the market.

To enhance our overseas business capabilities, we have set up manufacturing bases in Europe, the SEA and the U.S. These facilities support the international expansion of domestic lithium-ion battery manufacturers and meet the production requirements of foreign battery manufacturers aiming to increase their capacity. By operating locally in key strategic markets, we are able to provide timely support to our customers worldwide. While tariff and trade tensions pose ongoing challenges, we believe that our strong relationships with leading international customers, combined with our efficient, high-quality production network, position us well for sustainable long-term growth. We also believe that diversification of our customer base in the global markets help mitigate the impact of overcapacity and intense market competition.

To drive ongoing innovation and development, we have created a robust three-pronged innovation ecosystem. This ecosystem consists of a strong internal research and development mechanism, a team of highly experienced technical specialists with cross-disciplinary expertise and a strategic platform that fosters collaboration between industry, academia and research institutions. Together, these elements enable us to effectively mitigate the impact of overcapacity and intense market competition, achieve breakthroughs in key performance indicators for lithium-ion battery separators, continuously upgrade and refine our proprietary production equipment, and conduct forward-looking research and development on new functional membranes.

- Strong internal R&D mechanism. Our in-house research and development platform for battery separators has enabled us to build strong capabilities in raw material formulation, rapid formula adjustment and microporosity formation technology. By implementing equity incentive programmes and establishing a comprehensive engineering technology development framework, we have built strong expertise in both process and equipment technologies for separator manufacturing. This solid foundation has enabled us to advance the development of next-generation battery separators and new functional membranes.
- R&D team consisting of cross-disciplinary technical talents. As at 2025, we have established a multidisciplinary R&D team of 699 members specialised in fields of material science, polymer chemistry, mechanical automation and electrochemistry. Our R&D personnel make up approximately 13.7% of our workforce. Moreover, we have set up R&D centres in Southern China (Shenzhen), Eastern China (Nantong), Japan (Osaka) and Europe (Sweden), integrating global R&D talent by combining regional industry and academic strengths.
- Strategic industry-academic-research collaboration platform. We collaborate with various academic institutions, including Tsinghua University, Peking University and Sichuan University on the development of production equipment, processes and technologies for lithium-ion battery separators and a variety of functional membranes, as well as talent cultivation.

Our ongoing commitment to innovation and technological progress is demonstrated by the numerous high-quality achievements and honours we have earned over the years. By consistently advancing the frontiers of research and development, we have positioned ourselves as a leader in the lithium-ion battery separator industry. This dedication has been recognised through a range of prestigious awards and acknowledgments, highlighting our leadership and excellence in the field:

- In June 2024, our "preparation of high-performance lithium-ion battery separator based on polyolefin condensed matter structure control" (jointly developed with Sichuan University) won the First Prize of State Science and Technology Progress Award (國家科技進步等) for 2023 and we were the only enterprise in the lithium-ion battery industry honoured with the award.
- Many of our separator research projects have been recognised by prestigious national programmes and have received numerous awards for innovation and quality, such as the "PRC Torch Programme" and "863 Plan". These accolades highlight our leadership in the industry and our commitment to excellence.
- We are the deputy leader of the editorial committee for drafting national standards related to lithium-ion battery separators. We have led or served as the main drafter of two national standards and 21 industry standards in the lithium-ion battery separator sector.
- As at 31 December 2025, we applied for a total of 1,026 patents, including 298 overseas patents; we obtained 490 valid patents, including 204 authorised invention patents (of which 90 are overseas invention patents) and 286 authorised utility model patents.

We have established an efficient ESG system that integrates sustainable development into our corporate strategy and operations. Our environmental initiatives include implementing a low-carbon development strategy, launching clean energy projects and achieving significant carbon reductions. Socially, we prioritise occupational health and safety, building a safe working environment with strict quality control. Our efforts have led to the creation of the first net-zero industrial hub in the separator industry and significant use of renewable energy, contributing to our goal of carbon neutrality and net-zero emissions.

Founded in 2003, we are a domestic pioneer in the R&D and manufacturing of lithium-ion battery separators, according to Frost & Sullivan. As the first Chinese company to master the dry process uniaxial stretching technology for lithium-ion battery separators, we successfully broke the monopoly of foreign countries in the field of battery separator production. Our technological breakthroughs have been recognised through prestigious awards such as the First Prize of State Science and Technology Progress Award.

We are the first and one of the few enterprises in the PRC with capabilities in all three types of lithium-ion battery separator production technologies, namely the dry process, wet process and coated process separators, according to Frost & Sullivan. With over 20 years of experience in R&D and manufacturing of battery separator materials, we have become a competitive supplier and technology innovator in the global lithium-ion battery separator industry. According to Frost & Sullivan, our lithium-ion battery separator shipment volume ranked second globally for the last six years consecutively and our market share increased from 11.0% in 2020 to 11.6% in 2025.

We are the first lithium-ion battery separator manufacturer to achieve mass export of lithium-ion battery separators, according to Frost & Sullivan, which is defined as the first manufacturer in industry to have the continuous and stable supply of substantial volumes of lithium-ion battery separator products that consistently meet the production requirements of major overseas customers. With a steady growth in our international customer base, we keep expanding our overseas production capacities through construction of manufacturing bases in Sweden, Malaysia and the U.S. As a result, our overseas production capacity ranked first in terms of planned annual production capacity in 2025, according to Frost and Sullivan. Leveraging our first-mover advantage in the overseas market, we have established an international sales network and continue to improve our service capabilities for overseas customers. Our sales and service network covers over 100 customers across the PRC, Japan, South Korea, Europe, the SEA and other regions. We are committed to providing comprehensive sales and customer support services from pre-sales communication, product customisation to post-delivery assistance in a professional and timely manner.

The lithium-ion battery industry is currently transitioning to next-generation products that feature high safety, high energy density, fast charging and other advanced characteristics. This transition raises the performance requirements for lithium-ion battery separators and presents new opportunities for technological innovations and product upgrades. Leveraging our strong R&D capabilities and extensive technological expertise, we have made significant progress in developing next-generation lithium-ion battery separator products. We have successfully created a series of high-performance separators with high safety and high energy density. For instance, our latest coated separator products offer high temperature resistance, high strength and fast wettability, effectively slowing heat transfer and providing essential support for battery safety. These new products enhance the overall performance and lifespan of lithium-ion batteries by improving safety, energy density and charging speed.

We are a R&D-driven advanced materials enterprise, dedicated to the continual technological innovation and enhancement of separator products for the evolving lithium-ion battery market. Our comprehensive product portfolio excels in key performance metrics such as thickness, porosity, thermal shrinkage, breathability and puncture strength, consistently meeting high international standards. Our offerings span a wide range of battery separator products, including dry process separators, wet process separators and coated separators, designed for diverse applications such as transportation vehicles, energy storage facilities, consumer electronics and industrial machinery.

- *Dry process separator*. According to Frost & Sullivan, we are the first domestic enterprise to master the dry process uniaxial stretching technology and to achieve mass production of dry lithium-ion battery separators. We focus on key process innovation to improve thinness, width and consistency, thus promoting the comprehensive upgrade of dry process separators in terms of energy density, consistency and cost and meeting the requirements in diversified scenarios, such as EV batteries and energy storage.
- *Wet process separator*. We have focused on advancing wet process separator technologies, achieving significant breakthroughs in the production of ultra-thin and wide-format battery separators as well as scenario-based customisation, which enhance battery energy density without compromising safety. Our innovative wide-format production line design has significantly increased production efficiency and delivered greater economies of scale.
- *Coated separator*. We are one of the earliest lithium-ion battery separator manufacturers in Chinese Mainland to adopt coating film manufacturing processes, according to Frost and Sullivan. By utilising diverse material systems and composite functional coating designs, we have achieved synergistic improvements in thermal stability, wettability and mechanical strength of lithium-ion battery separators. We have mass-produced several high-performance coated separator products, meeting the performance requirements of next-generation lithium-ion products for high safety, high energy density and fast charging.

Building on our extensive expertise in lithium-ion battery separator technology, we have adopted a portfolio of solid-state electrolyte membranes and other functional membranes that spans various scenarios. Our goal is to provide advanced material solutions that support the development of key industries, including green energy and semiconductors.

- *Solid-state battery*. We launched LATP-coated separators in August 2025. Our PEO-coated separators and gel electrolyte composite separators currently under development are suitable for use in semi-solid-state batteries and are already capable of large-scale production. In developing solid-state electrolyte membranes, we employ integrated moulding technology that combines a fibre framework with solid electrolytes. This approach delivers membranes with high mechanical strength, excellent lithium-ion conductivity and low interfacial impedance.
- *Other functional membrane*. We utilise our technology advantages and accumulated know-hows to actively explore other functional membranes, such as heat exchange membranes, waterproof and breathable membranes and water treatment membranes. We believe that our future sales of functional membranes will facilitate the diversification of our product portfolio.

To drive ongoing innovation and development, we have created a robust three-pronged innovation ecosystem. This ecosystem consists of a strong internal research and development mechanism, a team of cross-disciplinary technical experts and a strategic platform that fosters collaboration between industry, academia and research institutions. We have cultivated core strengths in raw material formulation, rapid formula adjustment and advanced microporosity forming technology. In addition, we have developed a comprehensive engineering technology development pipeline, mastering both key manufacturing processes and production equipment for separator production. This approach has laid a solid technological foundation for the research and development of next-generation battery separators and new functional membranes.

Building on our independent research and development, we have established an multi-dimensional system for separator innovation, fully leveraging resources from various partners to continuously improve our technological capabilities. We have founded several in-house R&D platforms, such as the National-Local Joint Engineering Research Centre for High-End Lithium-ion Battery Separator Preparation and Testing Technology, with a focus on separator materials, process technology, production equipment and end-use applications.

As at 31 December 2025, we have established a multidisciplinary R&D team of 699 members specialised in fields of materials science, polymer chemistry, mechanical automation and electrochemistry. Our R&D personnel make up approximately 13.7% of our total employees. Furthermore, we have set up R&D centres in Southern China (Shenzhen), Eastern China (Nantong), Japan (Osaka) and Europe (Sweden), integrating global R&D talent by combining regional industry and academic strengths. This R&D network integrates global R&D resources such as material innovation in Japan, equipment design in Europe and industrialization efficiency in Chinese Mainland, enabling us to efficiently respond to differentiated market demands.

We carry out industry-academia-research cooperation with Sichuan University, jointly establish a "Postdoctoral Innovation Practice Base" with South China University of Technology, and conduct equipment, process, technology development and talent nurturing work in respect of high-performance lithium-ion battery separators and various functional membranes with Tsinghua University, Huazhong University of Science and Technology and other universities and research institutes.

The separator industry is capital-, technology- and asset-intensive, with complex manufacturing processes that demand highly specialised equipment. Unlike general membrane processing, separator equipment must be customised to our specific process requirements. We are one of the few companies in the lithium-ion battery separator industry with independent research, design and development capabilities for key manufacturing equipment. Through years of independent R&D, we have mastered the design and engineering of core separator production machinery, including raw material handling, extrusion, casting, stretching, extraction, recovery, slitting and coating systems. All key equipment is either developed in-house or tailor-made to our specifications, ensuring optimal integration with our processes and meeting exacting quality standards. We regularly upgrade our manufacturing lines to enhance quality and efficiency in line with market needs. For details, see "— Equipment and Machinery."

We believe our self-developed production lines offer a significant competitive advantage in cost efficiency. In August 2023, we launched the world's first fifth-generation super wet process production line, featuring an equipment width of over eight metres and an annual production capacity of 250 million square metres. This represents more than double the single-line capacity of our previous fourth-generation wet process line, establishing a new industry benchmark for production efficiency and creating a substantial competitive barrier. The latest generation of manufacturing equipment incorporates major advancements in automation and intelligence, introducing the industry's first smart manufacturing system 2.0 platform. This system integrates the Warehouse Management System (WMS), Warehouse Control System (WCS) and Manufacturing Execution System (MES) to enable real-time monitoring, process inspection and assignment of unique identifiers to each product, ensuring full traceability and consistently high product quality.

According to Frost & Sullivan, our fifth-generation super wet process line also achieves ultra-low emissions and ultra-high recovery rates, setting new standards for quality, efficiency, intelligence and low-carbon operation.

Meanwhile, we have upgraded our dry process separator production lines to the sixth generation, increasing efficiency by 40% compared to the previous generation. We have successfully achieved a high level of domestic manufacturing capability for dry process separator production equipment, thereby advancing localisation within the separator industry. During the Track Record Period, continuous process optimisation and technological improvements have significantly enhanced the capacity of both our dry and wet process production lines, resulting in lower unit production costs. Leveraging our technology, customer relationships, equipment and cost management, we achieved satisfactory gross profit margins during the Track Record Period. We believe that independent equipment R&D capabilities differentiate us from our peers and lay the foundation for our long-term growth.

As at the Latest Practicable Date, our manufacturing bases that have commenced mass production are all located in Chinese Mainland, namely Hefei, Changzhou, Nantong, Jiangsu and Foshan manufacturing bases. We believe we have seized the market opportunities brought by the rapid development of the lithium-ion battery separator industry and actively expanded our production capacities and developed middle- and high-end products, which allowed us to enhance our international presence. Each of our manufacturing bases that have commenced mass production achieved a utilisation rate of over 80% in 2024. We plan to further expand our production capacity through our new manufacturing base in Sweden, Malaysia and the U.S. which are under construction and will gradually become operational to meet customers' orders in the overseas markets.

Through streamlined production, management and quality control systems, we are able to control costs and ensure stable supply and product quality. We have implemented a "make-to-order" production approach and developed the ISO production process management control system to process customer orders efficiently. We believe in our ability to accurately identify customer needs and market opportunities, as our production planning, raw material procurement, manufacturing, storage, quality control, delivery and related processes enable us to meet the diverse requirements of our clients. We regard product quality control as a key part of production management, in particular safety performances as it is fundamental to our brand recognition. The quality of our products is well regarded in the overseas markets. We have been recognised as an "Excellent Partner" and "Excellent Quality Partner" by LG Energy Solution, and as "Best Strategic Partner" by Sunwoda. In 2023, we also received the "Excellent Quality Award" from EVE Energy and the "Excellent Supply Award" from Gotion High-tech.

Our R&D centres and manufacturing bases operate in close synergy to drive innovation and maintain competitiveness across our product lines. For example, the Membrane Technology Research Institute in Shenzhen is responsible for the implementation of annual plans for product and technological advancements across our research institutions and manufacturing bases. Meanwhile, our Equipment Centre in Shenzhen provides technical support to manufacturing bases through technical improvement and equipment-related management. Our Eastern China Technology Research Institute in Nantong assists Eastern Chinese manufacturing bases by providing technical services and helping transition innovations from pilot stage to mass production. Internationally, our R&D centres in Japan and Sweden develop advanced membrane technologies, supporting our manufacturing needs. In summary, our R&D centres act as both the innovation engine and technical backbone for our manufacturing operations, continuously converting cutting-edge research into scalable, high-quality products for our customers.

The graph below demonstrates the network of our manufacturing bases and R&D centres.

separator manufacturers in Chinese Mainland to achieve mass export to the overseas markets, we believe we enjoy a first-mover advantage internationally. Benefiting from this, and as our overseas manufacturing bases commence operations, our revenue from overseas sales is expected to grow at a rapid pace, further enhancing our profitability.

Our founder, Prof. Chen Xiufeng, is a leading figure in the lithium-ion battery separator industry with both a strategic vision and 20 years of industry experience. Prof. Chen holds a bachelor's degree in engineering from Huazhong University of Science and Technology. He has accumulated profound industry experience and an excellent reputation in the lithium-ion battery separator sector. He currently serves as the executive vice president of Shenzhen Polymer Industry Association, vice president of the third sessions of the Council of Shenzhen Quality City Promotion Association, vice president of Guang Ming General Chamber of Commerce, etc. He previously served as the executive vice president of Shenzhen Sichuan Chengdu Chamber of Commerce to develop an industry resource network for the in-depth integration of industry, academia and research. His cross-disciplinary leadership and academic background provide us with strategic guidance to grasp the strategic direction of lithium-ion battery separator technology and explore cutting-edge sectors, such as solid electrolyte composite separators.

These advancements will expand the application scenarios for our lithium-ion battery separator products, offering global customers solutions that improve energy density, lifecycle and overall safety.

- **Equipment advancement.** We will continue upgrading our production lines to increase their width, speed, intelligence and environmental friendliness. By integrating artificial intelligence technology, we aim to further promote intelligent manufacturing and establish strong technical barriers. Leveraging our capabilities in smart separator manufacturing, we will further strengthen our advantages in product quality and production efficiency.
- **Raw material development.** We will promote collaboration among industry, academia and research institutions to advance the localised production of high-quality raw materials, enriching our material variety and reducing costs. At our overseas manufacturing bases, we will work closely with customers to accelerate the adoption of local raw materials and

We remain committed to an international development strategy. Seizing opportunities from the rapidly growing NEV industry, we will step up efforts to acquire overseas customers and further deepen strategic partnerships with leading international lithium-ion battery manufacturers. At the same time, we will enhance our local service capabilities to better serve overseas markets and increase our global market share.

We are committed to expanding both our domestic and international production capacity, with a particular focus on key projects such as the Sweden manufacturing base with wet process and coated separator production lines, the Malaysia manufacturing base focusing on high-performance wet process separator and coated separator production and the U.S. manufacturing base dedicating to the production of multi-coated separator products. The successful execution of these projects will significantly boost our production capacity worldwide, establishing us as a specialised leader in lithium-ion battery separator research, development, and production, with comprehensive supply capabilities and advanced technologies.

Our "international R&D strategy" places the Shenzhen headquarters at the centre of our global innovation efforts while reinforcing overseas R&D centres to form a network with localised strengths. We have set up R&D centres in Southern China (Shenzhen), Eastern China (Nantong), Osaka (Japan) and Sweden to create a globally interconnected R&D platform, enhancing resource integration and collaborative innovation worldwide.

To build core competitiveness, we are deepening our global talent development strategy by recruiting and cultivating R&D as well as sales professionals. In R&D, we target top-tier talent in advanced sectors such as new materials to strengthen our technical innovation capabilities. On the commercial front, we plan to attract and nurture local sales experts experienced in international business, establishing a solid overseas sales network. Additionally, we plan to hire experienced international management personnel, integrating global management best practices into our local operations. Effective human resource allocation not only ensures the efficient running of our overseas branches but also fosters localised product and service innovation, supporting our ability to serve international customers and deliver on our global development strategy.

Over the years, we have remained dedicated to foundational technology research, product development and the advancement of equipment for lithium-ion battery separators and functional membranes. Through continuous innovation, we have mastered key manufacturing processes and are among the few companies in the industry with independent equipment research and design capabilities, according to Forest and Sullivan. Our commitment to technological innovation and market expansion is reflected in our increasing investment in R&D from RMB242.5 million in 2023 to RMB278.4 million in 2025.

Our planned expansion into the semiconductor materials sector is an extension of our existing expertise in advanced materials, particularly those supporting the lithium-ion battery industry. See "— Our Core Technologies". We believe that we are well positioned to support the new business line considering the following factors. First, our robust R&D infrastructure, including proven experience and in-house experts in polymer chemistry and membrane science, provides a strong foundation to support this diversification; where new expertise is required, we can readily expand its R&D team. Second, our in-house equipment design capabilities allow for tailored machinery development, ensuring flexibility and speed in adapting to semiconductor sector needs. Many existing production lines, originally used for high-precision membrane fabrication, can be reconfigured for semiconductor material manufacturing, reducing significant new investment and enabling faster deployment. Third, there is considerable overlap in raw materials and core processing technologies, supporting knowledge transfer and operational efficiency. Fourth, our established global customer relationships, including with companies already operating in or adjacent to the semiconductor industry, open up valuable pathways to potential customers in the new sector. Finally, our rigorous quality control systems and experience in meeting international standards align well with the requirements of the semiconductor industry, allowing for a smooth expansion into this business.

In the semiconductor materials sector, we are developing high-purity ceramic materials such as aluminium oxide, silicon dioxide and boehmite, which have applications in thermoelectric semiconductors, ceramic boards and quartz components. With the growing global demand for intelligent and automated equipment, these semiconductor materials are increasingly used in critical industries including consumer electronics, medical devices, automotive manufacturing and new energy.

As the first and one of the few companies in Chinese Mainland with capabilities in all three types of lithium-ion battery separator production technologies, we bring more than 20 years of technological expertise to the new energy materials industry. We consistently prioritise innovation and market growth, closely aligning our efforts with industry trends and our strategic objectives. To this end, we actively leverage top-tier resources in the semiconductor materials sector and collaborate strategically with leading domestic and international manufacturers.

Looking ahead, we will accelerate the conversion of technological achievements into industrial production and enhance our manufacturing capacity, pursuing synergistic improvements in both innovation and industrial value. We believe these actions will help us secure a first-mover advantage in the domestic semiconductor materials sector and further elevate our development to new heights.

We are a competitive company in the R&D, manufacturing and sales of lithium-ion battery separator. Separator is one of the core components of lithium-ion battery with the function of preventing physical contact between electrodes while serving as the electrolyte reservoir to enable ionic transport. Battery separators are crucial to the batteries not only because they prevent short circuits, but they also act as a safety measure that shuts off the flow of lithium-ions to prevent the battery overheating and explosions. Consequently, battery separators have a direct impact on the quality, safety and production cost of lithium-ion batteries.

The flowchart below illustrates the critical role battery separator plays in the entire lithium-ion battery value chain:

- : Battery separator manufacturers at the midstream offer dry, wet and coated process separators that are suitable for different applications. The leading battery separator manufacturers that have in-house design capability generally design key production equipment for both dry and wet process separators that is highly compatible with their proprietary production techniques, which will enable them to produce high-quality separators with high level of precision and production efficiency.
- : The battery separators are applicable to lithium-ion batteries for a wide range of application scenarios, including transportation vehicles, industrial machinery, energy storage facilities and consumer electronics, etc.

We pride ourselves on being a reliable partner to other players in the lithium-ion battery value chain. Given the essential role of battery separators in the lithium-ion battery, the downstream lithium-ion battery manufacturers place great emphasis on the selection of suppliers of separators. As the first Chinese enterprise engaged in the research and manufacturing of lithium-ion battery separators according to Frost and Sullivan, and with more than 20 years of industry experience, we believe we have become a lithium-ion battery separator manufacturer with strong brand recognition in the industry. Being the first manufacturers in Chinese Mainland to lead mass export of lithium-ion battery separators according to the same source, we have established relationships with global key players in the lithium-ion battery value chain. Our key customers are primarily leading domestic and overseas lithium-ion battery manufacturers, including LG Energy Solution, Samsung SDI, AESC, Murata, SK On, SAFT, CATL, BYD, Gotion High-tech, CALB, EVE Energy and Sunwoda.

We are primarily engaged in the R&D, manufacturing and sales of lithium-ion battery separator which is an indispensable and core component of lithium-ion batteries. During the Track Record Period, we offer our customers a comprehensive product portfolio of lithium-ion batteries separators that are designed and manufactured in-house, which primarily include dry process separators, wet process separators and coated separators.

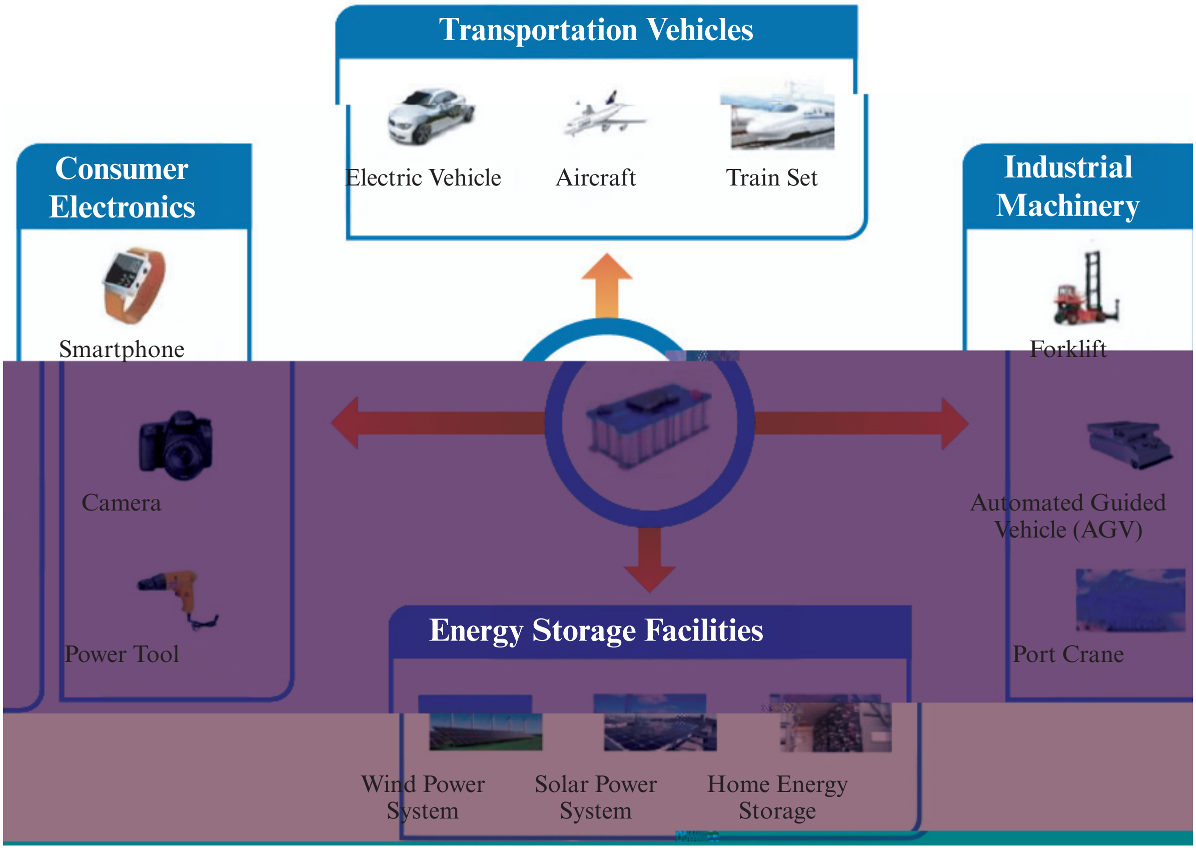
With more than 20 years of specialisation in the lithium-ion battery industry, our team has accumulated extensive R&D, design and manufacturing expertise, which has empowered us to pioneer in lithium-ion battery separator manufacturer industry. Through continuous innovation and optimization, we are the first company in Chinese Mainland with the production technologies of lithium-ion battery separators and the first in Chinese Mainland to possess the dry process, wet process and coating process techniques for producing lithium-ion battery separators. We focus on the improvement of process engineering, manufacturing technology and quality control, while maintaining a dynamic R&D system that features continuously enhancing R&D platform and active international R&D collaborations. According to Frost & Sullivan, our lithium-ion battery separator shipment volume ranked second globally for the last six years consecutively, with our global market share increasing from 11.0% in 2020 to 11.6% in 2025.

In terms of our services, we have built a specialised technical service network for our customers. Bringing together scientists in R&D, manufacturing and applications of lithium-ion battery separators and experts in quality control and electrochemistry, we have established a one-stop technical support for our customers, offering step-by-step guidance from pre-sales consultation to product customisation and to post-delivery product services.

We offer our customers a comprehensive product portfolio of lithium-ion battery separators. Separator is one of the core components of lithium-ion battery with the function of preventing physical contact between electrodes while serving as the electrolyte reservoir to enable ionic transport. It directly affects the quality, safety and production cost of a lithium-ion battery.

internal short circuits. When the separator becomes wetting by the electrolyte, it acts as a catalyst that increases the movement of ions from the cathode to the anode when the battery is being charged and from the anode to the cathode when the battery is being discharged. However, when battery is abnormally overheated and reaches the separator's melting point, it shuts down to prevent short circuits. The melting and viscous flow of the polymer, which is the primary material of a separator, results in a shutdown to close the micropores in the separator, thus slowing down the ion flow

The chart below demonstrates the specific applications of our lithium-ion battery separators.



Our core product portfolio contains three major types of separators categorised by their manufacturing techniques: dry process separators, wet process separators and coated separators. Due to differences in manufacturing techniques, the three types of separators have distinctive features that render them suitable for different applications. The table below sets forth certain details of our core products.

	• Thickness: 3–40μm • Breathability: 120–150s • Porosity: 30%–60% • Puncture strength: 200+gf	• High melting point temperature • No shrinkage in transverse direction • Adjustable pore size, good uniformity	Used in batteries for EVs, electric bicycles, power tools, digital devices and energy storage
	• Thickness: 3–25μm • Breathability: 70–500s • Porosity: 30%–60% • Puncture strength: 300+gf	• Diverse designs • Uniform pore size distribution • Good permeability • High porosity • High strength	Used in batteries for EVs, power tools and high-end digital devices
	• Thickness: 5–25μm • Breathability: 100–400s • Porosity: 30%–60% • Puncture strength: 400+gf	• High thermal stability • Improved electrolyte • Wettability • High electrochemical stability • Low impedance • Customizable coating morphology	Used in power, digital and energy storage batteries with higher safety requirements

Dr Pr r r

Our dry process separators typically have a thickness range of 3～40μm, a breathability of 120–150s and a porosity range of 30%–60% and a puncture strength of 200gf or above based on the thinnest specification. Dry process separators typically have a high melting point at 160～175°C and a less than 5% horizontal thermal shrinkage rate at 120°C. The high shutdown and melting points and low thermal shrinkage rate give our dry process separators strong anti-oxidation resistance and high thermal stability, and therefore excellent safety performance.

Our dry process separators are particularly suitable for batteries with high safety requirements, such as lithium iron phosphate (LFP) batteries that are primarily used in electrical energy storage and NEVs, and lithium cobalt batteries used in consumer electronics.

Pr r r

Our wet process separators typically have a thickness range of 3～25μm, a breathability of 70–500s and a porosity range of 30%–60% and a puncture strength of 300gf or above based on the thinnest specification. Our wet process separators typically have a shutdown temperature at 130–155°C, a melting point at 135°C and a less than 5% horizontal thermal shrinkage rate at 105°C. Our wet process separators typically have a uniform pore size and even pore distribution, which is critical to allow a uniform ion current throughout the battery. Such properties allow our wet process separators to possess ideal thickness, chemical stability, tensile strength and permeability, which promote the travel of ion throughout the battery. As a result, the use of our wet process separators in lithium-ion batteries serves to improve the absorption and retention of electrolytes and thus the charge-discharge cycle of batteries.

Our wet process separators are more suitable for batteries which require high energy density, such as ternary lithium-ion batteries that are primarily used in high-end consumer electronics and NEVs.

C r r

Coated separators are produced by applying our coating techniques to both dry and wet process separators as the base films. Our coated separators typically have a coated thickness range of 5～25μm, a breathability of 100–400s and a porosity range of 30%–60% and a puncture strength of 400gf or above based on the thinnest specification. By applying coating materials such as ceramic alumina and PVDF adhesive to one or both sides of the base film produced through the dry or wet process, the coating process can significantly increase the thermal stability, anti-oxidation, adhesion and safety of the base film and thus improve the performance and safety features of the batteries. Coating process is currently more widely applied to base film produced through the wet process in order to better cater to the requirements of battery manufacturers for higher energy density and safety requirement to meet an expectation for increasingly long battery life and improved safety at the same time.

We have mass-produced several high-performance coated separator products, including nanofibre coated separators, PI coated separators and aramid coated separators, meeting the performance requirements of next-generation lithium-ion battery product with high safety, high energy density and fast charging. Our coated separators are thus more suitable for batteries which require higher safety and longer life cycle, such as ternary lithium-ion batteries that are primarily used in EVs.

We have seized the market opportunities in the lithium-ion battery industry and achieved rapid business growth with lithium-ion battery separator sales, with a sales volume of 4,664.7 million square metres in 2025 at a CAGR of 25.4% from 2023 to 2025. For the years ended 31 December 2023, 2024 and 2025, our revenue was RMB2,981.9 million, RMB3,506.2 million and RMB4,076.8 million, respectively, representing a CAGR of 16.9% from 2023 to 2025. The table below sets forth the breakdown of the revenue by product category for the periods indicated.

	RMB'000	%	RMB'000	%	RMB'000	%
Coated separators	1,837,029	61.6	2,541,055	72.5	3,017,028	74.0
Wet process separators	469,107	15.7	495,103	14.1	593,228	14.6
Dry process separators	675,727	22.7	469,995	13.4	466,589	11.4

The table below sets forth the breakdown of the sales volume and average selling price by product category for the periods indicated:

		thousand m^2	RMB per m^2		thousand m^2	RMB per m^2		thousand m^2	RMB per m^2
Coated Separators	1,837,029	890,429	2.06	2,541,055	2,032,612	1.25	3,017,028	2,557,598	1.18
Wet Process Separators									

domestic enterprise to achieve mass production of dry process separators, breaking the monopoly of overseas enterprises. Our corresponding research result won the First Prize of State Science and Technology Progress Award in 2024 and the First Prize of Science and Technology Progress of Ministry of Education (教育部科技進步 等) in 2023. It was also certified as International Leading Level Technological Achievement by Sichuan Institute of Scientific and Technological Information (科 技 信息研 所). With this proprietary technology, our dry process separators feature a high melting point of 160–175°C and minimal thermal shrinkage of less than 5% at 120°C, providing excellent thermal stability and strong anti-oxidation resistance for enhanced safety. Currently, our dry process separator production lines are in the process of being upgraded to the sixth-generation production line, representing an increase of 40% in efficiency compared to the previous generation, surpassing that of most competitors, which typically achieve 15 to 25% gains in output per upgrade cycle.

We first acquired the techniques of producing wet process separators in 2006 and realised mass production of wet process lithium-ion battery separators in 2014. Over the years, we focused on upgrading the wet process separators, with breakthroughs in production of ultra-thin and wide battery separators. We kept investing in the advanced technology of ultra-thin and high-strength battery separators, which enhances battery energy density while maintaining safety performance. Our relevant research project was awarded Second Prize of Science and Technology Progress of Guangdong Province (廣東 科技進步 等) and certified as the International Advanced Level Scientific and Technological Achievement by Guangdong Materials Research Society (廣東 材料研 會). Leveraging our technology on wet process separators, our wet process products provide not only excellent mechanical properties but also optimal charge-discharge cycles, ensuring reliable and safe battery operation, with robust puncture strength, controlled porosity and specific breathability ranges.

N r C

The nanofibre coating technology utilises low-dimensional nanomaterials as composite reinforcement materials, which are selected based on their general characteristics and electrochemical performance. The resulting composite separator coating has a thickness of less than one μm, with heat resistance exceeding 180°C and a breakdown temperature higher than 180°C, which is significantly superior to current mainstream coated separator products and separator coating technologies in terms of thermal stability, mechanical strength and safety performance. When applied to batteries, this technology enhances the gravimetric energy density by 1% and the volumetric energy density by 0.5%. In a fully charged oven test at 200°C, the battery's thermal runaway time increased from 600 seconds to 800 seconds, demonstrating substantial improvements in both thermal safety and energy density, outperforming competing products in the industry, which typically exhibit thermal runaway within 500 to 700 seconds under similar conditions.

Taking advantage of our advanced nanofibre coating technology, our nanofibre coated separators offer high temperature resistance, high strength and fast wettability, effectively slowing heat transfer and providing essential support for battery safety. These new products enhance the overall performance and lifespan of lithium-ion batteries by improving safety, energy density and charging speed. Our research project on high-performance nano-coated composite separators won the First Prize of Technological Invention (科技發 等) awarded by China Petroleum and Chemical Industry Federation (中國 和化 聯合會).

M r E D I -H

The manufacturing of separators, in particular the wet process separators, involves complex production techniques and processes. Manufacturing equipment for lithium-ion battery separators must be both highly efficient and highly precise to meet the specifications of the customers and be fully compatible with our production techniques and processes. As such, manufacturing equipment must be tailored to the production techniques and processes for different types of separators.

Our R&D team is among one of the few companies in the industry that are capable of researching and designing manufacturing equipment for both dry and wet process separators that is highly compatible with our proprietary production techniques. With respect to dry process, we possess the key technologies for extrusion equipment, casting equipment and stretching equipment, significantly advancing our local manufacturing capabilities. With respect to wet process, we participate in the customised design of the wet process equipment to ensure its compatibility with

In future, we plan to offer LATP-coated, PEO-coated and gel electrolyte composite separators, all of which are compatible with current semi-solid-state battery designs. We launched LATP-coated separators in August 2025 and we plan to launch PEO-coated separators and gel electrolyte composite separators by the end of 2026. Our production capabilities support large-scale manufacturing, enabling a steady supply to meet growing industry demand. The table below sets forth certain details of our semi-solid-state electrolyte separators.

	• Thickness: 7–15μm • Breathability: 90–250s • Porosity: 38–60% • Puncture strength: 50–80gf	• Ultra-thin and lightweight • Excellent heat resistance • High energy density • Excellent low- and high-temperature performance • High cycling stability • High safety	Batteries for EVs, consumer electronics, energy storage facilities, drones and humanoid robots	Launched
	• Thickness: 9–14μm • Breathability: 1,000–20,000s • Porosity (substrate): 35–50% • Puncture strength: > 50gf	• Highly reductive resistant • Compatible with lithium-ion metal interface • 100% polymer-coated surface, with high Gurley value and low impedance • High puncture safety • Excellent high-temperature cycling	Batteries for high-safety home energy storage systems and electric two-wheelers	Capable of mass production
	• Thickness: 3–7μm • Breathability: 30–100s • Porosity: 50–70% • Puncture strength: > 30gf	• Combines ultra-thin profile with high mechanical strength • Suitable for automated mass assembly • Excellent wettability • Can be made from higher heat-resistant polypropylene material	High-safety EV batteries	Capable of mass production

As a solid ionic conductor, solid-state electrolyte membrane is a key component in solid-state batteries, replacing the liquid electrolytes typically found in conventional lithium-ion batteries. The manufacturing of solid-state electrolyte membrane mainly involves fibre nanofication and pre-dispersion, solid electrolyte dispersion and grinding, mixing pulping, wet integrated forming, drying film formation, and other steps. Typically, we use integrated moulding technology to combine the fibre framework and solid electrolyte, which features high strength, high lithium-ion conductivity and low interfacial impedance. This addresses the bottleneck issue in the production of the solid-state electrolyte membrane — poor contact between solid electrolytes and electrodes, leading to slow kinetics, and chemo-mechanical issues that cause contact loss or interphase formation, reducing efficiency. Solid-state electrolyte membranes play a critical role in the advancement of solid-state battery technologies, offering a range of important benefits. By replacing flammable liquid electrolytes, they greatly improve safety, effectively reducing the risks of leakage and fire. Their design allows for the use of lithium metal anodes, which deliver significantly higher energy densities than conventional graphite anodes. This contributes to the development of lighter, more powerful batteries. In addition, these membranes provide superior mechanical and thermal stability, resulting in batteries that are both longer lasting and more reliable over time. Solid-state batteries equipped with these membranes can achieve higher power densities and support faster charging, significantly boosting overall performance. The adoption of solid-state technology also enables innovative battery configurations, including flexible and bipolar designs, which are essential for future applications in consumer electronics, transportation vehicles and energy storage.

In the battery industry, solid-state electrolyte membranes mainly face two major technical challenges. Firstly, the production process is highly demanding, making large-scale manufacturing difficult and resulting in extremely high costs. Secondly, achieving thin membranes is technically challenging, and it is generally difficult to reduce the thickness of solid-state electrolyte membranes to below 30μ

- : Our water treatment membranes typically have a coated thickness range of 20 to 30μm, a porosity range of 35% to 60% and a desalination efficiency of over 99%. Water treatment membranes are currently widely applied to municipal water treatment, purification of domestic water, seawater desalination, and lithium extraction from salt lakes.

As our existing R&D centres and platforms continue to deepen our research on functional membranes, and with our new overseas manufacturing bases come into operation, we believe that the sales of functional membranes will continuously facilitate the diversification of our product portfolio.

We are dedicated in the R&D of the underlying technologies, product development and design of manufacturing equipment for lithium-ion battery separators and other functional membranes. Further, we place increasing emphasis on the R&D of other relevant products, including semi-solid-state electrolyte separators, solid-state electrolyte membranes, functional membranes and semiconductor materials. We are devoted to strengthening our R&D capabilities by enhancing our global R&D teams, centres and platforms, through which we gain access to the latest knowledge and technologies in polymer materials, new energy, nanotechnology, lithium-ion battery and semi-solid-state and solid-state battery.

We continue to invest substantial capital in R&D and innovation. For the years ended 31 December 2023, 2024 and 2025, our research and development expenses amounted to RMB242.5 million, RMB248.0 million and RMB278.4 million, respectively, representing 8.1%, 7.1% and 6.8% of our revenue for the same periods, respectively.

Our R&D capabilities have enabled us to independently develop a series of key technologies. See "— Our Core Technologies" in this section. Our achievements in R&D have been recognised by the market, governmental authorities and industry associations. For instance, our breakthrough research result on the production of dry process separator was awarded the First Prize of State Science and Technology Progress Award by the State Council, making us the only company in the lithium-ion battery industry to receive this prestigious award. See "— Awards and Recognitions" in this section for details on our awards and recognition during the Track Record Period. Our R&D capabilities lay a strong foundation for our continuous business expansion in the mid- to high-end

Headquartered in Shenzhen, we have established domestic and overseas R&D centres to gain access to frontier technologies. Domestically, our Shenzhen R&D headquarter focuses on mainstream lithium-ion battery separator technology and cutting-edge membrane product development, while our Nantong R&D centre, collaborating closely with our manufacturing bases in Eastern China, devoted itself to the refinement of the mass production process. Internationally, our Japan R&D centre leverages local advantages in fine chemicals to delve into high-end coating technology, while our Sweden R&D centre takes advantage of the precision equipment in Europe to develop customised products. Our global R&D network has allowed us to achieve breakthroughs in the key production technologies and manufacturing equipment, which laid a solid foundation for the development of cutting-edge lithium-ion battery separators, functional membranes and other advanced membrane products.

The table below sets forth certain details of our global R&D centres.

Our R&D platforms comprise in-house R&D platforms, which are established subject to filing and approval by the local government, and industry-academia-research platforms, which enable us to collaborate with academic institutions worldwide. These platforms differ from our R&D centres in that (i) in-house R&D platforms require filing with the relevant government authorities and (ii) industry-academia-research platforms involve collaboration with other parties, such as universities, while our R&D centres are generally established by ourself and without any requirement of filing with government authorities.

Our fundamental R&D and product development are centred around our proprietary technologies for the manufacturing processes of separators and our proprietary design of manufacturing equipment. With the support of the government and relevant authorities, we have established multiple R&D platforms of lithium-ion battery separators. Our R&D platforms provide the infrastructure for us to focus on the R&D of raw materials, product development, manufacturing techniques, manufacturing equipment and applications of lithium-ion battery separators as well as technological innovations in other functional membranes. Leveraging our R&D platforms, we have established a project-centred R&D process, following the workflow of topic selection, launch of pilot projects, R&D and application of our technologies.

I -H &D P

The table below sets forth certain details of our in-house R&D platforms.

National-Local Joint Engineering Research Centre for High-End Lithium-ion Battery Separator Preparation and Testing Technology (高□鋰電□ 膜□□及□ 技□國家地方聯合□□研□中心)	Located at Shenzhen, China Established in 2018 National-level research centre recognised by NDRC	• A competitive lithium-ion battery separator R&D platform in the country • Focus on the research of polymer lithium-ion battery separator materials • Enhanced R&D by increasing equipment investments and recruiting high-end talents • Establish innovative system for high-safety, high-strength, ultra-thin and functionalised separators
Shenzhen Lithium-ion Battery Separator Engineering Centre (□圳市鋰電子電□ 膜□□中心)	Located at Shenzhen, China Established in 2009	• Focus on innovative membrane-forming technology, coating technology and new material technology • Capable of preparing R&D sample for our customers • Develop distinctive products such as high-molecular porous separators, PI coated products and aramid coated separators
Shenzhen Polymer Materials Special Functional Membrane Engineering Laboratory (□圳高□子材料□□□能膜□□ 驗)	Located at Shenzhen, China Established in 2012	• Focus on R&D and application of new functional polymer membranes • Engage in R&D, engineering production, application consultancy, problem diagnosis and solution provision
Shenzhen Functional Membrane Enterprise Technology Centre (□圳市□能膜企 技□中心)	Located at Shenzhen, China Established in 2017	• Focus on optimising the production process across all stages of functional membrane development • Advance the development of high-end separator products through material formulations, functional raw material development, efficient processes, control technologies and proprietary equipment

I r -A - r P r

Our industry-academic-research platform scheme creates a collaborative framework that brings together the industry experts, academic institutions and our in-house research platforms to work on various meaningful R&D projects. While we generally provide resources such as achievements from our previous research projects, funding, equipment and offices for the R&D projects, our R&D partners, namely renowned universities, offer resources including training and instruction, research team and historical experimental data. Through such collaboration, we cultivate R&D talents and

The salient terms of our joint research and development agreement with our customers, potential suppliers and other research institutions typically include the following.

- Ownership of Intellectual Property Rights. Each party retains ownership of its pre-existing intellectual property. Ownership of jointly developed intellectual property is determined as contractually agreed.
- Duration. Typically spans a period of one to five years, depending on the agreed project scope.
- Confidentiality. Parties are typically required to treat any commercial and technical information involved as a trade secret and with strict confidence, which may be extended for a specified period after the termination of the agreement.
- Allocation of Costs. Generally shared by participants as contractually agreed.

As our customers are located in different countries and regions, we plan, organise and participate in marketing activities through a combination of online and offline channels. We promote our products and brand through our website and brochures, organise or co-host marketing conferences, participate in domestic and overseas industry exhibitions and meetings, attend customer-supplier conferences and organise online communication with major customers from time to time. For marketing in overseas markets, we have set up offices and subsidiaries in Japan, Malaysia, Singapore and Sweden to conduct diversified marketing and customer service activities. Specifically, in Chinese Mainland, We solicits new customers primarily by participating in trade exhibitions and through online promotion, such as official social media accounts. In overseas markets, new customers are acquired mainly via promotional activities on platforms such as LinkedIn.

We invest in sales and marketing to strengthen our leadership position in the lithium-ion battery separator manufacturer industry and promote our products and services. For the years ended 31 December 2023, 2024 and 2025, our selling expenses amounted to RMB38.7 million, RMB37.1 million and RMB42.8 million, respectively, representing 1.3%, 1.1% and 1.0% of our total revenue during the same periods.

During the Track Record Period, we sold our products primarily through direct sales to customers, which are primarily domestic and overseas manufacturers of lithium-ion batteries including LG Energy Solution, Samsung SDI, AESC, Murata, SK On, SAFT, CATL, BYD, Gotion High-tech, CALB, EVE Energy and Sunwoda. Through direct sales, we have established close and direct connection with our customers and are able to gain firsthand understanding of customers' technologies and business development plans, propose technical solutions and product selections and help customers solve problems.

Given our business expansion, we manage our sales and orders primarily by region to address the wide geographic distribution, development of technologies and differences in production scales of our different customers. Through this approach, we can promptly respond to evolving customer needs.

The salient terms of framework sales agreements with our customers are set out below.

- Service scope. We provide customers with lithium-ion battery separator products and relevant services. The specific models and quantities are specified in each procurement order under the framework agreement.
- Duration. Generally ranges from one to 10 years and may be renewed upon expiry.
- Pricing. As negotiated by both parties in each separate procurement order.
- Confidentiality. Parties are typically required to treat any commercial and technical information which is not yet known to the public as a trade secret and with strict confidence.

- Payment. All payments as specified in each separate procurement order, and invoices are issued to customers.
- Credit terms. Generally within 180 days.
- Product warranty. A standard product warranty of 12 months is typically included.
- Return and exchange policy. Customers shall inspect and examine the products before the acceptance. In case any defect is discovered, the customer has the option to request us to exchange the defected products or provide a refund.
- Termination. The agreement can only be terminated by mutual agreement of both parties.

During the Track Record Period, we also engaged individual sales agents to facilitate sales to certain overseas customers. The number of sales agents engaged by us was limited, comprising one agent in 2023, two agents in 2024. In 2024, we started the transition to a direct sales model for overseas markets. The transition to a direct sales model was driven by our strategic objective to deepen customer relationships, enhance service quality and responsiveness and improve our understanding of local market dynamics. By engaging directly with overseas customers, we are better positioned to provide tailored technical support, respond promptly to customer requirements and capture a greater share of the value chain, which we believe will support the long-term growth of our overseas business. The transition was completed by the end of 2024 and we did not engage any sales agents in 2025. In 2023, 2024 and 2025, our revenue generated through sales agents amounted to RMB657.9 million, RMB83.1 million and nil, respectively.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our Group did not have any material disputes with its customers or face any major return of defective products.

G N

We are primarily engaged in R&D, designing, manufacturing and sale of lithium-ion battery separators to both overseas and domestic markets. We initially targeted customers in the PRC and started to expand into the overseas market in 2012. As at the Latest Practicable Date, we have established market presence across multiple countries and regions including key global markets such as Chinese Mainland, South Korea, Japan, the SEA and Europe. We are actively exploring emerging markets in the Middle East, Africa, Oceania and South America.

We became one of the pioneers to export lithium-ion battery separators with advanced functionalities to these regions and have established long-term relationships with leading lithium-ion battery manufacturers. With the increasing demand for lithium-ion batteries in overseas market, we reap the benefit of early establishment of the relationship with these customers and successfully increased the sales volume of our products over the Track Record Period.

The following table sets forth the breakdown of our revenue by geographic region in 2023, 2024 and 2025.

Our warranty period is typically 12 months but may vary depending on the product type, product quantity and local regulatory requirements. During the warranty period, our customers may request our technical specialists to replace defective parts and components free of charge. If our product has a material structural or mechanical defect, as examined and confirmed by our skilled technicians, we will replace the product or its components at the request of our customer.

Following the expiration of the warranty period, we supply parts and components to our customers for a fee based on the services required. During the Track Record Period, we have not received any material complaints from our customers.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product return and nor had we received any material complaints regarding our products. Our Directors consider that the quality of our products are generally stable and no provision for product return had been made during the Track Record Period.

We have developed a standardised pricing reference for our sales and marketing team. We set prices based on the acceptability by our customers on one hand and our profitability on the other hand, taking into account a number of factors including, among others, costs of raw materials, size of purchase orders, customer purchase quantities, customer relationships, market competition and the prevailing market prices for separators in the target sales regions. In addition, we reserve the right to further adjust the price for our products when we observe dramatic fluctuations in the market price of key raw materials.

Our in-house sales and marketing team provides products and value to our customers with an in-depth understanding of our customers' businesses and industries. With over 20 years of industry experience, our sales and marketing team is able to anticipate customers' needs. Our sales and marketing team also works closely with our R&D team in product development, so as to address the common pain points faced by our customers. See "— Our Products — Our One-Stop Technical Services." As at 31 December 2025, we had a sales and marketing team with 66 members.

We formulate our sales and marketing strategies annually based on our strategic objectives, business performance goals, market environment and customer relationships. Following our annual sales and marketing strategies, we set and assign sales and marketing targets on a monthly and quarterly basis. In addition, we have established a performance evaluation mechanism to conduct regular performance evaluations .4014-1.

2024 and 2025, revenue from our largest customer in each year amounted to RMB795.2 million, RMB460.4 million and RMB669.5 million, accounting for 26.7%, 13.1% and 16.4% of our total revenue, respectively.

The following table sets forth the details of our top five customers for each year during the Track Record Period.

			(RMB in millions)	(%)			
1	Customer A	dry process, wet process and coated separators	795.2	26.7	2012	Headquartered in South Korea, a company operating in various industries, including electronics, chemicals, telecommunications, and services	90 days
2	Customer B	dry process and coated separators	367.0	12.3	2008	Headquartered in Chinese Mainland, a company specialising in the manufacture of EVs and batteries	60 days
3	Customer C	dry process, wet process and coated separators	275.5	9.2	2018	Headquartered in Chinese Mainland, a company specialising in the development and manufacturing of lithium-ion batteries for EVs and energy storage systems	90 days
4	Customer D	dry process and coated separators	242.7	8.1	2010	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries	90 days
5	Customer E	wet process and coated separators	223.0	7.5	2015	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries and related materials	120 days

			(RMB in millions)	(%)			
1	Customer A	dry process, wet process and coated separators	460.4	13.1	2012	Headquartered in South Korea, a company operating in various industries, including electronics, chemicals, telecommunications, and services	90/135 days
2	Customer B	dry process, wet process and coated separators	373.0	10.6	2008	Headquartered in Chinese Mainland, a company specialising in the manufacture of EVs and batteries	60 days
3	Customer F	dry process, wet process and coated separators	337.3	9.6	2017	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries	90 days
4	Customer G	dry process, wet process and coated separators	311.1	8.9	2019	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries and related materials	120/180 days
5	Customer E	wet process and coated separators	304.0	8.7	2015	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries and related materials	120 days

			(RMB in millions)	(%)			
1	Customer F	dry process, wet process and coated separators	669.5	16.4	2017	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries	90 days
2	Customer A	dry process and coated separators	510.9	12.5	2012	Headquartered in South Korea, a company operating in various industries, including electronics, chemicals, telecommunications, and services	90/135 days
3	Customer G	dry process, wet process and coated separators	474.8	11.6	2019	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries and related materials	120 days
4	Customer B	dry process and coated separators	453.8	11.1	2008	Headquartered in Chinese Mainland, a company specialising in the manufacture of EVs and batteries	60 days
5	Customer E	wet process and coated separators	376.0	9.2	2015	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of lithium-ion batteries and related materials	120 days

During the Track Record Period, we had significant customer concentration in NEVs and energy storage systems industries, with all of our top five customers for each year during the Track Record Period being part of the value chain of the abovementioned industries. In 2023, 2024 and 2025, our revenue generated from our five largest customers in each year accounted for 63.8%, 50.9% and 60.8% of our total revenue in each year, respectively. The new energy vehicle and energy storage systems industries are rapidly evolving, policy-driven sectors that underpin global decarbonisation efforts by emphasising the development of EVs and advanced lithium-ion battery technologies. Our business is closely linked to the market outlook and regulatory environment of these industries, as demand for our separator products is driven in part by the production and sales of lithium-ion batteries and related end products, which directly reflect demand and activity in such industries. See "Risk Factors — Risks Relating to Our Business and Industry — Our business is subject to the market forces in the new energy vehicle and energy storage industries and our results are dependent in part on the changes in our customers' industries and market demand for their end products."

During the Track Record Period and up to the Latest Practicable Date, we were in material compliance with the terms of agreements or purchases (as the case may be) with our major customers, and we had not experienced any circumstances leading to early termination of the agreement or any contractual disputes with or claims by our major customers that would have a material and adverse effect on our operations.

None of our Directors or their respective close associates or any Shareholder holding more than 5% of our issued share capital held any interest in any of our top five customers in each year during the Track Record Period.

We purchase raw and auxiliary materials and other auxiliary materials directly from suppliers. The main raw materials used for production of lithium-ion battery separators include thermal plastics such as PP and PE, additives, packaging and auxiliary production materials.

In the years ended 31 December 2023, 2024 and 2025, our cost of raw materials were RMB693.7 million, RMB1,271.1 million and RMB1,410.3 million, respectively, accounting for 41.0%, 50.4% and 44.2% of costs of sales in the same year, respectively.

In the years ended 31 December 2023, 2024 and 2025, purchases from our top five suppliers in each year amounted to RMB499.7 million, RMB715.4 million and RMB919.3 million, respectively, representing 47.5%, 44.2% and 48.0% of our total purchases of raw materials, respectively. In addition, purchases from our largest supplier in each year amounted to RMB208.5 million, RMB210.6 million and RMB262.2 million respectively, representing 19.8%, 13.0% and 13.7% of our total purchases of raw materials in 2023, 2024 and 2025, respectively.

The following table sets forth the details of our top five suppliers for each year during the Track Record Period.

			(RMB in millions)	(%)			
1	Supplier A	Thermal plastic	208.5	19.8	2013	Headquartered in South Korea, a company specialising in the production of petrochemical products	Prepayment in full
2	Supplier B	Thermal plastic	147.7	14.0	2020	Headquartered in South Korea, a company with business operations covering petrochemicals, chemical materials, energy, and related fields	Prepayment in full
3	Supplier C	Thermal plastic, hardware accessories	53.4	5.1	2019	Headquartered in Japan, a company specialising in the research, development and production of high-purity chemicals, functional films, and precision materials for use in semiconductors, display panels (LCD/OLED), photovoltaics, and electronic components	Prepayment in full
4	Supplier D	Slurry	46.0	4.4	2022	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of chemical products	30 days after receipt of products
5	Supplier E	Slurry	44.2	4.2	2019	Headquartered in Chinese Mainland a company specialising in the research, development, manufacture and sale of inorganic materials used in safety coating materials for separators	60 days after the end of each month

			(RMB in millions)	(%)			
1	Supplier B	Thermal plastic	210.6	13.0	2020	Headquartered in South Korean, a company with business operations covering petrochemicals, chemical materials, energy, and related fields	Prepayment in full
2	Supplier A	Thermal plastic	184.8	11.4	2013	Headquartered in South Korea, a company specialising in the production of petrochemical products	Prepayment in full
3	Supplier D	Slurry	141.4	8.7	2022	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of chemical products	30 days after receipt of products
4	Supplier E	Slurry	117.9	7.3	2019	Headquartered in Chinese Mainland, a company specialising in the research, development, manufacture and sale of inorganic materials used in safety coating materials for separators	60 days after the end of each month
5	Supplier F	Thermal plastic	60.7	3.8	2020	Headquartered in Chinese Mainland, a company mainly engaged in the sales and service of chemical products	Prepayment in full

1	Supplier B	Thermal plastic	262.2	13.7	2020	Headquartered in South Korea, a company with business operations covering petrochemicals, chemical materials, energy, and related fields	Prepayment in full
2	Supplier D	Slurry	220.3	11.5	2022	Headquartered in Chinese Mainland, a company specialising in the research, development, production, and sales of chemical products	30 days after receipt of products
3	Supplier A	Thermal plastic	214.8	11.2	2013	Headquartered in South Korea, a company specialising in the production of petrochemical products	Prepayment in full
4	Supplier E	Slurry	128.0	6.7	2019	Headquartered in Chinese Mainland, a company specialising in the research, development, manufacture and sale of inorganic materials used in safety coating materials for separators	60 days after the end of each month
5	Supplier G	Packaging materials	94.0	4.9	2024	Headquartered in Chinese Mainland, a company specialising in the research and development, production and sales of paper products	60 days after receipt of products

During the Track Record Period, we purchased raw materials from the U.S., primarily including infrastructure materials and manufacturing equipment. In 2023, 2024 and 2025, the amount of raw materials and manufacturing equipment purchased from the U.S. are nil, RMB11.8 million and RMB292.5 million. The amount of raw materials and manufacturing equipment purchased from the U.S. increased from RMB11.8 million in 2024 to RMB292.5 million in 2025 due to the construction of our U.S. manufacturing base. We have a wide range of alternative domestic sources of raw materials available as there are plenty of manufacturers of the above infrastructure materials and manufacturing equipment in Chinese Mainland and other countries all over the world, offering comparable quality and prices.

To the best knowledge of our Directors, none of our Directors or their respective close associates or any Shareholder holding more than 5% of our issued share capital held any interest in any of our top five suppliers in each year during the Track Record Period.

Generally, we enter into procurement agreements with suppliers and place purchase orders based on actual production needs. The key terms in our procurement agreements typically include:

- *Duration*. The term of our agreement is typically three years.
- *Material*. We shall list out the type, specifications, date of delivery and quantity of required materials in each purchase order.
- *Price*. Depending on the type of materials and suppliers involved, prices can either follow the procurement agreement or be adjusted according to the then-prevailing market price.
- *Warranty*. Our suppliers typically provide us with a warranty period between six to twelve months.
- *Inspection and returns*. Product inspection shall be carried out upon delivery. We have the right to return defective materials that fail to meet agreed quality standards, and the supplier shall provide remedies, including returns and/or exchanges.
- *Credit terms and payment*. Credit terms and payment methods shall be outlined in the purchase orders. We are generally granted certain credit terms, which is normally within 90 days.
- *Confidentiality and anti-corruption*. We typically include confidentiality provisions in our agreements, with confidentiality obligations potentially extending beyond agreement expiration.
- *Termination*. The agreements will be terminated upon expiration. We are also entitled to terminate the agreement if the supplier fails to observe their obligations in the agreement.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any breach of agreements by suppliers that resulted in suspension or interruption that would cause a material and adverse effect to our production operations. During the Track Record Period, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

During the Track Record Period and up to the Latest Practicable Date, we complied with the terms of the agreements with our major suppliers in all material aspects, and we had not experienced any circumstances leading to early termination of the agreement or any contractual disputes with or claims by our major suppliers that would have a material and adverse effect on our operations.

Due to factors such as fluctuations in material prices, changes in market supply and demand dynamics, and technological advancements, our procurement prices and quantities may vary. For details, see "*Risk Factors — Risks Relating to Our Business and Industry — Price fluctuations and inadequate supply of raw materials, energy, transportation and other necessary supplies or services may impact our business, financial condition and results of operations.*"

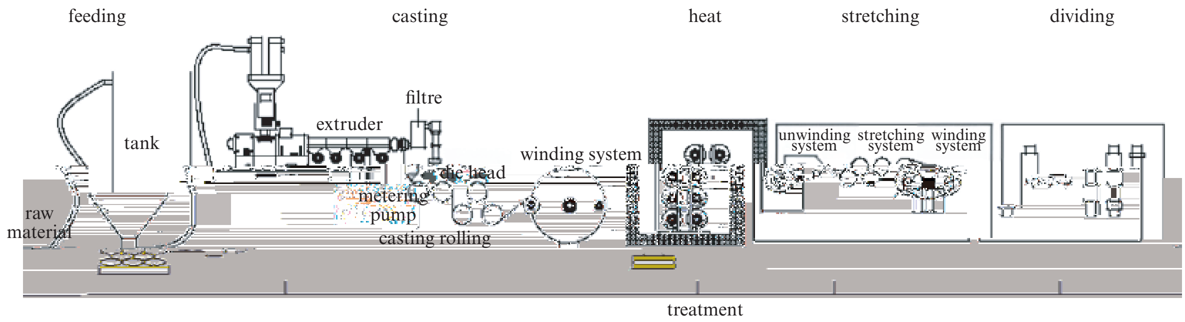
To minimise any potential interruptions to our operations due to supply of main raw materials, we analyse market supply and demand based on actual orders and historical data. We then conduct forward planning before negotiating with suppliers and place purchase orders. Meanwhile, we usually keep a reasonable level of inventory of main raw and auxiliary materials each year. In addition, we have developed a supplier selection and evaluation procedure and maintain a list of qualified suppliers each year to ensure that the supply of main raw and auxiliary materials will not be affected by any unforeseeable circumstances. See "— Quality Management — Raw Materials."

To mitigate risks related to raw material price fluctuations, we have established a monitoring system to promptly monitor price changes of key raw materials. We ensure material supply and optimise procurement costs through strategies such as advance procurement. Additionally, we maintain supply chain safety and stability through partnerships and long-term agreements with our suppliers.

We use manufacturing equipment that is highly compatible with our proprietary production techniques. According to Frost & Sullivan, we are one of the few companies with independent equipment research and design capabilities. The self-designed manufacturing equipment enables us to produce differentiated separators and ensures our product quality as well as production efficiency. See "— Our Core Technologies — Manufacturing Equipment Designed In-House." We engage international manufacturers for the production of manufacturing equipment based on our technology design. We provide the manufacturing process parameters, manufacturing process requirements and project timetable to the manufacturers, and we specify to the manufacturers our quality and technical standards as well as acceptance standards to ensure that the equipment meets our production requirements.

The manufacturing processes of lithium-ion battery separators are mainly categorised by three different manufacturing techniques: the dry process, the wet process and the coating process, whereas coating refers to an additional process applied in base film separators produced from both dry and wet processes. We adopt a "make-to-order" strategy to process customer orders and have developed an ISO production process management control system. After an order is placed by a customer, we will develop a production plan with customised raw material formulas, arrange for procurement of raw materials based on the plan, produce separators with suitable processes, conduct comprehensive product quality checks and deliver our products to customers. This allows us to

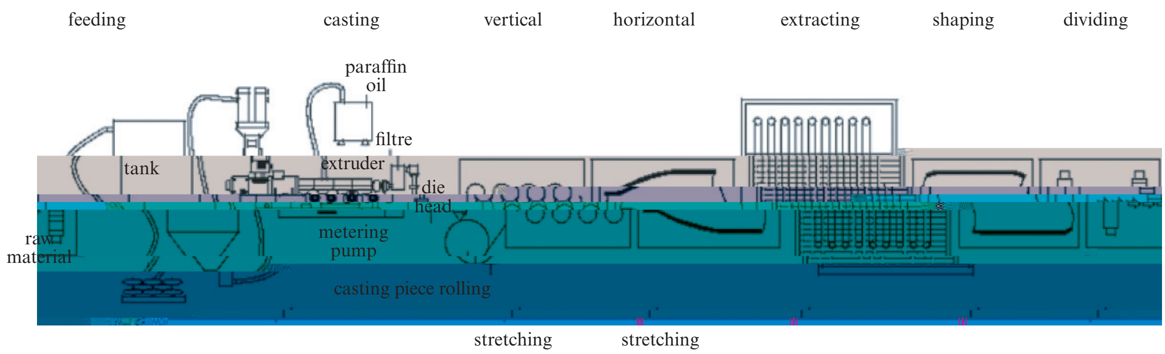
The diagram below illustrates the workflow of the dry process.



Pr

The wet process is a chemical microporosity formation technology, also known as phase separation or heat-to-phase separation. We start by mixing polymer with hydrocarbon liquid and other additives, then heat the mixture into a homogenous solution. The solution then undergoes cooling, phase separation and extruding to form a cast membrane. We subsequently stretch the membrane biaxially in both the machine and transverse directions, and finally remove the remaining solvent to form an interconnected, microporous membrane.

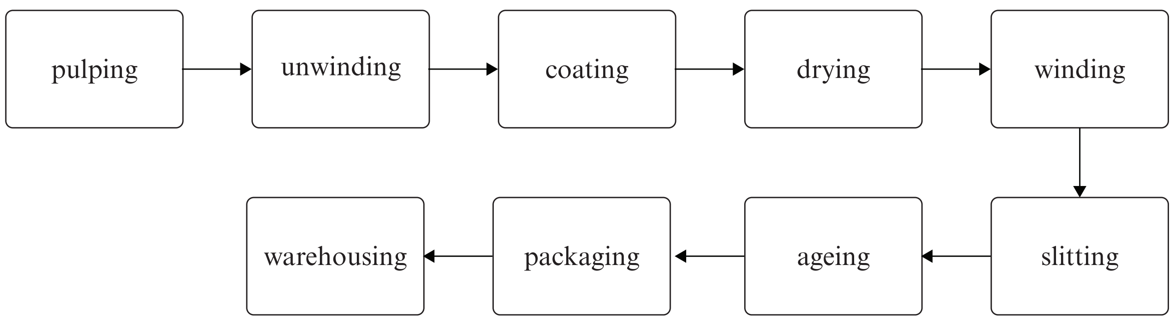
The diagram below illustrates the workflow of the wet process.



C Pr

Coating process is an additional manufacturing process for both dry and wet process separators. By applying slurry such as ceramic alumina and PVDF adhesive to one or both outer surfaces of the base film, the coating can significantly enhance the thermal stability, puncture strength and safety of the base film. Separators with these enhanced properties will improve the performance and safety of the lithium-ion batteries.

The diagram below illustrates the workflow of the coating process.



We have established a network of manufacturing facilities in different parts of Chinese Mainland to provide our target customers with comprehensive services using localised supply and supporting facilities. During the Track Record Period, we did not outsource any manufacturing process to third parties.

Our continued expansion of production capacity during the Track Record Period is a strategic response to rising customer demand and intense market competition, as demonstrated by similar capacity increases among our competitors in recent years, according to Frost & Sullivan. Localised production enhances our relationships with major battery manufacturers by enabling prompt and cost-effective service, while also allowing us to adapt quickly to changes in demand in both domestic and overseas markets. We believe that our advanced, innovation-driven facilities and optimised capacity empower us to achieve economies of scale and control production costs effectively.

The table below sets forth details of our manufacturing bases during the Track Record Period:

1	Shenzhen manufacturing base	Shenzhen, Guangdong	2006	160,000	215.6	dry process separators, wet process separators and coated separators
2	Changzhou manufacturing base	Changzhou, Jiangsu	2018	150,000	898.0	wet process separators
3	Jiangsu manufacturing base	Changzhou, Jiangsu	2019	130,000	1,228.2	dry process separators and coated separators
4	Hefei manufacturing base	Hefei, Anhui	2017	75,000	428.7	wet process separators and coated separators
5	Nantong manufacturing base	Nantong, Jiangsu	2023	560,000	2,471.6	dry process separators, wet process separators and coated separators
6	Foshan manufacturing base	Foshan, Guangdong	2025	225,000	445.8	wet process separators and coated separators

Notes:

(1) Refers to the annual production capacity in 2025.

(2) During the Track Record Period, we operated a manufacturing base in Shenzhen, which mainly produced dry process separators. We gradually reduced production at our Shenzhen manufacturing base during 2025 and ultimately closed the base and ceased production there in November 2025, primarily in light of downstream demand trends, cost efficiency considerations and the ageing condition of the existing production lines.

We conduct careful and timely maintenance of our production facilities and equipment. Each piece of our major production equipment or machinery undergoes regular inspection and maintenance according to the relevant protocols. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or prolonged suspensions of operations due to equipment, machinery or other mechanical failures. In light of the ageing of certain production lines and a shift in the focus of our product portfolio, in the fourth quarter of 2025 we closed our Shenzhen manufacturing base, which primarily focused on the production of dry process separators, and commenced operations at our Foshan manufacturing base. The Foshan manufacturing base primarily focuses on the production of wet process separators and coated separators. It is equipped with wet process production lines with increased equipment width and higher annual designed production capacity per line compared to our previous production lines, which is expected to further enhance our overall production efficiency and economies of scale.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any work safety accidents and were not subject to any administrative penalties that would have a material adverse effect on our business operations or financial condition.

We believe that our reasonable expansion plans will benefit our business by meeting the increased customer demand and expanding our market share. See "Future Plans and Use of [REDACTED] — Use of [REDACTED]."

We plan to build new manufacturing facilities to expand our production capacity and satisfy

As advised by our PRC Legal Advisers, based on the credits reports and compliance confirmation letters issued by relevant government departments and the PRC legal adviser's inquiries on the websites of the competent departments in the public domain, during the Track Record Period, we have materially complied with the rules and regulations in relation to the commencement of operations of production lines after all their applicable requisite requirements have been met within the time limit stipulated.

As advised by our U.S., Malaysian and Swedish legal advisers, there are currently no foreign investment restrictions on our organic growth or on conducting our own research and development activities in the U.S., Malaysia or Sweden.

To satisfy the fast-growing demand from our overseas customers, we are building new manufacturing facilities to expand our production capacity and to provide our target customers with comprehensive services supported by localised supply and supporting facilities, with our U.S. and Malaysia bases under construction and expected to commence production from the end of 2026 to the first half of 2027, respectively. We plan to proactively expand our overseas markets where selling prices are generally more favourable than in the domestic market, which we expect to improve our overall profitability.

Our decision to establish manufacturing presence overseas reflects the following interrelated strategic objectives: (i) capturing growing overseas demand for battery separators; (ii) enjoying overseas pricing advantages; (iii) mitigating geopolitical risks; (iv) diversifying our supply chain by operating manufacturing facilities across multiple geographies; (v) achieving cost efficiencies through localised manufacturing in Malaysia and the U.S.; and (vi) improving proximity and responsiveness to customers in target markets.

Gr O r D r B r r

During the Track Record Period, our revenue from shipment destinations outside Chinese Mainland increased from RMB469.2 million in 2023 to RMB568.2 million in 2025. Our separator product sales to the U.S., although relatively small, enjoyed rapid growth from RMB1.6 million in 2023 to RMB64.1 million in 2025, reflecting strong potential. Our separator product sales to Southeast Asia amounted to RMB16.7 million, RMB35.3 million and RMB10.2 million in 2023, 2024 and 2025, respectively, primarily representing small-scale sales to local customers in the region.

According to Frost & Sullivan, the shipment share of battery separators outside China is expected to double from 14.1% in 2025 to 31.1% in 2030, driven by increased local battery and separator production capacities, rising NEV penetration, growing energy storage installations, and the need to enhance supply chain resilience, shorten logistics cycles, and meet increasingly stringent local requirements. In particular, the U.S. is expected to be one of the fastest-growing markets for battery separators, with its share increasing from 5.6% in 2025 to 6.6% in 2030. ESS added installed capacity in the U.S. is projected to exceed 200 GWh by 2030, representing a CAGR of 31.9% from 2025 to 2030. These dynamics underscore the importance of establishing a local manufacturing presence in the U.S. to efficiently and promptly serve customers by reducing transportation time and costs and enabling closer engagement during product qualification. Regarding Southeast Asia, according to Frost & Sullivan, from the demand side, production capacity of lithium-ion battery cell in Southeast Asia is currently in a rapid ramp-up and commissioning phase. As of the end of 2025, except for the approximately 30 GWh of commissioned production capacity of lithium-ion battery, the total planned capacity for power and energy storage batteries in Southeast Asia has exceeded 100 GWh, indicating significant future potential for localized demand within the battery supply chain. From the supply side, as the global battery supply chain deeply penetrates into Southeast Asia and countries in this region accelerate the commissioning of localised production capacities, shipment volume of lithium-ion battery separators in Southeast Asia is projected to maintain a rapid growth trajectory. An increasing proportion of lithium-ion battery cell production capacity in Southeast Asia will opt for localised raw material supplies. From 2025 to 2030, the shipment volume of lithium-ion battery separators in Southeast Asia is expected to increase from approximately 0.1 billion m2 to nearly 5.0 billion m2, at a CAGR of over 115%, establishing the region as a major overseas manufacturing base for global lithium-ion battery separators industry.

In addition to the U.S. and European manufacturing bases, we have established our Malaysia manufacturing base in Penang primarily as a cost-efficient production hub to serve international markets, leveraging Malaysia's advantages in construction costs, labour costs and raw material

Pr C r

Our U.S. manufacturing base, currently under construction in North Carolina, will produce coated separators with primary sales markets in the U.S. and Canada. The base is being developed to enable faster response to customer needs and to provide tailored services aligned with local regulatory and market environments. Our Malaysia manufacturing base, under construction in Penang, Malaysia, is strategically positioned to serve customers across Southeast Asia and other ASEAN member states, as well as other international markets. Proximity to customers reduces lead times and enables our technical teams to work more closely with customers during product qualification and after-sales service, which is particularly important given the extended qualification periods typical in the battery separator industry.

During the Track Record Period, we have continually expanded our production capacity to meet the growth in demand for our products, following our expansion strategy and international market demand forecasts. We determine our production capacity plans and identify capacity shortfalls based on product delivery plans derived from market demand analysis in the regions we operate in.

The table below sets forth the designed production capacity, actual production volume and utilisation rate of our lithium-ion battery separator production lines in 2023, 2024 and 2025.

Designed Production[1] Capacity (m^2 in millions)	2,923.5	4,475.8	5,687.9
Actual Production Volume (m^2 in millions)	2,589.3	4,045.9	4,584.7
Utilisation rate (%)[2]	89	90	81[3]

Notes:

(1) Production capacity is calculated based on the actual operating days of each production line in each year during the Track Record Period, operating at eight hours per day. The annual production capacity of our Shenzhen manufacturing base is calculated on a pro rata basis to reflect the cessation of production at that base in the last quarter of 2025. Following the cessation of production at our Shenzhen manufacturing base, our aggregate annual designed production capacity decreased to 5,472.3 million m^2.

(2) Utilisation rate is calculated by dividing the production volume of a given year by the production capacity of the same year.

(3) Our utilisation rate for the year ended 31 December 2025 was slightly lower than that of the year ended 31 December 2024, primarily due to (i) the additional production capacity brought by the newly commissioned Foshan manufacturing base and (ii) the cessation of production at our Shenzh1(s)-4calcu364.9(n55(a)3.]TJ.4(turi5g)-288.2(b)5.6-29

	• Improves production efficiency, achieves uniform thermal treatment effects • With three self-developed patents	• Stretches the composite base film at low temperatures to form micro-defects after heat-treating the composite base film • Performs high-temperature stretching to expand the micro-defects, forming a porous separator
	• High efficiency of 200 metres per minutes • With five self-developed patents	• Cuts large, wide separators into specified sizes for shipment under room temperature
	• High efficiency • With two self-developed patents	• Uses volatile organic solvents that are compatible with pore-forming agents as extractants to remove these agents from the oil film, followed by heating and drying to obtain an extracted separator
	• Environmentally friendly • Facilitates resource reuse • With two self-developed patents	• Treats mixed liquids generated during production for reuse
	• Environmentally friendly • With three self-developed patents	• Ensures gases generated during system operations meet the relevant emission standards
	• High efficiency • Enhances performance • With four self-developed patents	• Coats the surface of the base film to improve product performance
	• Enhances product performance • With three self-developed patents	• Applies functional coatings to enhance product performance
	• High stability • With two self-developed patents	• Collects edge waste generated during production for winding and disposal

We adopted a stringent production control system to maintain the effectiveness of our business operation and the quality of our products. We have established a comprehensive quality management system, which had obtained ISO 9001 quality management system certification, and implemented MES system to monitor product process quality. Our Directors believe that an effective control system is essential for us to produce products in high quality and sustain our relationship with customers for the long-term.

As at 31 December 2025, our Group had 987 quality control staff, who are responsible for quality control in various aspects, including incoming raw materials quality control, SMT control, overall quality control, assembly process, finished products. Our quality control department is responsible for identifying quality control issues and providing solutions to address such issues.

Product quality is vital to our business, since any potential quality defect may cause significant risks to customers who apply our products to their lithium-ion batteries. The consistency in our product quality and our ability to satisfy customised needs are the driving force to the rapid growth of our business. We have implemented a comprehensive and stringent quality management system to ensure that we comply with applicable industry and national standards and regulations. We maintains product liabilities insurance in relation to product quality issues. See "Risk Factors — Risks Relating to Our Business and Industry — We may be subject to risks associated with our product quality." During the Track Record Period, we have not received any material complaints relating to product quality, and we had not experienced any material accidents due to product defects or recalled any products.

Our warehouse management personnel maintain policies in relation to warehouse management. We separate our warehouse into three segments: the finished product warehouse, work-in-progress warehouse and the raw and auxiliary materials warehouse, each equipped with the required lighting, ventilation, temperature and humidity level. We store raw materials, work-in-progress and finished the current production volume and evaluate and optimise the inventory level frequently with reference to a number of factors, such as procurement cycles, market conditions and our R&D plans. We also take into consideration factors that are beyond our control, including international relations and supply chain, and may strategically increase our inventories should the need arise.

We are subject to risks associated with international trade policies, trade restrictions and export controls. See "Risk Factors — Risks Relating to Our Business and Industry — We are subject to risks associated with international trade policies, geopolitics and trade protection measures, export control and economic or trade sanctions." The Directors are of the view that tariffs and trade restrictions have not had, and are not expected to have, any material adverse effect on our business, financial condition or results of operations.

With respect to export controls, the Directors are of the view that the export control measures currently in effect have not had, and are not expected to have, any material adverse effect on the Group's business, financial condition or results of operations. The Group does not rely on imports of goods, technologies or components from the U.S. in its manufacturing operations. During the Track Record Period, the Group's purchases from the U.S. amounted to nil, RMB11.8 million and material order cancellations or fluctuations in revenue, gross profit margins, business financial condition or overall results of operations as a result of the imposition of tariffs by the U.S. or the EU.

Based on the above, the Sole Sponsor concurs that tariffs, trade restrictions and export controls have not had during the Track Record Period and up to the Latest Practicable Date, and are not expected to have, any material adverse effect on the Group's business, financial condition or results of operations.

We believe that our professional workforce is the driving force of our long-term growth. As at 31 December 2025, we had 5,113 full-time employees. Substantially all of our employees were in the PRC. The table below sets forth the number of our employees by function as at 31 December 2025.

Production	3,448
R&D	699
Administrative	841
Sales and marketing	66
Financial	59
Total	5,113

We enter into standard labour contracts with our employees. We also enter into standard confidentiality and non-compete agreements with our senior management and key technical employees.

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit our employees based on a number of factors such as their work experience, educational background and our vacancy needs. Our recruiting efforts include online recruiting, internal referral and, to a lesser extent, on-campus recruiting and use of professional recruiters. We provide pre-job and on-the-job training to our employees to equip them with requisite skills and knowledge for their positions.

We believe we offer our employees competitive compensation packages and an environment that encourages initiative. The remuneration payable to our employees includes salaries, allowances and discretionary bonus. We conduct periodic performance review for our employees and their remuneration is based on factors including qualifications, contributions, years of experience and performance.

During the Track Record Period, we occasionally engaged employment agents to provide us with dispatched workers to cope with the production demands. See "— Legal Proceedings and Compliance — Legal Compliance — Legal Compliance of Dispatched Labour" for details. We paid service fees to the employment agent for hiring such staff, and the benefit expenses and other applicable costs such as social insurance and housing funds were borne by the employment agent.

The salient terms of our Labour Dispatch Collaboration Contract with the employment agents typically includes the following:

- Basic information: Name and nature of the job position, working location, number of individuals dispatched and term of the dispatch arrangement.

- *Scope of services.* Employment agents shall provide qualified outsourced personnel according to our schedule, ensure medical clearance with genuine reports, handle training and assessments, deploy personnel to our designated location, manage all matters related to the outsourced staff during their assignment and provide other reasonable services in relation to the labour dispatch.
- *Pricing.* We apply different hourly-based salary rates for dispatched personnel depending on their specific roles.
- *Duration.* The typical contract duration ranges from one to three years.
- *Recruitment standards.* Employment agents must not use improper means to recruit labour dispatch personnel.
- *Termination.* Either party may terminate the agreement in advance under the specific circumstances, such as natural disasters, stipulated in the contract with the notice period upon negotiation.

Our PRC Legal Adviser is of the view that the terms above in the labour dispatch arrangement does not violate prohibitive provisions on labour dispatch of the PRC.

We have implemented comprehensive internal policies and monitoring procedures to ensure ongoing compliance with applicable labour dispatch laws and regulations, including requirements on the maximum permissible proportion of dispatch workers relative to total employees. Such policies and procedures include: (i) maintaining a centralised register of all dispatch workers, including their respective dispatch agencies, contract terms, and assigned positions; (ii) conducting quarterly audits of workforce composition by our human resources department to verify that the proportion of dispatch workers does not exceed statutory thresholds; (iii) establishing an internal approval process requiring sign-off from the human resources director to engaging additional dispatch workers; (iv) providing regular training to hiring managers on applicable labour dispatch regulations and internal compliance requirements; and (v) preparing and submitting periodic compliance reports to senior management. In addition, we have designated a compliance officer responsible for monitoring changes in labour dispatch regulations and updating our internal policies accordingly.

We have not had any material labour disputes with our employees which might materially and adversely affect our business operations during the Track Record Period and up to the Latest Practicable Date.

Headquartered in Shenzhen, China, we own and lease properties in the PRC and overseas for the use of production facilities, warehouses and offices. Pursuant to Rules 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) that forms part of an applicant's property activities is or is above 1% of the applicant's total asset, the document must include the full text of a valuation report for such property interest. As of 31 December 2025, being the date of the most recent audited consolidated statements of the financial position of our Group, (i) the carrying amount of our investment property exceeded 1% of our total assets; and (ii) no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of total assets. Save for the properties as set out in the Property Valuation Report in Appendix III to this document, all of the above properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Please see "Appendix III — Property Valuation Report."

As at 31 December 2025, we owned the land use rights of 18 parcels of land in Chinese Mainland and overseas, with a GFA of approximately 1.4 million square metres in aggregate. We use these properties as premises for production, warehousing, offices, R&D and other ancillary purposes. As at the Latest Practicable Date, our rights to use such construction land were lawful and valid, and there were no disputes or potential disputes over the ownership of such land.

As at 31 December 2025, our Company and the major subsidiaries in Chinese Mainland owned the land use right of 16 parcels of land in Chinese Mainland, with a GFA of approximately 0.7 million square metres in aggregate. The properties are primarily used for production, warehousing, R&D and office purposes. Three properties constructed on those parcels of land with a GFA of approximately 390.0 square metres have not obtained property ownership certificate, as they were built due to our actual needs, which were out of the original construction planning scope. The properties are used as garbage rooms and warehouses, which are highly replaceable. We are currently going through the corresponding procedures to obtain the property certificate. However, as a result of historical reasons, it would be difficult for us to obtain the certificates of these properties in Chinese Mainland. As advised by our PRC Legal Adviser, the potential consequences of not obtaining the real estate ownership certificates include being ordered by the competent authorities to make corrections within a prescribed time limit, demolish the buildings within a specified period and impose a fine of up to 10% of the construction cost.

Our PRC Legal Adviser is of view that the above circumstances are not expected to have any material adverse impact on our business and results of operation based on (1) the total floor area of these buildings amounts to approximately 390.0 square metres, which is a relatively low proportion; (2) the specific uses of these buildings include waste disposal rooms and warehouses, which are highly replaceable; and (3) the Credit Report of Nantong Xingyuan and Hefei Xingyuan, which indicates no record of violations in the fields of natural resources, housing, or urban and rural construction.

As at 31 December 2025, we owned one property with approximately 267,215 square metres in aggregate in Malaysia and one property with approximately 170,000 square metres in Sweden. We use our property in Malaysia and Sweden as production facilities, warehousing and offices. The titles to above-mentioned properties are legal and valid, and there are no disputes or potential disputes over our ownership. Our Malaysian and Swedish legal advisers are of the view that there are currently no legal impediments, nor are any anticipated in the future, that would prevent us from obtaining any new or replacement land ownership certificates, if applicable.

As of Latest Practical Date, our Company and the major subsidiaries leased four properties in the Chinese Mainland for warehousing and production purpose, with a GFA of approximately 179,302 square metres in aggregate, of which all applicable properties have been registered with the local housing authority registry. As at 31 December 2025, our company and major subsidiaries leased three property overseas in the U.S., Sweden and Singapore, with a GFA of approximately 86,413 square metres in aggregate. Specifically, we lease properties in the U.S. and Sweden for production purpose, with approximately 49,723 square metres and 36,423 square metres separately. Our properties in Singapore were used as offices, with approximately 277 square metres in aggregate. The leases overseas generally have a term ranging from two to twelve years.

We rely on our proprietary technologies and production know-hows to maintain our competitive position in the markets in which we operate, and we generate intellectual properties through our extensive R&D activities. We seek to protect our intellectual properties and proprietary rights primarily through intellectual property laws, relying on a combination of patents, trademarks, trade secret and other forms of intellectual property protection in Chinese Mainland and other countries.

As at 31 December 2025, we have applied for a total of 1,026 patents, including 298 overseas patents. We have obtained 490 valid patents, including 204 authorised invention patents (including 90 overseas invention patents) and 286 authorised utility model patents. As at 31 December 2025, we have held a total of 31 valid trademarks. Since 31 December 2025 up to the date of this document, there has not been material change in our intellectual property rights.

Our general patent policy is to apply for patents on an ongoing basis in Chinese Mainland and other relevant jurisdictions, on patentable developments that are considered to have commercial significance. Our portfolio of patents covers our proprietary technologies used in raw material formulations, manufacturing processes and manufacturing equipment.

We place great emphasis on the protection of intellectual property rights. We have a robust intellectual property management system, which ensures the technological advantages of our products. We strictly follow GB/T29490–2013 "Intellectual Property Management Specification" to monitor and protect our intellectual property rights and ensure the operation of our intellectual property management system.

We have established an intellectual property management office in charge of the overall management of intellectual property rights, with other teams cooperating with the intellectual property office to manage intellectual property-related matters. In addition, we have appointed designated personnel to supervise intellectual property management, review intellectual property

11	Changzhou Senior	Receipt of Customs Record of Consignee or Consignor of Import and Export Goods	N/A
12	Jiangsu Senior	Fixed Pollution Discharge Registration Receipt	11 January 2027
13	Jiangsu Senior	Record registration form of foreign trade dealers	N/A
14	Jiangsu Senior	Receipt of Customs Record of Consignee or Consignor of Import and Export Goods	N/A
15	Nantong Senior	Record registration form of foreign trade dealers	N/A
16	Nantong Senior	Receipt of Customs Record of Consignee or Consignor of Import and Export Goods	N/A
17	Foshan Senior	Customs Registration Certificate	N/A
18	Foshan Senior	Pollution Discharge Permit	14 November 2029

We have received numerous awards and recognitions for our brand, business operations, products, intellectual properties and corporate responsibility achievements. The table below sets forth a summary of significant awards and recognitions related to our Group in 2023, 2024 and 2025.

2024	First Prize of State Science and Technology Progress Award (國家科技進步等)	State Council of the People's Republic of China (中華人共和國國)
	2024 Enthusiastic Contribution Award (2024年度心貢)	Shenzhen Polymer Industry Association (圳市高子協會)
	Sixth Innovation Award of Polymer Industry (第六高子新)	Shenzhen Polymer Industry Association (圳市高子協會)
	Second Prize of Science and Technology Progress of Guangdong Province (廣東科技進步等)	Government of Guangdong Province (廣東人政府)

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Clean Benchmark Technology Award (新□□技□)	Advanced Battery Materials Industry Cluster (先進電□材料□集群)
Certificate of Scientific and Technological Achievement Evaluation: International Advanced Level (科技□成果評□□：國先進□平)	Guangdong Materials Research Society (廣東材料研□會)
Certificate of Scientific and Technological Achievement Evaluation: International Leading Level (科技□成果評□□：國□先)	Sichuan Institute of Scientific and Technological Information (□科技□信息研□所)

Promoted by favourable regulatory policies and rapid development in downstream application scenarios, the global battery separator market has achieved a remarkable growth in total shipment volume in recent years. According to Frost & Sullivan, the market size of global battery separator industry by shipment volume increased from 10.9 billion m^2 in 2021 to 40.3 billion m^2 in 2025 at a CAGR of 38.7%. In 2025, Chinese Mainland had the largest shipment volume of battery separator in the world, accounting for around 85.9% of the market in major countries. As global demands increase, in the future, the share of battery separator shipments outside Chinese Mainland is expected to rise significantly from 14.1% in 2025 to 31.1% in 2030, reflecting a CAGR of 45.1%.

We operate in concentrated markets and are subject to competition from separator manufacturers around the world. According to Frost & Sullivan, the total shipment volume of global battery separator industry reached approximately 40.3 billion m^2 in 2025, with the top five market players accounted for approximately 67.2% of the total shipment volume of global battery separator market. In 2025, our Group ranked second in the global battery separator market and accounted for 11.6% of the market share. In Chinese Mainland, the total shipment volume of battery separators reached approximately 34.6 billion m^2 in 2025, according to Frost & Sullivan, with the top five market players accounted for approximately 78.1% of the total shipment volume of Chinese Mainland battery separator market. In 2025, our Group accounted for a market share of approximately 13.5%, and ranked second in the Chinese Mainland battery separator market. For more information on the competitive landscape of our industry, see "Industry Overview" for details.

With the introduction of new technologies and entry of new market participants, we expect competition to continue to intensify in the future. However, leveraging our strong R&D capabilities, production capacities, core technology advantages, global strategic layout, proven go-to-market strategies, established and extensive customer and supplier relationships, we believe we are positioned favourably in market competition.

To mitigate the impact of overcapacity and intense competition in the market, the Group has adopted a comprehensive business strategy comprising the following core measures. We believe that the comprehensive business strategies set out below have contributed to an improvement in the Group's gross profit margin in the three months ended 31 March 2026 as compared to the same period in 2025. In particular, the Group's strategic shift towards higher-margin coated separator products vis-a-vis the dry separator products, the implementation of more differentiated pricing as market conditions in the coated battery separator market began to stabilise, and the increase in average selling prices across all product categories in the first quarter of 2026 have collectively supported a recovery in profitability. As a result, the Group's gross profit margin showed signs of stabilisation for the three months ended 31 March 2026 as compared to the three months ended 31 March 2025:

- ***D***

  We are systematically expanding our international presence by establishing overseas manufacturing bases, including manufacturing bases in the U.S., Sweden, and Malaysia. This approach not only enables us to serve international customers more efficiently by localising production but also reduces dependence on any single market, thereby dispersing risk across diverse geographic areas. Benefiting from this strategy, our overseas revenue increased from RMB401.0 million in 2024 to RMB568.2 million in 2025, while our overseas sales volume grew from 223,072 thousand m^2 in 2024 to 335,819 thousand m^2 in 2025. Through actively cultivating long-term relationships with both global and local customers, and providing tailored, region-specific solutions, we seeks to address fluctuating domestic demand and alleviate the effects of overcapacity in its original markets.

- ***C (&D)***

  We have made significant and ongoing investments in R&D with the aim of driving technological advancement and product differentiation. By developing new proprietary technologies, enhancing product quality, and introducing advanced features that meet evolving customer needs, we are able to maintain a competitive edge even under market saturation. Innovation allows us to move up the value chain, targeting premium segments, and offering customised solutions that command higher margins. This strategic focus on innovation also helps us to respond proactively to emerging market trends and regulatory changes.

- ***O***

  To better align our production capacity with market demand and industry trends, we are optimising and upgrading our manufacturing footprint and product mix. In light of the ageing of certain production lines and an adjustment to the focus of our product portfolio, in the fourth quarter of 2025 we closed our Shenzhen manufacturing base and commenced operations at our Foshan manufacturing base. The Foshan manufacturing base primarily focuses on the production of wet process separators and coated separators. It is equipped with wet process production lines with increased equipment width and higher annual designed production capacity per line compared to our previous facilities, which is expected to further enhance our overall production efficiency, improve our cost structure and strengthen our competitiveness in an environment of overcapacity.

The Group's products are differentiated from those of its peers in several key respects:

- Technological innovation: we leverage in-house R&D capabilities to launch innovative products, such as fifth generation wet process separators and other forward-looking products, which are designed to provide superior performance, safety, and efficiency.
- Customisation and service: we offer tailored product solutions with higher profitability and technical support to meet specific client requirements across different regions, helping to build close, long-term customer relationships.
- International production network: With future manufacturing bases spanning Asia, North America, and Europe, we can deliver timely, cost-effective products to local markets, which enhances customer satisfaction and loyalty.

Looking ahead, we intend to strengthen our position by further investing in overseas markets and continuously upgrading its product portfolio. We plan to:

- Accelerate the establishment and ramp-up of overseas manufacturing bases to access new markets and reduce logistics costs. By manufacturing lithium-ion separator products closer to end-users, we can significantly reduce transportation time and costs, minimise supply chain risks, and improve responsiveness to market changes. This approach also supports our ability to capture growth opportunities in emerging markets and enhance its competitive positioning on a global scale.
- Broaden and deepen collaborations with strategic customers globally. we plan to engage proactively with both existing and potential customers worldwide. This includes forming long-term cooperation agreements, co-developing customised products to fit customised requirements, and providing dedicated technical support. Through regular communication and partnership-building with leading players in the NEV, energy storage facilities and consumer electronics sectors, we aim to strengthen customer loyalty, increase its share of client procurement, and drive joint innovation.
- Maintain leadership in relevant technologies through sustained R&D investment and close monitoring of industry trends. we plan to further develop our well-established three-pronged innovation ecosystem, upgrading internal R&D mechanism, expanding the R&D team with specialists that possess cross-disciplinary expertise, and enhancing collaborations between industry, academia and research institutions.
- Pursue operational excellence and efficiency to ensure cost competitiveness. We will focus on optimising our manufacturing processes, adopting lean production practices, and leveraging automation and digital technologies. This will help to improve output quality, streamline supply chains, and lower production and operational expenses. Regular review and enhancement of operational protocols will be integral to minimising inefficiencies and maximising resource utilisation.

Our gross profit margin amounted to 43.3%, 28.1% and 21.7% in 2023, 2024 and 2025. To stabilise our gross profit margin, we intend to take the following measures:

- **Gr**

  We plan to adjust the selling prices of our products, taking into account relevant market conditions, customer demand and our competitors' pricing strategies. We intend to optimise our pricing mechanism by actively adjusting prices of our battery separator products, while maintaining long-term and stable relationships with our major customers by improving our product quality. For example, as market conditions in the industry, in particular the coated battery separator market, began to stabilise in the first quarter of 2026, we successfully seized the opportunity to refine our product mix and implement more differentiated pricing, which supported an improvement in our profitability in the same quarter.

- **O**

  We intend to optimise our product portfolio by gradually increasing the proportion of coated separator products vis-a-vis dry process separator products. The coating process generally significantly increase the thermal stability, anti-oxidation, adhesion and safety of the base film and thus improve the performance and safety features of the batteries. Thus, our coated separator products generally have higher gross profit margins than dry process separator products. See "Financial information — Description of Principal Consolidated Statements of Comprehensive Income Items — Gross Profit and Gross Profit Margin."

- ***Pr***

We plan to proactively expand our overseas markets, where the selling prices of our products are generally more favourable than in the domestic market. According to Frost & Sullivan, as domestic overcapacity intensifies, Chinese separator manufacturers have begun expanding overseas, which may exert incremental pricing pressure on overseas markets over time. However, the supplier qualification and certification process required by downstream battery manufacturers is typically longer in overseas markets as compared to domestic customers, and the resulting high switching costs create meaningful barriers to competition that support the price premium. We intend to broaden our overseas customer base, increase direct sales to overseas customers and strengthen our cooperation with leading international battery manufacturers.

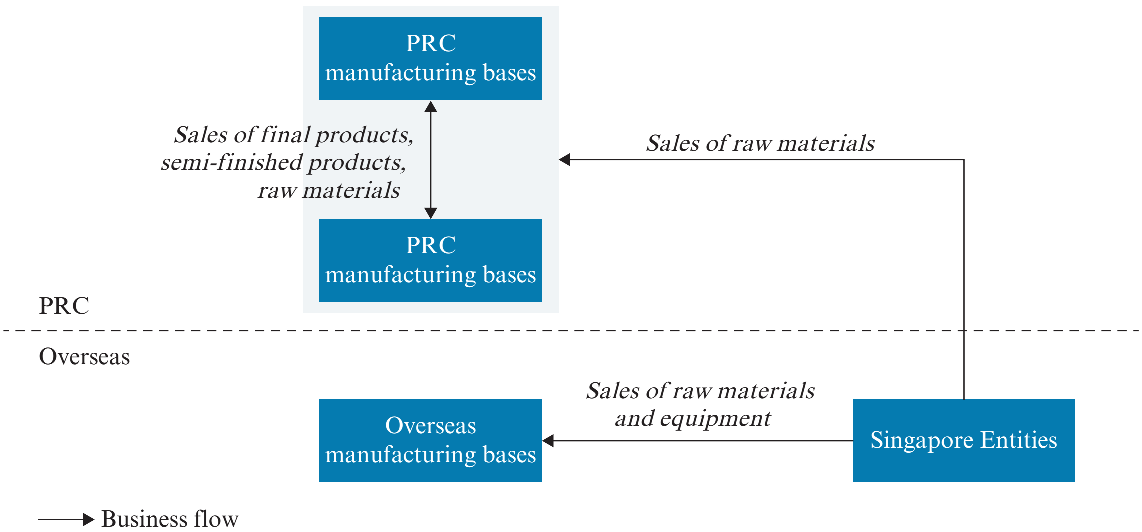
We have in place the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. We maintain property risks insurance to protect the loss of fixed assets such as machinery, equipment and inventory due to events such as theft and natural disasters. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing provident funds. During the Track Record Period and up to the Latest Practicable Date, we did not file any material insurance claims in relation to our business. See “

We have engaged an independent transfer pricing consultant (“ ”) to perform transfer pricing review, including benchmarking studies, to evaluate the transfer pricing arrangements in relation to the above-mentioned intra-group transactions during the Track Record Period.

(A) O r Gr ’ r - r - r

During the Track Record Period, the majority of our intra-group buy-sell transactions took place within the PRC. The remaining cross-border transactions, which account for approximately 23% of intra-group activities, were primarily conducted between our Singapore Entities and manufacturing bases.

The diagram below sets out the business flow of our Group’s primary intra-group buy-sell transactions during the Track Record Period:



Our Group’s primary intra-group buy-sell transactions could be illustrated and assessed as follows:

(i) Domestic intra-group buy-sell transactions

Our Group’s domestic intra-group transactions largely involved the purchase and sale of finished goods, semi-finished goods, and raw materials between our PRC manufacturing bases (with similar corporate income tax rates). These were standard internal transfers and resales.

Benchmarking studies were conducted to evaluate these intra-group transactions by applying appropriate transfer pricing methods and profit-level indicators (“ ”), which established the arm’s-length ranges of comparable companies accordingly. Based on the analysis, the profitability of our manufacturing bases achieved in the above domestic intra-group buy-sell transactions fell within the arm’s-length range during the Track Record Period.

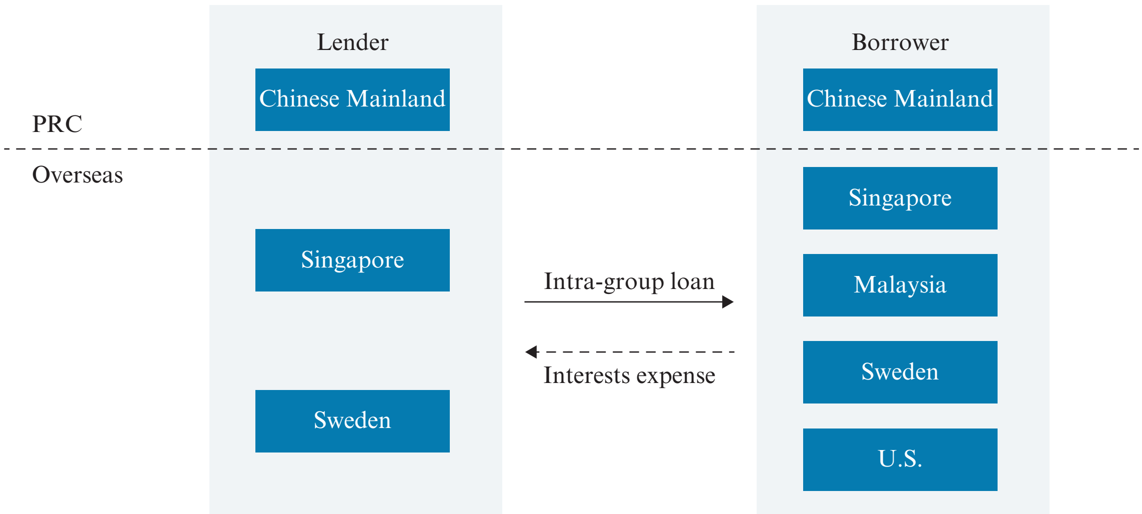
(ii) Cross-border buy-sell transactions between our manufacturing bases and Singapore Entities

Our Group’s manufacturing bases purchased raw materials and equipment from our Group’s Singapore Entities for production purposes. These Singapore Entities acted as routine distributors in the intra-group transactions. Based on their functional profiles, the Transactional Net Margin Method was selected as the most appropriate transfer pricing method, with the Return on Sales (“ ”) ratio used as the PLI to assess these transactions during the Track Record Period.

Given that the intra-group arrangement, business operation and functional profiles of our Singapore entities were similar during the Track Record Period, they were grouped together for the transfer pricing assessment. A benchmarking study was conducted by selecting independent companies that perform activities comparable to those of the Singapore Entities in their intra-group transactions. The three-year weighted-average ROS ratios of these comparable companies ranged from 1.09% to 5.44%. During the Track Record Period, the Singapore Entities achieved a weighted-average ROS ratio of 1.12%, which falls within the arm's length range established by the comparable companies.

(B) O r Gr ’ r - r r

The diagram below sets out the transaction flow of the intra-group loan arrangements within our Group during the Track Record Period:



Our Group had a total of 157 domestic and cross-border intra-group loan transactions during the Track Record Period. The entities involved in the loan transactions are located in jurisdictions including PRC, Sweden, Singapore, Malaysia, and the U.S., with transaction currencies as USD, RMB, EUR, SGD, MYR, and SEK. The subsidiaries that acted as borrowers in the loan transactions were assessed to have credit ratings of A+, A or A-. The borrowing maturities ranged from 0.1 to 5 years. Fixed rates were applied for these loans during the Track Record Period.

Benchmarking studies (totally 17 sets) were conducted by categorising each intra-group loan transaction based on key comparability factors such as credit rating, term, currency, and market conditions at the time of pricing. The Comparable Uncontrolled Price Method was selected as the most appropriate method for analysing the arm's length nature of these loan transactions. Given the inherent volatility in the interest rates of the selected comparable uncontrolled transactions, the observed rates exhibit a broad distribution. In this context, while the interquartile range is considered, the full range of observed rates is regarded as a relevant reference for assessing compliance with the arm's length principle, reflecting the variability characteristic of the underlying market data.

In general, 138 out of 157 of the transactions fell within the full range of benchmarking study. For transactions falling outside the full range and which could pose transfer pricing risks, a detailed analysis was performed on their specific facts and circumstances. Based on the analysis, 14 out of the 19 transactions did not result in any reduction in the corporate income tax liabilities of the relevant group entities in their respective jurisdictions during the Track Record Period, while 5 transactions led to a minimal reduction in corporate income tax liabilities amounting to RMB 413,889.44, which falls below the audit materiality threshold. Consequently, the overall transfer pricing risk related to these transactions is viewed as low.

Our Directors, together with the Transfer Pricing Consultant, are of the view that our relevant intra-group transactions were largely conducted on an arm's length basis, and were consistent and in compliance with the relevant transfer pricing regulations in relevant tax jurisdictions and the Organisation for Economic Cooperation and Development Transfer Pricing Guidelines for Multinational Enterprise and Tax Administrations during the Track Record Period in material aspects.

Our Group has implemented internal control measures to ensure compliance with the relevant transfer pricing rules and regulations, including (i) establishing the Pricing Principles for Related Party Product Transactions (《 聯□品 □原□》), which set out the pricing methodologies for transactions with domestic and overseas related parties, covering both consignment and non-consignment arrangements. The scope of products includes raw materials, equipment, and finished goods; (ii) disseminating the Pricing Principles to the relevant business and finance departments of the related parties through official email notifications to ensure awareness and compliance; and (iii) embedding all pricing for related party sales orders within the system workflow so that it is subject to review and approval by the relevant senior management personnel.

We are currently, and may from time to time in the future, be subject to various legal or administrative claims proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in claims, disputes and legal proceedings in our ordinary course of business."

During September 2019 to November 2023, our Company and certain of our subsidiaries were sued against in the US and the UK by a U.S.-based competitor that is engaged in the development and production of battery materials for alleged infringement, illegal acquisition of trade secrets and unfair competition. The competitor alleged that we (1) infringed certain of its patents and misappropriated its trade secrets related to battery separator manufacturing technologies; and (2) used the misappropriated trade secrets and the infringed patents to unfairly compete and gain market share from the competitor. The competitor requested the US and UK courts to grant injunction against our Group from selling related products in their respective markets and to determine appropriate compensation based on the judgement. During this period, we believed that the allegations did not have merits, and sought dismissal of the competitor's claims and pursue counterclaims. The Group has also filed charges of infringement and unfair competition against this and other competitors in the Chinese courts.

In order to avoid lengthy legal proceedings occupying the resources of our Group so that its management may utilize the resources to capture the industry growth opportunities, a settlement agreement was reached with the competitor, according to which we would pay the competitor approximately US$15 million. In November 2023, the parties entered into an agreement that settled the then-pending litigations and entered into a perpetual-cross-licence in respect of each party's patents that apply to battery separators or battery diaphragms and that had already been published or granted by the date of the settlement which could otherwise be alleged to infringe the other parties' patents, and any later granted or published family members that apply to battery separators or battery diaphragms of these particular patent families, all pursuant to the terms of the settlement agreement. The Company and the Directors confirm, and the Sole Sponsor concurs, that such cross-licence did not and will not materially and adversely affect the business, revenue, financial conditions and results of operations of the Company, on the basis that (i) the cross-licence was entered into as part of a comprehensive settlement that resolved all then-pending litigations between the parties across multiple jurisdictions, thereby eliminating the costs, uncertainties and management distraction associated with prolonged multi-jurisdictional litigation; (ii) as stated above, the cross-licence does not extend to the Company's other intellectual property rights, trade secrets or know-how; (iii) the cross-licence is perpetual and mutual, providing the Company with reciprocal freedom to operate under the counterparty's relevant patents, thereby greatly reducing the relevant future infringement claims against the Company; (iv) the Company's core competitive advantages, including its proprietary manufacturing processes, production capacity and customer relationships, are not diminished by the cross-licence; and (v) given the rapid development of lithium-ion batteries in recent years, the separator technologies have also undergone rapid development. As a result, the relevance and commercial value of the patents subject to the cross-license have diminished over time, further minimizing any potential impact on the Company's ongoing business and operations.

Apart from the litigations mentioned above, in 2022, we initiated a patent infringement litigation against Shenzhen Zhongxing Xincai Technology Co., Ltd. (□圳中□新日[illegible]

To the best knowledge of our Directors, during the Track Record Period and up to the Latest Practicable Date, (1) the Group did not infringe upon the intellectual property rights of any of its competitors, and (2) there were no other IP disputes that could have a material adverse effect on our business, financial condition and results of operations. As confirmed by our PRC, Swedish, U.S. and Malaysian legal advisers, during the Track Record Period and up to the Latest Practicable Date, there were no other outstanding IP disputes that could have a material adverse effect on our business, financial condition and results of operations. As confirmed by our PRC legal adviser, based on inquiries on the websites of the PRC litigation authorities in the public domain, as of the Latest Practical Date, there were no pending IP disputes in PRC that could have a material adverse effect on our business. Based on the independent due diligence conducted by the Sole Sponsor, including, without limitation, discussion with the Directors and senior management of the Group, review of the legal opinions issued by the Company's PRC, Swedish, U.S. and Malaysian legal advisers, and such other due diligence as the Sole Sponsor considered appropriate, the Sole Sponsor is of the view that the Directors' confirmation set out in paragraphs (1) and (2) above are reasonable and supported by the information obtained in the due-diligence process.

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that would have a material adverse effect on our business, financial condition and results of operations. Our Directors and Legal Advisers are of the view that we have materially complied with the applicable laws and regulations in the jurisdictions in which we operate. The non-compliance incidents identified below, as well as the non-compliance identified in "— Properties" section, have not had, and are not expected to have any material adverse effect on our business, financial condition and results of operations. To the best knowledge of our Directors, the identified non-compliance matters have not had, and are not expected to have, any material adverse impact on our business, financial condition and results of operations.

I r H Pr F

During the Track Record Period, we had not made social insurance and housing provident fund contributions for our employees in full, and we engaged third-party human resource agencies to pay social insurance premiums and housing provident funds for certain of our employees, which do not comply with the relevant laws and regulations and may be deemed as not making the relevant contributions. In 2023, 2024 and 2025, the amount of our shortfall in our contributions of social insurance fund and housing provident fund (including contributions made by third-party human resources agencies) is RMB13.0 million, RMB12.9 million and RMB12.0 million, respectively. As advised by our PRC Legal Adviser, according to the Social Insurance Law of the PRC, from the date on which the payment is in arrears, a late payment surcharge of 0.05% of the outstanding amount may be imposed on a daily basis. In addition, where payment is still not made after the expiry of the time limit ordered by the competent authorities, a fine could be imposed with the maximum being three times the amount in arrears. We do not intend to engage the third-party human resources agencies after [REDACTED].

As advised by our PRC Legal Adviser, on the basis that (i) based on interviews with the competent authorities in the locations where the majority of our employees are based, such authorities confirmed that they typically do not proactively require enterprises within their jurisdictions to make supplementary payments for shortfalls in social insurance or housing provident fund contributions and, provided that we complete any corrective actions as required upon receipt of notices from the relevant competent authorities, they will not impose penalties on us; (ii) the applicable laws and regulations and the execution and supervision requirements of local government do not materially change, and (iii) there are no unresolved material complaints from our employees, the likelihood that we will be subject to a material administrative penalty by the relevant competent social insurance authorities and be required to pay the outstanding amount is remote. See "Risk Factors — Risk Relating to Our Business and Industry — We may be subject to penalties under relevant PRC laws and regulations due to failure to be in full compliance with social insurance and housing provident fund regulations." Having considered the view of our PRC legal adviser, our Directors are of the view that the above-mentioned non-compliance has not had, and is not expected to have, any material adverse impact on our operations or financial performance.

On 31 July 2025, the Supreme People's Court of the PRC issued the Interpretation II by the Supreme People's Court of the PRC on Legal Issues in the Trial of Labour Dispute Cases (最

L C N M r B

During the Track Record Period, the environmental protection acceptance and the safety acceptance procedures for our Nantong manufacturing base (Phase II) were not completed prior to the commencement of production for our pre-production testing and adjustment. As of the Latest Practicable Date, we have taken the following rectification measures:

- We have applied for and obtained relevant pollutant discharge permit;
- We have conducted an acceptance inspection of the environmental protection facilities and safety facilities for our Nantong manufacturing base Phase II;
- We are communicating the relevant status to the competent government authority, and as of the Latest Practicable Date, we have not received any further rectification requests from the government authority. We will continue to communicate with the competent government authority to ensure our ongoing compliance with relevant regulations and the government authority's requirements.

As advised by our PRC Legal Adviser, the above circumstances regarding our Nantong manufacturing base are not expected to have any material adverse impact on our business and results of operation, based on (1) Nantong Xingyuan has obtained the Pollutant Discharge Permit, (2) interviews with relevant authorities of Environment and Safety, there are no foreseeable follow-up actions or penalties for Nantong Xingyuan; and (3) as of the Latest Practicable Date, Nantong Xingyuan has conducted the acceptance of the environmental protection facilities and safety facilities.

L C D L r

During the Track Record Period, the proportion of our dispatched workers at certain manufacturing bases that were either under construction or in the trial operation stage at times exceeded 10% of the total workforce. According to the Interim Provisions on Labour Dispatch and Labour Contract Law of the PRC, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees, and any employer in violation of this provision may be ordered by the labour authorities to rectify within a specified time limit. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold. However, during the

The main responsibilities of the ESG Office, as the coordinating function, include: (i) formulating overall policies, strategies, objectives and implementation approaches for ESG and climate change management; (ii) coordinating the setting, execution and performance evaluation of ESG and climate-related objectives; (iii) taking the charge in identifying and assessing major ESG and climate-related issues, and defining management priorities and response strategies; (iv) participating in the materiality assessment of ESG matters and providing professional advice to the Board; and (v) regularly reviewing the implementation of ESG objectives as required by the Board, and promoting continuous improvement.

The ESG Task Force consists of designated representatives from various operational and functional departments, and are mainly responsible for: (i) assisting in the collection, integration and provision of relevant ESG data and information; and (ii) coordinating communications among various stakeholders.

The Company has always regarded environmental protection as a core component of our sustainable development strategy. We have built a green, low-carbon and high-efficiency operation system through concrete actions. We have implemented a number of measures to promote green operations and optimised use of resources, including the continuous implementation of internal operation process optimization and technological innovation to enhance energy efficiency, the active adoption of clean technologies, and the deployment of renewable energy projects in actual operations and production. Going forward, we will continue to promote energy-saving and emission reduction projects and explore more renewable energy application solutions, so as to achieve synergies between the continuous improvement of environmental performance and business growth.

E r Pr

We attach great importance to environmental management. We have formulated strict management policies and control measures for the waste gas, waste water and solid waste regularly discharged during our production process. We strictly comply with the Environmental Protection Law, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes, the Law of the PRC on the Prevention and Control of Water Pollution, the Law of the PRC on the Prevention and Control of Air Pollution, the Law of the PRC on the Evaluation of Environmental Impacts, and other applicable environmental laws and regulations of Chinese Mainland and other countries, so as to ensure that all operations are compliant with the laws and the requirements of the state's environmental policies.

We have established and implemented a standardised environmental management system in order to systematically identify and manage the environmental risks that we may face. We continue to promote the institutionalisation and standardisation of our environmental management in an effort to minimise the environmental impact of our daily operations. As at 31 December 2024, our six manufacturing bases located in Shenzhen, Nantong, Changzhou, Jiangsu, Hefei and Europe (namely, Shenzhen Senior, Nantong Senior, Changzhou Senior, Jiangsu Senior, Hefei Senior and European Senior, respectively) have all obtained the ISO 14001 environmental management system certification.

We actively respond to the EU Regulation (EC) No. 2023/1542 of the European Parliament and of the Council on Batteries and Waste Batteries, the EU Fluorine Restriction Directive and other international regulations, and continue to increase investment in R&D of green materials, and actively promote the technological break-through research of non-fluorine colloid products as an alternative to PVDF, so as to help our products better meet the market's green access standards. In the meantime, the Company has joined the Technical Committee of China Battery Industry Environmental Product Declaration Platform and the Battery Industry Carbon Emission Standard Working Group to help promote the construction of industry environmental standards and carbon emission accounting system, and to contribute to the green and low-carbon transformation of the battery industry.

As confirmed by our U.S. and Malaysian legal advisers and Swedish legal advisers as to the environmental matter during the Track Record Period and up to the Latest Practicable Date, we had materially complied with the environmental laws and regulations in respect of the construction of manufacturing bases in the foreign jurisdictions, including Sweden, Malaysia and the Unite States.

To address the gap of sustainable development standards in the separator industry, the Company has taken the lead in drafting and releasing a series of low-carbon standards for the industry, including the "Implementation Guide for Energy Efficiency Benchmarking in the Battery Industry", "Evaluation Criteria for Sustainable Factories", "Green Supply Chain Management Evaluation Specifications for Power Lithium Ion Battery Industry" and "Evaluation Requirements for Green Factories of Lithium Ion Battery Diaphragms", to help the industry achieve sustainable development of the whole value chain. We hope to push the industry in the direction of lower carbon, higher efficiency and more recycling through the development of standards. In 2023. 2024 and 2025, we invested a total of approximately RMB35.97 million, RMB39.6 million and RMB83.88 million in 2025 in environmental protection, respectively. As at the Latest Practicable Date, we have not been subject to any administrative penalties, fines or sanctions for violation of any applicable environmental protection laws and regulations. During the Track Record Period, we complied with the relevant PRC environmental laws and regulations in all material respects.

The Group has established corresponding management policies and practices in relation to the use of energy-efficient equipment, application of recyclable polymers, reduction of solvent usage in slurry formulation, and the extension of battery separator life and recyclability, as follows: (i) Energy-Efficient Equipment: We have formulated energy management policies at multiple production sites, such as the Energy Management Manual (Shenzhen Senior), the Energy Procedure Document and Energy Resource Consumption Control Procedure (Nantong Senior), and the Equipment Power Consumption Management Standard (Changzhou Senior). These set out requirements for the procurement and use of high-efficiency equipment, encourage the adoption of energy-saving technologies and new equipment, and support the gradual phasing out of high-energy-consuming equipment. (ii) Application of Recyclable Polymers: Sustainability of materials is fully taken into account in our product development. For example, a dedicated module is included in the Feasibility Study Report (Europe Senior) to assess and determine the procurement and usage standards of recyclable polymers. In addition, the A-TD-QW08(10) Temperature and Humidity Management Standard (Shenzhen Senior) also sets out related sustainability requirements. (iii) Reduction of Solvent Usage in Slurry Formulation: The Group reduces solvent use in the production process through technological and management measures. For example, Nantong Senior has issued the Wet Process White Oil Recovery Operation Specification and the Wet Process Dichloromethane Recovery Operation Specification, which standardise the recycling process, improve solvent utilisation, reduce consumption, and minimise environmental impact. (ⅳ) Extension of Battery Separator Life and Recyclability: Guided by our strategic plan, the Group continues to promote the development of green products. For example, the Eco-Separator No.1 has entered the customer validation stage. These aim to improve material performance while extending product life cycle and reducing environmental impact. Moreover, the Sustainability Action Plan (Europe Senior) has established design principles to enhance product recyclability and guide R&D direction.

E M

We strictly abide by the Law of the PRC on Prevention and Control of Air Pollution, the Law of the PRC on Prevention and Control of Solid Waste Pollution and the Law of the PRC on Prevention and Control of Solid Waste Pollution and relevant laws and regulations, and continuously improve the mechanism of pollutant emission and waste management in accordance with the requirements of the ISO 14001 environmental management system. Each manufacturing base has an EHS (Environment, Health and Safety) department, which is responsible for the monitoring and management of pollutants such as waste gas, waste water and noise, and regularly commissions third-party organisations to carry out tests to ensure compliance with regulations and standards.

- Waste gas management: The EHS department of each base identifies pollution sources and types of waste gases in accordance with the Exhaust Gas Control Procedures, and carries out emission testing on a regular basis. We effectively improve the efficiency of waste gas treatment and reduce the impact on the external environment by optimising the manufacturing process, installing exhaust gas treatment facilities and building online monitoring systems.
- Waste water management: The Company manages domestic wastewater and industrial wastewater by category. Domestic wastewater is treated and discharged into the municipal pipeline network; industrial wastewater is classified and treated with specialised equipment. Rainwater and sewage diversion is operated in conjunction with an intelligent monitoring system to ensure discharge compliance and environmental safety.
- Solid waste management: We carry out a whole-process classified management and compliant disposal of solid waste in accordance with the relevant management system. General industrial waste, domestic waste and construction waste are uniformly collected at temporary sites, sorted into separated zones, and transported regularly. Dedicated collection sites are set up for domestic waste in the office area and installed with fire extinguishers and monitoring facilities, and a transfer agreement is signed with the municipal government for unified recycling and resource utilisation by recycling companies.
- Hazardous waste management: a special hazardous waste warehouse was built for each base, and centralised and classified storage and dedicated management has been implemented. All hazardous wastes are declared and registered through the government regulatory system, and regularly transported and harmlessly disposed of by qualified third-party agencies to ensure that the entire process is compliant and traceable.

r M

We strictly comply with the Water Law of the PRC and other relevant laws and regulations, and formulate and implement a number of internal protocols, including the Water Conservation Management System, to continuously improve water resource management and water-saving awareness among employees. Each manufacturing base strives to improve water use efficiency and reduce water consumption through various measures, including digital management, water conservation campaigns, water equipment inspection and water balance testing. We have also set up a water conservation working group to monitor the use of water resources at each base in real time to ensure the effective implementation of water conservation work.

The following table sets forth our water consumption figures for the years indicated:

Total water consumption	cubic metre	878,185.82	1,264,356.13	2,214,090.25
Water intensity	cubic metre/revenue of RMB10,000	2.91	3.57	5.37

E r M

We attach great importance to energy management and energy efficiency improvement. We have established an energy management system and have energy inspection mechanisms in place to continuously promote the standardisation and optimization of energy use. We carry out regular energy audits to systematically assess the energy efficiency performance of key energy-consuming equipment and processes. We have built an intelligent energy management platform by combining digital and intelligent means to achieve real-time collection, data analysis and dynamic regulation of water, electricity, gas and other energy sources, and to identify energy wastage in a timely manner, in a bid to continuously optimise our energy use structures. We also implemented energy reform pilot projects to continuously upgrade our workshop energy systems, and have installed air energy heat pumps at the manufacturing bases to heat tap water using surplus heat in the basement for employees' daily use in the dormitories. In addition, we actively promote the application of renewable energy by deploying photovoltaic power generation systems to give priority to the use of green power in the production process, empowering the green production line and providing clean energy support.

The following table sets forth our energy consumption figures for the years indicated:

Total energy consumption	MWh	570,546.09	780,643.84	1,076,703.96
Direct energy consumption	MWh	274,588.80	405,535.33	570,502.14
Indirect energy consumption	MWh	295,957.29	375,108.51	506,201.83
Purchased electricity consumption	MWh	276,328.13	341,396.03	463,978.71
Purchased heat consumption	MWh	20.00	410.19	24.85
Renewable energy consumption	MWh	19,609.17	33,302.28	80,526.27
Gasoline consumption	litres	16,014.81	13,046.81	34,203.99
Diesel consumption	litres	16,993.00	17,064.00	16,934.21
Natural gas consumption	10,000 cubic metres	2,534.50	3,744.76	5,267.42
Total energy consumption intensity	MWh/revenue of RMB10,000	1.89	2.20	2.61

Note:

(1) The increase in our energy consumption from 2023 to 2025 was primarily attributable to the commencement of operations at several new production facilities, which resulted in a rise in overall energy demand. The increase in our energy intensity from 2023 to 2025 was mainly driven by capacity expansion and accelerated production lines, which led to higher consumption of purchased electricity, natural gas, and diesel. For instance, the launch of new production lines and equipment expansion contributed to an overall rise in energy consumption. To address this, we have optimised operating parameters for equipment such as air compressors and air-conditioning systems, carried out energy-saving technological upgrades (e.g., phase-change energy-saving systems and equipment retrofits), promoted the use of high-efficiency equipment and electric forklifts, and continued to strengthen energy management and efficiency monitoring.

(2) Since 2023, we have started collecting gasoline consumption data to supplement and improve our energy consumption statistics.

We systematically manage GHG emissions at the levels of operations, factory construction and production activities, assess the impact of business activities on the environment, and formulate the "Senior Greenhouse Gas Inventory Procedures for Materials" to continuously promote low-carbon transformation. We have set up a Greenhouse Gas Inventory Team, coordinated by the ESG Office, to carry out regular carbon emission verifications of our manufacturing bases, identify and account for sources of emissions across all process of operations in strict accordance with the ISO 14064–1 standard, and scientifically manage carbon emission data. In order to enhance the transparency and credibility of the data, the Company has commissioned a qualified third-party organisation to conduct independent audits to ensure that the data is true and accurate. We have also launched a Scope 3 GHG emissions accounting programme to identify nine categories of emission sources and measure their percentage share to provide data support for the development of scientific emission reduction approaches and the implementation of sustainable development goals. We have preliminarily completed the identification of applicable categories and data collection for Scope 3 greenhouse gas (GHG) emissions during the period from 1 June 2023 to 31 May 2024. The Group's key Scope 3 GHG emission categories include: purchased goods and services (approximately 57.65%), fuel- and energy-related activities not included in Scope 1 and Scope 2 (approximately 30.01%), and downstream transportation and distribution (approximately 8.19%). Going forward, we will continue to track and refine the identification of Scope 3 emission categories, while strengthening data collection and accounting management.

The following table sets forth our GHG emissions figures for the years indicated:

Direct GHG emissions (scope 1)	tCO_2e	54,881.37	81,042.99	114,013.43
Indirect GHG emissions (scope 2)	tCO_2e	148,285.59	183,355.55	246,196.94
GHG emission intensity	tCO_2e	0.67	0.75	0.87

Notes:

(1) The sources of data for scope 1 GHGs are the consumption of gasoline, diesel fuel and natural gas during operations.

(2) The source of data for scope 2 GHGs is the consumption of purchased electricity and purchased heat during operations.

(3) The emission factors for gasoline, diesel, natural gas and purchased heat are calculated with reference to the "Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Enterprises in Other Industries (for Trial Implementation)" issued by the General Office of the National Development and Reform Commission of China.

(4) The GHG emission factors for the power grid in Chinese Mainland refer to the Ministry of Ecology and Environment's Announcement on the Release of CO2 Emission Factors for Electricity in 2022.

(5) The increase in our GHG emission intensity from 2023 to 2025 was broadly consistent with the trend in energy consumption, primarily due to increased use of purchased electricity, natural gas, and diesel. To mitigate the increase, we have continued to optimise its energy mix and efficiency, promote the use of clean energy, and implement production process improvements and energy-saving measures to reduce emission intensity.

A r C C

We recognise the risks and opportunities brought by climate change. Our senior management is responsible for overseeing the Company's direction on climate change and industry dynamics; considering climate-related risks and opportunities and integrating them into the our overall strategic decisions. The ESG Office is responsible for planning and executing climate change work and reporting to the senior management, and providing execution support and safeguard for base-related work. To meet the challenges of climate change, we continue to improve the climate resilience of our operations and businesses, assessing their potential impact on operational performance, while focusing on low-carbon technological innovation for our products, and are committed to enhancing our corporate climate resilience.

Risk identification

We identify physical risks, including extreme weather, as well as transformational risks, such as policy regulations, market preferences, and technological change:

- Physical risks: Extreme weather events (e.g., typhoons, heavy rains, droughts, etc.) may cause damage to our facilities such as industrial parks, office buildings and staff dormitories, which in turn may affect production schedules and the health of our employees. Long-term climate change such as rising temperatures and water scarcity may also pose challenges to our operations.

- Transformational risk: As environmental regulations become increasingly stringent, we need to continue to improve our level of compliance in the areas of energy use, waste management and information disclosure. At the same time, customers' increased green preference and the accelerated technological upgrading of the industry will place higher demands on our products, technologies and operating models.

Response measures

To enhance climate resilience, we have taken a number of comprehensive countermeasures: (i) establishing a climate emergency management system, conducting extreme weather risk assessments and emergency drills; (ii) promoting the construction of telecommuting mechanisms and emergency response facilities to enhance business consistency; (iii) strengthening water security and employee health management; (iv) paying attention to the changes in climate policies and improving our compliance system; (v) introducing a digital energy consumption management platform to promote energy conservation and operational efficiency; and (vi) upgrading green products and services to expand the application scenarios of low-carbon solutions.

Metrics, Targets and Action Plans

To control energy consumption and greenhouse gas emissions from production and operations, we have established environmental targets. Taking 2024 as the baseline year, we aim to reduce both the greenhouse gas emission intensity (including Scope 1 and Scope 2 emissions, in tonnes of CO_2e per 10,000 RMB of revenue) and the energy consumption intensity (MWh per RMB10,000 of revenue) by 5% by 2029. To achieve these targets, the Group has advanced related initiatives and measures across multiple dimensions, including environmental compliance, renewable energy use, technological upgrades, product development, and resource recycling, as follows: (i) Environmental compliance in operations: The Company aligns its environmental management plans with domestic and international regulations. All production sites have obtained the necessary environmental permits, ensuring compliance with local environmental laws and regulations. (ii) Increasing renewable energy usage: We are committed to promoting green transformation across our production sites. A series of renewable energy application projects have been launched, accompanied by ongoing improvements in energy efficiency and expanded adoption of green electricity to support low-carbon production lines. In 2024, the Group's renewable energy usage rate reached 4.3%, and Europe Senior plans to achieve 100% renewable energy use in the short term. (iii) Driving clean technology upgrades: We continue to advance clean technology initiatives, with all production sites deploying online VOCs emissions monitoring systems. For example, Hefei Senior has adopted a combined approach of compression-condensation, membrane separation, and resin adsorption technologies to achieve 100% recovery of dichloromethane. In addition, Changzhou Senior implemented an energy-saving retrofit pilot for coating line ovens, reducing energy consumption by 40%. (iv) Enhancing green technology innovation: We actively integrate green chemistry concepts into product development to ensure both efficiency and environmental friendliness in material innovation. The Group has independently developed solid-state electrolyte membrane products, driving synergies between material performance and sustainability.

Climate opportunities

While addressing the risks posed by climate change, we are actively grasping market and technological opportunities in the industry, and enhancing our risk resistance and market competitiveness through technological innovation and management optimization.

With the rapid development of the new energy industry and rising customer preference for low-carbon products, the lithium battery separator market has ushered in a broad space for growth. We are actively promoting high-end product development and production capacity layout, while responding to green manufacturing and green supply chain policies to enhance product competitiveness and brand influence. Through technological innovation, management optimization and policy support, we will further expand our market share and improve profitability.

We are committed to fulfilling our corporate social responsibility. We highly value the establishment of long-term, mutual trust and mutually beneficial relationships with our employees, customers, suppliers and other stakeholders, and actively promote synergies between social and commercial values.

E D E

We strictly abide by the Labour Law of the PRC, the Labour Contract Law of the PRC, the Law of the PRC on the Protection of Minors, the Law of the PRC on the Protection of Rights and Interests of Women and other relevant laws and regulations. We have zero tolerance for child labour and forced labour, and oppose any form of harassment and bullying in the workplace, to effectively safeguard the lawful rights and interests of employees.

We are committed to creating a diverse, equal and inclusive working environment. We respect all types of background, experience and ability of employees, and value the diversity and innovative value of individual differences, and aim to provide all our employees with a sense of belonging and development opportunities in an inclusive environment. We implement a hybrid compensation mechanism based on position, performance and merit, combined with a flexible compensation adjustment strategy, so that compensation matches the strategic objectives and is closely linked to the actual performance of employees, which incentivizes continuous growth and value creation.

O H

We uphold the policy of "safety first, prevention first, comprehensive management, full participation and continuous improvement", and establish an occupational health and safety management system covering the headquarter and manufacturing bases. The Company has obtained the ISO 45001 occupational health and safety management system certification. In 2024, Nantong Senior, Changzhou Senior and Hefei Senior have been certified as Level 3 units of safety production standardisation. Aiming for "zero accident, zero fire, zero occupational disease, zero serious injury", we have set up a production safety committee and implemented the three-level management structure of base general manager, EHS management department and the head of each department workshop, with clearly defined scope of responsibilities for each level. We have implemented an accident accountability and penalty mechanism and a performance-based point system, which links major environmental and production safety accidents with the management's performance assessment. We also adopt a one-vote veto system for production safety accidents, so as to promote accountability on an individual level.

In order to continuously improve safety management, we take multiple measures to establish a long-term mechanism for investigating and troubleshooting hidden dangers, and formulate specific objectives, operation and control programmes and emergency response measures for significant sources of danger, so as to ensure that risks are effectively controlled. We have clearly stipulated the terms of reference of emergency response departments, and developed prevention and warning mechanisms, emergency response processes, post-disposal programmes and supervision and management requirements to comprehensively improve emergency response capabilities.

In terms of occupational health, we have formulated a system consisting of physical examinations as well as monitoring and protection measures, and also set up employee health monitoring files and injury accounts. Annual testing and status evaluation of occupational hazards is conducted. Employees in high-risk positions are provided with the necessary personal protective equipment. We are also optimising our operating environment. Regular multi-level safety training and drills are organised, and new employees are required to complete three levels of safety education before they are allowed to work, so as to comprehensively improve safety awareness and emergency response capabilities, and safeguard the health of employees and the safety of production and operation.

E D r

We attach importance to the career development and growth of our employees, and have established clear career paths and fair promotion mechanisms to support the professional advancement of employees in different types of positions. Through the "360-degree staff review" system, we comprehensively assess the ability and quality of employees in managerial, technical and key positions, and form a talent review report to provide a basis for organisational structure optimization and key talent identification.

In terms of training, we build a hierarchical and categorised talent training system, set up the "Senior Special Training Camp", and carry out training courses covering the whole career cycle. The courses consist of different modules, such as pre-employment training, professional skills, comprehensive capabilities, academic education and title evaluation. We also set up five major types of training programmes catering to specific positions to ensure the systematic and effective nature of the training. Through the scientific training mechanism and a culture of continuing learning, we continue to refine the calibre of employees and strengthen the foundation for corporate development.

Pr

We drive quality upgrading with technological innovation, establish and improve product quality management system, including the Quality Manual, Product Surveillance and Measurement Control Procedures, Nonconforming Product Control Procedures, Product Recall Management Specification, and carry out regular audits of quality management system through Internal Audit Control Procedures to ensure the system continues to operate effectively. The Company has obtained ISO 9001:2015 quality management system certification, IATF 16949:2016 quality management system and other certifications, and conducts annual audits and updates of certification.

In order to strengthen product quality measurement and monitoring, we have formulated annual quality objectives and management programmes, covering production, quality, equipment, planning and other areas of work, and regularly track the progress, while conducting in-depth analysis and improvement of projects that do not meet the standards, with the end goal of a standard rate of 100% for projects. We have also set up a performance assessment mechanism to incorporate core indicators, such as customer audit pass rate, number of customer complaints, and return rate into the management's assessment of performance indicators, to build an across-the-board quality management accountability system, and to promote the effective implementation of the quality objectives. With regards to after-sales service, we have established a standardised product recall process, defined the responsibilities of the marketing centres, quality control centres, and technical centres, and improved the closed-loop management of customer communication, cause analysis and refinement measures. During the Track Record Period, we had not been involved in any material product quality accident, product recalls or other similar events.

C

We continue to promote ESG management in the supply chain, guiding suppliers to fulfil their sustainable development obligations in the aspects of environmental responsibility, social responsibility and business ethics. On the environmental front, we encourage our suppliers to conduct GHG accounting, set emission reduction targets, and promote clean energy and "three-waste" management. On the social front, we explicitly prohibit child labour and forced labour, require the protection of employees' basic rights and interests, and regularly review their occupational health and safety measures. On the business ethics front, we have implemented the "Supplier Ethics Policy", signed transparent purchase agreements, and organised anti-corruption trainings to create a fair, transparent, and compliant supply chain.

B E

We have established a business ethics management system covering system construction, supervision and implementation, and whistle-blower protection, and continue to strengthen integrity and compliance control. We have formulated the "Management Measures for Integrity in Business", "Whistle-blower Protection System" and supporting implementation rules, and continuously improved the system framework in conjunction with reference to annual effectiveness evaluations. The Company has established independent whistleblowing channels and verification procedures, defined the investigation process, while strictly prohibiting any form of retaliation and effectively safeguarding the rights and interests of whistle-blowers. We insist on "zero tolerance" for corruption and bribery, malfeasance and dereliction of duty, and include major violations in the management's performance evaluation, so as to promote effective fulfilment of responsibilities. By signing the "Letter of Commitment on Integrity" and conducting regular integrity training, we strengthen the moral restraints of key positions and create an open, fair and clean business environment.

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and proc security events. We also dedicated information system administrators to review the security situation to maintain high standards of data integrity and security. This review process includes examining authorised access, privileged operations, attempts at unauthorised access, system failures, and anomalies.

We are subject to evolving regulatory requirements in the PRC, including requirements to obtain and renew certain licences, permits, approvals and certificates for our business operations in different regions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures. In particular, we designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the regions in which we operate to ensure we obtain requisite licences to operate our business, and we have an up-to-date understanding of the applicable requirements. In addition, we monitor and review the status of our licences and permits on a regular basis. We continually improve our internal policies according to changes in laws, regulations and industry standards, and update our internal protocols accordingly.

We have designed and adopted strict internal control procedures to ensure the compliance of our business operations with the relevant rules and regulations. In accordance with these procedures, our in-house legal department reviews and updates the forms of contracts that we enter into, examines the contract terms and reviews all relevant documents for our business operations, and is responsible for obtaining any requisite governmental pre-approvals or consents. We have strictly prohibited our employees from receiving kickbacks, bribing others, or secretly receiving commissions or any othe(6.7etTDg17156.7TDg84.2(ns47.7(as(v)3receiviCs4(p)1.2(efi-2817982TD.0302Tc[(Inte)-5.1

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channelled to the committee on a timely basis. The Audit Committee then discusses the issues and reports to the Board, if necessary.

OVERVIEW

As at the Latest Practicable Date, our Company is held as to approximately 12.669% and 0.026% by Prof. Chen and Ms. Chen, respectively. Therefore, Prof. Chen and Ms. Chen were in aggregate entitled to exercise the voting rights attached to approximately 12.695% of our Shares in issue.

Immediately following the completion of the [REDACTED], Prof. Chen and Ms. Chen will be entitled to exercise in aggregate the voting rights attached to approximately [REDACTED]% of our Shares in issue. Accordingly, Prof. Chen and Ms. Chen will constitute the Single Largest Shareholders of our Company.

Please see "Directors and Senior Management" for biographical details of Prof. Chen. Please see "History, Reorganisation and Corporate Structure" for the simplified corporate structure of our Group.

RULE 8.10 OF THE LISTING RULES

As at the Latest Practicable Date, none of our Single Largest Shareholders had any interest in any business which competes, or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

Prof. Chen has entered into a non-compete undertaking in December 2014, pursuant to which Prof. Chen has undertaken, amongst others that, so long as he retains control of our Group:

(i) Prof. Chen shall not engage, directly or indirectly, in any business which is the same, similar to, or constitutes actual or potentially competitive business with our Company;

(ii) if, for any reason, any entities directly or indirectly held or controlled by Prof. Chen (other than our Company) (the "Restricted Entities") directly or indirectly engages in a business which competes or may compete with the business of our Company:

   (a) our Company shall have the priority to engage in such business and the Restricted Entities shall not engage in such business. If requested by our Company, Prof. Chen shall transfer all his interests in the Restricted Entity, and undertake to grant to our Company a pre-emptive right on such interests, and shall use his best endeavours to procure such transaction is conducted on a fair and reasonable price and on the basis of normal commercial terms with independent third parties; or

   (b) procure that the Restricted Entity promptly transfer or cease such business.

(iii) where Prof. Chen discovers any new business opportunity which competes or may compete directly or indirectly with the principal business of our Company, Prof. Chen shall promptly notify our Company in writing, and shall use his best endeavours to procure that such business opportunity be provided to our Company on fair and reasonable terms and conditions;

(iv) Prof. Chen will not make use of his status as the actual controller of our Company to cause harm to the interests of our Company or other minority Shareholders; and

(v) Prof. Chen shall be liable for all economic loss suffered by our Company as a result of a breach of the above undertakings.

INDEPENDENCE OF OUR GROUP FROM OUR SINGLE LARGEST SHAREHOLDERS

Our Directors are of the view that our Group is capable of carrying on its business independently from its Single Largest Shareholders following the completion of the [REDACTED] for the following reasons.

Management Independence

Our Board currently comprises three executive Directors, one non-executive Director and three independent non-executive Directors. Our daily management and operational decisions are made collectively by our executive Directors and our senior management, with our Board having an overall supervision of our management. Although Prof. Chen is one of our executive Directors and the chairman of the Board, we believe that all of our Directors, including the independent non-executive Directors, have the requisite qualifications, integrity and experience to maintain an effective board. We also have sufficient members of our management team who are independent from our Single Largest Shareholders and have the adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group. We consider that our Directors and senior management of our Company can independently perform their duties in our Company and we can operate independently from our Single Largest Shareholders for the following reasons:

(i) save for Prof. Chen, all of our Directors and members of our senior management team are independent from our Single Largest Shareholders, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group. In addition, the management personnel of our Company have clear reporting lines, and ultimately the management team reports to our Board. Our Board supervises and monitors the performance of our Company's management team generally through regular meetings of our Board and extraordinary meetings of our Board to consider, deliberate and approve material matters which exceed the delegated authorities of management team, as well as the regular updates of operational and financial data and information that are provided to our Directors;

(ii) each of our Directors is aware of his/her fiduciary duties as a director of our Company which requires, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(iii) the Articles of Association has made relevant provisions to avoid conflict of interest, in that our Directors are prohibited from voting in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest. Prof. Chen will abstain from voting in Board meetings in respect of matters in relation to himself and/or his close associates;

(iv) our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of our Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with our Single Largest Shareholders or its associates; (b) our independent non-executive Directors account for over one-third of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company. Accordingly, our Directors believe that our independent non-executive Directors are able to bring impartial and sound judgement to the decision-making process of our Board and protect the interest of our Company and the Shareholders as a whole; and

(v) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholders which would support our independent management.

Each Director possesses relevant management or industry-related experience to act as a Director. Details of the experience of each Director are set out in "Directors and Senior Management."

In light of the above, our Directors are of the view that our Company has our own management team which is capable of maintaining the independence of our Company from our Single Largest Shareholders and supporting the independent operation of our Group.

Operational Independence

Our Company will continue to operate independently from our Single Largest Shareholders after the [REDACTED]. Our Company has our own organisational structure with independent departments, each with specific areas of responsibility. Furthermore, we have independent production capabilities and technology relating to our Group's business and do not rely on our Single Largest Shareholders or any of their close associates. Our Company also maintains a set of comprehensive internal control measures to facilitate the effective operation of our business. Our Company has independent channels to access our customers and is not dependent on our Single Largest Shareholders with respect to suppliers for our business operations. Our Company has its own employees to operate the business and can independently manage its human resources. We have obtained relevant licences, approvals and permits from relevant regulatory authorities which are material to our operations in the PRC.

We entered into certain continuing connected transactions with our connected persons. Please see "Connected Transactions" for more details. Taking into account the amounts and nature of the relevant transactions during the Track Record Period, our Directors believe that such transactions will not affect the operational independence of our Group.

Based on the above, our Directors believe that our business is operationally independent of our Single Largest Shareholders.

Financial Independence

We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and a strong credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with our Single Largest Shareholders or their close associates. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Shareholders. We do not expect to rely on our Single Largest Shareholders or any of their close associates for financing after the [REDACTED] as we expect that our working capital will be primarily funded by cash generated from our business operation, and external financing.

No loan or guarantee has been provided by, or granted to, our Single Largest Shareholders or their respective associates during the Track Record Period and as at the Latest Practicable Date.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Single Largest Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of sound corporate governance in protection of our Shareholders' interests. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

In order to further avoid potential conflicts of interest, we have implemented the following measures to strengthen the protection of our Shareholders' interests:

(i) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest;

(ii) where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholders or any of its close associates has a material interest, our Single Largest Shareholders will abstain from voting on the relevant resolutions;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Single Largest Shareholders or any of its associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) we are committed that our Board shall include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have currently appointed three independent non-executive Directors, and we believe our independent non-executive Directors: (a) possess sufficient experience; (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement; and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;

(v) our independent non-executive Directors will continuously review the compliance and enforcement of the undertakings by Prof. Chen under the non-compete undertakings;

(vi) in the event that our independent non-executive Directors are requested to review any conflict of interests circumstances between our Group, on one hand, and our Single Largest Shareholders and/or our Directors, on the other hand, our Single Largest Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information for consideration and our independent non-executive Directors can seek advice from independent advisers at the cost of our Company where necessary; and

(vii) we have appointed Vast Harbour Corporate Finance Limited (formerly known as Goldlink Capital (Corporate Finance) Limited) as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws in Hong Kong and the Hong Kong Listing Rules, including various requirements relating to directors' duties and corporate governance, upon [REDACTED].

Upon the [REDACTED], transactions between us and our connected persons will constitute our continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which will constitute connected transactions upon the [REDACTED]:

Name of our connected persons	Connected Relationship
Shenzhen Youte Fresh Filter Materials Technology Co., Ltd. ( ) ("Shenzhen Youte")	As at the Latest Practicable Date, Shenzhen Youte is held as to 60% by Mr. Chen Yifu ( ) ("Mr. Chen"), who is the son of Prof. Chen. Therefore, Shenzhen Youte will become a connected person of our Company upon [REDACTED].
Gotion High-tech, together with its subsidiaries ("Gotion Group")	Hefei Guoxuan High-tech Power Energy Co., Ltd. ( ) ("Hefei Guoxuan") is a substantial shareholder of our subsidiary, Hefei Senior, as it holds a 27.69% of equity interest in Hefei Senior. Based on publicly available information and to the best of our Directors' knowledge, information and belief, Hefei Guoxuan is a wholly owned subsidiary of Gotion High-tech and therefore members of Gotion Group will constitute connected persons of our Company at the subsidiary level upon completion of the [REDACTED].

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Products Framework Agreement

Principal Terms

On [ ], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "Products Framework Agreement") with Shenzhen Youte, pursuant to which our Group will procure certain products (including but not limited to purification products) from Shenzhen Youte, and sell certain products (including but not limited to lithium-ion battery separators) to Shenzhen Youte.

The initial term of the Products Framework Agreement will commence on the [REDACTED] Date and end on 31 December 2028. Members of our Group and Shenzhen Youte will enter into individual agreements for each of the specific transactions contemplated thereunder, provided that any such individual agreement shall follow the principles as set out in the Products Framework Agreement and the aggregate fees to be paid and received by our Group for the three financial years ending 31 December 2028 thereunder shall not exceed the proposed annual caps as set out below.

Reasons for the Transactions

We will, from time to time, procure certain purification products from Shenzhen Youte to meet the demands of our customers. The purification products procured from Shenzhen Youte are not used in the manufacturing of the Group's battery separators, but are purchased in response to our customers' demands and are sold directly to our customers. Our customers do not procure these purification products directly from Shenzhen Youte because Shenzhen Youte does not have sales presence or distribution channels in Europe. Having identified our customers' needs for such purification products, and given that our customers consider it more convenient to procure these products through5.6((r)1.5.7(o)-t6.4(osehro)-4m)-5.4.4(os3.5(v)2.4()3.5(rToa)3(irect6.4(op1.126are)-490 0 91.1
upplier relationships, whilst enabling us to provide value-added

services to our customer base. Our procurement of purification products from Shenzhen Youte is conducted on a demand-driven basis. We receive enquiries or purchase orders from our customers specifying their requirements and, upon receipt of confirmed orders, we place corresponding purchase orders with Shenzhen Youte for the required quantities. We do not maintain significant inventory of purification products, as purchases are made against actual customer orders. This approach minimises inventory risk and ensures that our procurement is aligned with genuine customer demand.

We charge our customers on a cost-plus pricing basis, which is intended to cover our handling, logistics coordination, quality assurance and other administrative costs, taking into account the convenience and value-added services we provide. Such procurement will be entered into on normal commercial terms in the ordinary and usual course of our business with third parties including Independent Third parties and Shenzhen Youte. We are not and will not be bound to procure products from Shenzhen Youte, and we will only procure products from Shenzhen Youte if we consider it is in the interests of our Company and Shareholders as a whole.

Shenzhen Youte engages in the production and sales of purification products. During the Track Record Period, we have supplied products including lithium-ion battery separators to Shenzhen Youte and we expect that we will continue to provide such products after the [REDACTED]. Our Group has a stable business relationship with Shenzhen Youte. Shenzhen Youte is familiar with the products that our Group manufactured and procures these products for its production of purification products. Such collaboration with Shenzhen Youte brings our Group additional sales.

Consideration and Pricing Policies

The fees to be paid by our Group to Shenzhen Youte shall be determined through arm's length negotiations between the relevant parties and with reference to: (i) the type of products and transaction volume; (ii) the prevailing market price of products of similar nature, type and quantity; and (iii) the price offered by Independent Third Parties to us for similar products.

The fees to be charged by our Group to Shenzhen Youte shall be determined through arm's length negotiations between the relevant parties and with reference to: (i) the type of products and transaction volume; (ii) the prevailing market price of products of similar nature and quantity; (iii) expected expenses and cost and profit margin of our Group; and (iv) the price offered by the relevant member of our Group to Independent Third Parties for the similar products.

Historical Amounts

During the Track Record Period, we did not procure any products from Shenzhen Youte.

We have only supplied products to Shenzhen Youte since December 2024. The historical sales by our Group to Shenzhen Youte for the year ended 31 December 2024 and 2025 was RMB5,735 and RMB431,000, respectively.

Annual Caps

The following table sets forth the proposed annual caps for the annual procurement/sales by our Group from/to Shenzhen Youte under the Products Sales Framework Agreement:

	For the year ending 31 December		
	2026	2027	2028
	(RMB in million)		
Procurement by our Group from Shenzhen Youte	2.5	3.0	4.0
Sales by our Group to Shenzhen Youte	3.0	4.0	5.0

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions contemplated under the relevant sales by our Group to Shenzhen Youte during the Track Record Period;

(ii) the existing transactions entered into between the relevant members of our Group and Shenzhen Youte;

(iii) the expected demand of our Group/Shenzhen Youte for such products due to the plan for business expansion, the potential demand of our customers, and increasing market opportunities of each of our Group and Shenzhen Youte; and

(iv) other factors including but not limited to the expected market price of such products and their expected market trend.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions under the Products Sales Framework Agreement for the three years ending 31 December 2028 calculated for the purpose of Chapter 14A of the Listing Rules is higher than 0.1% but below 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company and subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules but exempt from the independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Products Sales Framework Agreement

Principal Terms

On [ ], our Company, for itself and on behalf of its subsidiaries, entered into a framework agreement (the "Products Sales Framework Agreement") with Gotion Group, pursuant to which our Group will sell certain products (including but not limited to lithium-ion battery separators) to Gotion Group.

The initial term of the Products Sales Framework Agreement will commence on the [REDACTED] Date and end on 31 December 2028. Members of our Group and Gotion Group will enter into individual agreements for each of the specific transactions contemplated thereunder,

Historical Amounts

The historical sales by our Group to Gotion Group for the years ended 31 December 2023, 2024 and 2025 were RMB223.0 million, RMB304.0million and RMB376.0 million, respectively.

Annual Caps

The following table sets forth the proposed annual caps for the amounts of sales by our Group to Gotion Group:

	For the year ending 31 December		
	2026	2027	2028
	(RMB in million)		
Sales by our Group to Gotion Group	638.0	759.0	800.0

The proposed annual caps are determined based on:

(i) the historical amounts of the transactions contemplated under the relevant transactions between our Group and Gotion Group during the Track Record Period;

(ii) the existing transactions entered into between the relevant members of our Group and Gotion Group and the expected increase in demand of Gotion Group for such products. The sales volume of our Group's products, namely lithium-ion battery separators, sold to Gotion Group for the three months ended 31 March 2026 increased by a low double-digit percentage as compared to that for the corresponding period in 2025, which is primarily attributable to Gotion Group's continued expansion of its production capacity and the corresponding increase in its demand for our Group's products;

(iii) the average selling price of our Group's products sold to Gotion Group during the three months ended 31 March 2026 increased by a low-to-mid double-digit percentage as compared to that for the corresponding period in 2025, which is consistent with the prevailing market price trend and reflects our Group's enhanced product mix and pricing power;

(iv) other factors including but not limited to the expected market price of such products and services and their expected market trend.

Listing Rules Implications

As the highest applicable percentage ratio of the transactions with Gotion Group for the three years ending 31 December 2028 calculated for the purpose of Chapter 14A of the Listing Rules will be more than 5% on an annual basis, such transactions will, upon [REDACTED], constitute continuing connected transactions of our Company and subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In accordance with Rules 14A.55 and 14A.56, the independent non-executive Directors and the Company's auditors will review the continuing connected transactions annually, and their confirmations will be disclosed in the Company's annual report.

INTERNAL CONTROL PROCEDURES

Our Group adopts the following internal control measures to ensure that the continuing connected transactions will be carried out in accordance with the terms of relevant agreements, including the pricing policies, and in compliance with all the applicable requirements under the Listing Rules:

- we have adopted a connected transactions management policy for the purpose of ensuring that relevant connected transactions will be condu6 (o) 5 4 0 . . 3 (t i n q u) 3 b p o l i

- prior to the execution of the individual agreements under any framework agreements, the operation department of the relevant business sector of our Group will compare the terms of the proposed transactions (including pricing and other contractual terms) with those similar transactions entered with Independent Third Parties or the terms offered to or by Independent Third Parties (as the case may be) to ensure that the terms of agreements thereunder shall be no less favourable to our Group than terms between our Group and the Independent Third Parties;
- the finance team of our Group shall regularly examine the pricing of the transactions under the relevant agreements to ensure that those transactions are conducted in accordance with the pricing terms therein;
- the internal control team of our Group shall periodically review the pricing of the transactions under the relevant agreements against the prices negotiated between our Group and Independent Third Parties for similar products and services, to ensure that the terms of the agreements thereunder are not less favourable to our Group than terms

In addition, we confirm that we will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules and immediately inform the Stock Exchange before any of the proposed annual caps set out above is exceeded, or when there is a material change in the terms of these transactions.

DIRECTORS' CONFIRMATION

DIRECTORS

Our Board consist of the following Directors. Our Directors serve a term of three years and shall be subject to re-election upon the expiry of their respective term of office.

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director[1]	Roles and responsibilities
Chen Xiufeng ( )	58	Executive Director, chairman of our Board and general manager	September 2003	September 2008	Responsible for the strategic planning, business direction and daily operation and management of our Group
ZHANG XIAOMIN	57	Executive Director, vice general manager and chief technology officer	January 2017	December 2023	Responsible for the overall management, daily operation, and technologies of our Group
Xu Liqiang ( )	47	Executive Director	May 2021	June 2025	Responsible for the overall management and daily operation of our east China base
Zhu Bide ( )	69	Non-executive Director	November 2021	November 2021	Responsible for providing professional opinion and judgement to the Board
Tang Changjiang ( )	55	Independent non-executive Director	September 2024	September 2024	Responsible for providing independent opinion and judgement to the Board
Lin Zhiwei ( )	45	Independent non-executive Director	November 2020	November 2020	Responsible for providing independent opinion and judgement to the Board
Sun Zhenzhen ( )	40	Independent non-executive Director	December 2023	December 2023	Responsible for providing independent opinion and judgement to the Board
Leung Shu Sun Sunny ( )[2]	62	Independent non-executive Director	[REDACTED] Date	June 2025	Responsible for providing independent opinion and judgement to the Board

Notes:

Commercial Bank of China Limited Shenzhen Shangbu Branch ( ) from January 1991 to August 1997, and the chairman of the board at Shenzhen Rongshifa Investment Co., Ltd. ( ) from August 1998 to July 2003. Prof. Chen was appointed as a professor by the School of Energy and Power Engineering of Huazhong University of Science and Technology ( ) in September 2023 for a term of three years.

Prof. Chen obtained his bachelor's degree in power engineering from Huazhong University of Science and Technology ( ) in the PRC in July 1988.

Dr. ZHANG XIAOMIN , aged 57, is an executive Director, vice general manager and chief technology officer of our Company. Dr. Zhang is primarily responsible for the overall management, daily operation and technologies of our Group.

Dr. Zhang has been a Director since December 2023, the chief technology officer of our Company since January 2017 and the vice general manager of our Company since January 2024. Prior to joining our Group, Dr. Zhang served as a researcher of National Research Council Canada from 2000 to 2003. Dr. Zhang served several positions including senior scientist, technical associate and technical fellow at a subsidiary of Polypore International, LLC from 2005 to November 2016.

He obtained his doctoral degree in polymer physics and chemistry from Chinese Academy of Sciences ( ) in the PRC in July 1997.

Mr. Xu Liqiang ( ), aged 47, is an executive Director of our Company. Mr. Xu is primarily responsible for the overall management and daily operation of our east China base.

Mr. Xu has been a Director since June 2025. He served as the deputy general manager of Jiangsu Senior from May 2021 to March 2022, the general manager of Nantong Senior from July 2022 to June 2024. Mr. Xu has been serving as the general manager of the east China base of our Company since June 2024. Prior to joining our group, Mr. Xu served as multiple roles at Murata Energy Device Wuxi Co., Ltd. ( ) from November 2001 to October 2019, including engineer, deputy operations manager, vice president and deputy general manager.

Mr. Xu obtained his bachelor's degree in mechanical engineering and automation from Nantong Institute of Engineering ( ), currently known as Nantong University ( ), in the PRC in June 2000.

Non-Executive Director

Mr. Zhu Bide ( ) (former name: Zhu Weibin ( )), aged 69, is a non-executive Director. He has been a Director since November 2021. Mr. Zhu is primarily responsible for providing professional opinion and judgement to the Board.

Mr. Zhu has been serving as a Director since November 2021. Prior to joining our Group, he taught at Huazhong University of Science and Technology ( ) from February 1985 to September 1988. He worked at Shenzhen Shekou Enterprise Group ( ) from October 1988 to December 1994. He worked at China Guangfa Bank Co., Ltd. ( ) and China Guangfa Securities Co., Ltd. ( ) from 1995 to January 2003. He served as the chief representative of the Beijing office of Guoyuan Securities Co., Ltd. ( ) and the general manager of the business department from February 2003 to December 2004. He served as the vice president of Beijing Intercontinental Investment Co., Ltd. ( ) from January 2005 to 2008. He served as deputy director and chief economist of the China Urban Development Research Institute ( ) from March 2008 to October 2021.

Mr. Zhu obtained his bachelor's degree in economics from Yunnan University ( ) in PRC in July 1982 and his master's degree in economics from Huazhong University of Science and Technology ( ) in November 1985.

Independent Non-Executive Directors

Mr. Tang Changjiang ( ), aged 55, was appointed as an independent non-executive Director in September 2024. Mr. Tang is primarily responsible for providing independent advice and judgement to the Board.

Mr. Tang has been serving as the independent director of Tianjin Guoan Mengguli New Materials Technology Co., Ltd. ( ) since January 2024 and Taihe New Materials Group Co., Ltd. ( ) since April 2023. He currently serves as the secretary-general of Guangdong Battery Industry Association ( ).

From August 1994 to October 1996, Mr. Tang served as general manager at Shenzhen Collins Electronics Industrial Co., Ltd. ( ). From March 1998 to May 2002, Mr. Tang served as the deputy secretary-general at Shenzhen Electronics Industry Association ( ). From March 2003 to June 2013, he served as the general manager of Shenzhen Tangshi Electronics Co., Ltd. ( ). From July 2013 to May 2019, he served as the vice general manager at Shenzhen Xinyuhuan Testing Co., Ltd. ( ).

Mr. Leung has been serving as a director of Universal Link Consultants Limited ( ) since July 2001, an independent non-executive director at Pan Asia Environmental Protection Group Limited, a company listed on the Main Board of the Stock Exchange under the stock code 00556, since December 2007, an independent non-executive director at China Art Financial Holdings Limited ( ), a company listed on the Main Board of the Stock Exchange under the stock code 01572, since October 2016 and a director of Gold Fountain (China) Trading Limited (

Name	Age	Position(s)	Date of joining our Group	Date of appointment as Director/senior management[(1)]	Roles and responsibilities
ZHANG XIAOMIN	57	Executive Director, vice general manager and chief technology officer	January 2017	December 2023	Responsible for the overall management, daily operation and technologies of our Group
Xia Jun ( )	45	Vice general manager and vice president of marketing	February 2023	February 2023	Responsible for daily operation of our Group
Wang Hao ( )	43	Chief financial officer	January 2024	January 2024	Responsible for overall financial management of our Group
Li Sheng ( )	40	Board secretary and joint company secretary	September 2024	September 2024	Responsible for information disclosure and investor relations management of our Group

Note:

(1) The dates of the appointment refer to the appointment of the relevant positions in our Company after its conversion into a joint stock company with limited liability in September 2008. For the details of the conversion, please see "History and Corporate Structure — Incorporation of our Company and Conversion into a Joint Stock Company."

Prof. Chen Xiufeng ( ), aged 58, is an executive Director, chairman of the Board and general manager of our Company. For Prof. Chen's biography, please see "— Directors — Executive Directors" in this section.

Dr. ZHANG XIAOMIN , aged 58, is an executive Director, vice general manager and chief technology officer of our Company. For Dr. Zhang's biography, please see "— Directors — Executive Directors" in this section.

Mr. Xia Jun ( ), aged 45, has been our vice president of marketing since February 2023 and our vice general manager since January 2024. He is responsible for daily operation of our Group.

) from May 2008 to April 2011, Bosch Automotive Service Technology (Suzhou) Co., Ltd. ( ) from October 2011 to July 2015. Mr. Wang served as financial director and the director of Ningbo Jifeng Automotive Parts Co., Ltd ( ), a company listed on the Shanghai Stock Exchange under the stock code 603997, from May 2017 to May 2021. He served as a director and the vice president of finance at EziSurg Medical Co., Ltd. ( ) from May 2021 to May 2022. He served as the chief financial officer and senior vice president of Shanghai Asensing Technology Co., Ltd. (

because Prof. Chen was unaware of the other shareholder's reduction. The Shenzhen CSRC and the Shenzhen Stock Exchange issued a warning, requiring better compliance going forward.

(iv) Failure to properly record insider information access (July 2021) In August 2021, the Company signed a significant sales contract but failed to accurately record all persons with access to insider information due to staff errors. The Shenzhen CSRC issued a warning letter to the Company, Prof. Chen (as Chairman), and the then Board secretary, instructing them to improve internal controls and prevent similar lapses.

Despite these incidents involving Prof. Chen, after conducting a comprehensive assessment (including understanding the nature of the Incident), the Company is of the view that the Decisions did not adversely affect Prof. Chen's suitability to act as an executive Director and chairman of the Board, and Prof. Chen possesses the experience, knowledge, and skills required to serve as a director of a listed company under Listing Rules 3.08 and 3.09, and the Decisions do not have any material adverse effect on the Company's suitability for [REDACTED] on the Stock Exchange, for the following reason:

(i) according to the PRC Company Law and the rules of the Shenzhen Stock Exchange, the Decisions did not prohibit Prof. Chen from acting as a director or a chairman of the board of directors of any PRC incorporated company;

(ii) as disclosed in Prof. Chen's biography above, Prof. Chen is the founder of the Company and has abundant experience in the industries the Group operates in. To the best knowledge of the Company having made all reasonable enquiries, save as disclosed above, Prof. Chen has no other record of non-compliance as a Director or member of senior management of the Company or any other listed company;

(iii) Prof. Chen has participated in relevant trainings, development and updated to his knowledge and skills to keep up with the latest regulatory developments, including trainings and reading materials on topics such as corporate governance, connected transactions, directors' responsibilities, continuous obligations of listed companies under the Listing Rules and the consequences of violating the Listing Rules and Hong Kong laws;

(iv) the Company has also implemented internal control measures to ensure full compliance with applicable laws and regulations in the future, including but not limited to appointing the Compliance Adviser and enhancing the information disclosure policies. Following the Incidents, the Company has taken rectification actions including establishing direct reporting channels for major shareholders, requiring Directors and senior management to declare and update their connected relationships, and implementing procedures to identify and record persons with access to inside information. The Company has established a comprehensive information disclosure management systems, including the following:

a. the "Information Disclosure Management Policy", which stipulates that when shares held by a company shareholder exceeding 5% are pledged, frozen, judicially auctioned, entrusted, placed in trust, or subject to legally restricted voting rights, such shareholder or the actual controller shall immediately notify the company and cooperate in fulfilling information disclosure obligations;

b. the "Connected Transaction Management Policy" to clearly define the scope of connected persons (including connected natural persons, connected legal persons, and potential connected persons). These systems require directors and senior management to promptly declare their connected relationships, strictly regulate the decision-making procedures for connected transactions and the information disclosure process; and

c. the "Insider Information Registration Policy", which clearly defines the scope of inside information and persons with access to such information. Pursuant such policy, the Company has established procedures for inside information approval and insider registration.

These systems will monitor and manage the information disclosure activities of the Group to prevent similar incidents happening to the Company. It includes a clear review process to ensure the accuracy and truthfulness of disclosures, involving coordinated reviews by multiple departments (such as the Board office, legal department, finance department and relevant business units and functional departments), including the secretary to the Board. In addition, in reviewing the disclosure on certain transactions, Directors, including Independent non-executive Directors may seek independent professional advice at the cost of the Company to assist in reviewing and evaluating the relevant transactions; and

(v) the Company and the Directors will ensure compliance with all applicable laws and regulations, including but not limited to the Listing Rules, by timely consulting the Compliance Adviser and seeking independent legal and/or financial advice when necessary (especially before entering into any transaction or corporate action subject to Chapter 14 and Chapter 14A of the Listing Rules).

The Company confirms that the Shenzhen Stock Exchange and the CSRC have been notified of the rectification actions taken as described above and have raised no further objections or comments on such actions. The rectification measures have been fully implemented and the relevant regulatory authorities have not issued any further warnings, decisions or sanctions in relation to these matters since the dates of the original Decisions. The Company further confirms that the Decisions are final and conclusive. No appeals have been filed, and Prof. Chen and the Company have fully complied with the Decisions. The relevant regulatory authorities have not issued any subsequent warnings, sanctions or enforcement actions in relation to the Incidents, and the matters are therefore considered closed.

In light of the above reasons, the Directors are of the view that the Incidents revealed in the Decisions were immaterial and Prof. Chen is suitab

(iii) the Company has also implemented internal control measures to ensure full compliance with applicable laws and regulations in the future, including but not limited to appointing the Compliance Adviser and enhancing the information disclosure policies. Following the misconduct, the profit was immediately returned to the Company, and the Company has enhanced its policies to require Directors to ensure their close family members comply with applicable trading restrictions and has implemented a pre-clearance system for share trading by Directors and their close associates. The Company has established a comprehensive information disclosure management systems, including the following:

The "Insider Information Registration Policy", which clearly defines the scope of inside information and persons with access to such information. Pursuant such policy, the Company has established procedures for inside information approval and insider registration.

These systems will monitor and manage the information disclosure activities of the Group to prevent similar incidents happening to the Company. It includes a clear review process to ensure the accuracy and truthfulness of disclosures, involving coordinated reviews by multiple departments (such as the Board office, legal department, finance department and relevant business units and functional departments), including the secretary to the Board. In addition, in reviewing the disclosure on certain transactions, Directors, including Independent non-executive Directors may seek independent professional advice at the cost of the Company to assist in reviewing and evaluating the relevant transactions; and

(iv) the Company and the Directors will ensure compliance with all applicable laws and regulations, including but not limited to the Listing Rules, by timely consulting the Compliance Adviser and seeking independent legal and/or financial advice when necessary.

The Company confirms that the Shenzhen Stock Exchange and the CSRC have been notified of the rectification actions taken as described above and have raised no further objections or comments on such actions. The rectification measures have been fully implemented and the relevant regulatory authorities have not issued any further warnings, decisions or sanctions in relation to this matter since the date of the original announcement. The Company further confirms that no regulatory sanctions or warning decisions were issued by the regulatory authorities in relation to this misconduct beyond the public disclosure requirement. Mr. Zhu and his spouse have fully complied with all applicable requirements, and the relevant regulatory authorities have not issued any subsequent warnings, sanctions or enforcement actions in relation to this matter, which is therefore considered closed.

In light of the above reasons, the Directors are of the view that the misconduct revealed in the announcement were immaterial and Mr. Zhu is suitable to serve as a director of a listed company under Rules 3.08 and 3.09 of the Listing Rules. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with our Directors' confirmation that Mr. Zhu is suitable to serve as a director under Rules 3.08 and 3.09 of the Listing Rules.

JOINT COMPANY SECRETARIES

Mr. Li Sheng ( ), aged 40, was appointed as one of our joint company secretaries in June 2025 with effect from the [REDACTED]. For Mr. Li's biography, please see "— Senior Management" of this section.

Mr. Chow Tsz Ho ( ), aged 29, was appointed as one of the joint company secretaries of the Company on 18 May 2026 with immediate effect. Mr. Chow is an assistant manager of the listing services department at TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. He has over seven years of experience in company secretarial profession.

Mr. Chow received his bachelor's degree in business administration from Hong Kong Shue Yan University ( ) in July 2018. He is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Our Board delegates certain responsibilities to various committees. We have established four Board committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Development Management Committee.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review connected transactions, and provide advice and comments to the Board. The Audit Committee comprises three members, namely Dr. Lin Zhiwei, Mr. Tang Changjiang, and Mr. Zhu Bide, with Dr. Lin Zhiwei (being an independent non-executive Director with the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules) as chairperson of the Audit Committee.

Remuneration and Appraisal Committee

We have established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses, and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises three members, namely Mr. Tang Changjiang, Dr. Lin Zhiwei, and Mr. Xu Liqiang, with Mr. Tang Changjiang as chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We have established the Nomination Committee pursuant to Rule 3.27A of the Listing Rules with written terms of reference set out in the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises three members, namely Ms. Sun Zhenzhen, Dr. ZHANG XIAOMIN, and Mr. Tang Changjiang, with Ms. Sun Zhenzhen as chairperson of the Nomination Committee.

Strategy and Development Management Committee

We have established the Strategy and Development Management Committee. The primary duties of the Strategy and Development Management Committee are to review and make recommendations to the Board on our long-term strategy and major investments and transactions. The Strategy and Development Management Committee comprises three members, namely Prof. Chen, Mr. Tang Changjiang and Ms. Sun Zhenzhen, with Prof. Chen as chairperson of the Strategy and Development Management Committee.

Corporate Governance Code

We aim to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of our Shareholders. In accomplish this, our Company expects to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules after the [REDACTED] save for the deviation as mentioned below. Any deviation from the code provisions shall be carefully considered, and the reasons for any deviation and explanation of how

Board Diversity Policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, engineering, and finance and accounting. They received degrees in various majors including electronic technology, materials, business administration, accounting and engineering. We have both male and female members serving on the Board currently. Furthermore, the Board has a relatively wide range of ages, ranging from 40 years old to 70 years old. The Board is of the view that the Board satisfies the Board Diversity Policy.

The Nomination Committee is responsible for reviewing the diversity of the Board. Upon the [REDACTED], the Nomination Committee will from time to time review the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. Our Company will disclose the biographical details of each Director and plans to report on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in our annual corporate governance report. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-rounded training to female employees whom we consider to have the suitable experience, skills, and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance, and research and development. We are of the view that such a strategy will offer chances for the Board to identify more capable female employees to be nominated as a member of the Board in future with an aim to providing the Board with a pipeline of female candidates to achieve gender diversity in the Board in the long run.

Management presence

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong. We do not have sufficient management presence in Hong Kong for the purposes of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. Please see “Waivers — Waiver in respect of Management Presence in Hong Kong” for further details.

REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances, and benefits in kind and our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses, fees and share-based payment expenses) for the years ended 31 December 2023, 2024 and 2025 was approximately RMB6.32 million, RMB6.03 million and RMB4.29 million for our Directors, respectively. None of our Directors waived any remuneration during the aforesaid periods.

The five highest paid individuals of our Group for the years ended 31 December 2023, 2024 and 2025 included one, two and one Directors, respectively. The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans, discretionary bonuses, fees and share-based payment expenses) for the remaining individuals of the five highest paid individuals for the years ended 31 December 2023, 2024 and 2025 was approximately RMB8.03 million, RMB9.13 million and RMB18.97 million, respectively.

Save as disclosed above, no other payments have been paid or are payable, in respect of the Track Record Period by our Company to our Directors. For the year ending 31 December 2026, we expect to pay approximately RMB3.93 million in aggregate remuneration to our Directors.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Company. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director or supervisor or any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

COMPLIANCE ADVISER

We have appointed Vast Harbour Corporate Finance Limited (formerly known as Goldlink Capital (Corporate Finance) Limited) as our compliance adviser (the "Compliance Adviser") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company,

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED], the following persons will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company:

Substantial shareholders of our Company

		A Shares held as at the Latest Practicable Date		Shares held immediately following the completion of the [REDACTED][1][2]		
Name of Shareholder	Capacity/Nature of interest	Number	Approximate percentage of issued Shares (%)	Number	Approximate percentage of issued A Shares[3] (%)	Approximate percentage of total issued Shares (%)
Prof. Chen[4]	Beneficial owner	170,489,491	12.669	170,489,491 A Shares	12.669	[REDACTED]
	Interest of spouse	346,700	0.026	346,700 A Shares	0.026	[REDACTED]
Ms. Chen[4]	Beneficial owner	346,700	0.026	346,700 A Shares	0.026	[REDACTED]
	Interest of spouse	170,489,491	12.669	170,489,491 A Shares	12.669	[REDACTED]

Notes:

(1) All interest stated are long positions.

(2) The table above assumes the [REDACTED] becomes unconditional and the [REDACTED] are issued pursuant to the [REDACTED].

(3) The calculation of the percentage includes 19,855,640 A Shares repurchased by our Company as of the Latest Practicable Date pursuant to the repurchase mandates approved by our Board and held in our Company's stock repurchase account as treasury shares (assuming no changes are made to the number of such repurchased shares held in our Company's stock repurchase account between the Latest Practicable Date and completion of the [REDACTED]).

(4) Ms. Chen is the spouse of Prof. Chen. As such, by virtue of the SFO, each of Prof. Chen and Ms. Chen is deemed to be interested in the Shares held by the other.

Except as disclosed above and in "(C) FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS — 3. Disclosure of Interests" in Appendix V to this document, our Directors are not aware of any other person who will, immediately following completion of the [REDACTED], have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of any class of shares of our Company or any other member of our Group.

This section presents certain information regarding our share capital before and upon completion of the [REDACTED].

BEFORE THE [REDACTED]

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on 21 May 2025 and is subject to the following major conditions:

(i) Size of the [REDACTED]: The proposed number of H Shares to be [REDACTED] shall not exceed approximately [REDACTED] of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED].

(ii) Method of [REDACTED]: The method of [REDACTED] shall be by way of an [REDACTED] to institutional investors and a [REDACTED] for subscription in Hong Kong.

(iii) Target investors: The H Shares shall be issued to overseas institutional investors, corporations and individual investors, as well as qualified domestic institutional investors and other investors who fulfil the relevant laws and regulations.

(iv) Price determination basis: The [REDACTED] of the H Shares will be determined by the Board and its authorised person with the authorization of the Shareholders' general meetings, together with the [REDACTED], after full consideration of the interests of existing Shareholders, investors of our Company and the conditions of domestic and international capital markets conditions with reference to the international practices, the general valuation level of the industry in which our Company operates, and through demands for orders and book-building process.

(v) Valid period: The issue and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date on which such matters were

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We are a competitive lithium-ion battery separator manufacturer that endeavours to offer high-quality products to customers. We were founded in 2003 and accumulated more than 20 years of industry experience in research and development, production and sales of lithium-ion battery separators. According to Frost & Sullivan, we are the first Chinese company to master the dry process uniaxial stretching technology for lithium-ion battery separators, the first lithium-ion battery separator manufacturer to achieve mass export, which refers to the continuous and stable supply of substantial volumes of lithium-ion battery separator products that consistently meet the production requirements of major overseas customers. of lithium-ion battery separators, as well as the first and one of the few enterprises in Chinese Mainland with capabilities in all three types of lithium-ion battery separator production technologies, namely dry process, wet process and coated process separators.

As an early entrant in the lithium-ion battery sector, we have established ourselves as a well-known brand within the global lithium-ion battery separator market. Our unique position as one of the few companies with independent equipment research and design capabilities, together with our proprietary microporosity forming technology, has enabled us to build competitive battery separator production lines. We excel in many key performance indicators for battery separators, including thickness, porosity, thermal shrinkage, breathability and puncture strength. Utilising our technological expertise and commitment to quality, we serve world-leading lithium-ion battery manufacturers such as LG Energy Solution, Samsung SDI, AESC, Murata, SK On, SAFT, CATL, BYD, Gotion High-tech, CALB, EVE Energy and Sunwoda. According to Frost & Sullivan, our lithium-ion battery separator shipment volume ranked second globally for the last six years consecutively, with our global market share increasing from 11.0% in 2020 to 11.6% in 2025.

Our revenue increased by 17.6% from RMB2,981.9 million in 2023 to RMB3,506.2 million in 2024, and further increased by 16.3% to RMB4,076.8 million in 2025. Our gross profit amounted to RMB1,290.4 million, RMB984.3 million and RMB883.2 million in 2023, 2024 and 2025, respectively.

Our Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 of the Accountants' Report in Appendix I to this document.

The results of operations and financial conditions of our Group have been, and/or will continue to be affected by a number of factors, including those key factors set out below:

During the Track Record Period, all of our revenue was derived from the sales of lithium-ion battery separators, including dry process separators, wet process separators and coated separators. These products serve major sectors such as transportation vehicles, industrial machinery, energy storage facilities and consumer electronics, with a wide range of application scenarios. Therefore, our business is affected by fluctuations in market demand for lithium-ion battery separators from our direct customers and, in addition, demand for end-market products using lithium-ion battery separators. With the backdrop of the global low-carbon energy transformation, the growing market of our customers for new energy applications has driven the demands for different types of high-performance separators with high safety and high energy density. We expect that our sales will continue to be driven by the demand in the end-markets we serve.

We are also exposed to fluctuations in the market prices of our products, which are significantly influenced by general demand and supply dynamics in the market segments in which we participate, the market competition and evolving product specifications. We set prices based on the acceptability by our customers on one hand and our profitability on the other hand, taking into account a number of factors including, among others, costs of raw materials, size of purchase orders, customer purchase quantities, customer relationships, market competition and the prevailing market prices for separators in the target sales regions. See "*B*." To maintain our pricing and profit margin, we focus on developing mid- to high-end products that deliver greater performance and better value and selling our products overseas where the profit margin is generally higher than the domestic market.

Our results of operations depend significantly on our ability to retain and attract orders from customers, which, in turn, impacts our sales volume. Our customers include over 100 leading lithium-ion battery customers. We have established long-term and stable relationships with all the world's top ten lithium-ion battery manufacturers in 2025 and are one of the few battery separator companies that supply to all of the world's top ten lithium-ion battery manufacturers according to Frost & Sullivan.

Leveraging our industry insight and deep understanding of customer need, we are committed to consistently deliver technically advanced as well as superior-performance products. We are also committed to improve our production yield and quality management with advanced manufacturing techniques and production technologies, providing products to our customers with high quality at compelling prices, so as to better satisfy the requirements of our target customers, which help us retain existing customers and attract new ones. We believe that our high-quality product offerings, our technology prowess, combined with our strong R&D capabilities well positioned us to capture the market opportunities in the downstream market, expanding our customer base to drive long-term growth.

Our ability to successfully expand and strengthen our international market presence will, to a large extent, affect our business and results of operations. According to Frost and Sullivan, there exists a demand-supply gap in overseas markets due to limited local production capacity for separators. As global adoption of EVs accelerates, we believe this supply shortfall continues to drive strong international demand. However, as geopolitical risks and the threat of supply chain disruptions increase, overseas customers have actively sought support from local separator suppliers. We believe our strategic international presence and significant overseas production capacity position us well to serve the overseas markets. We are one of the first Chinese lithium-ion battery separator manufacturers to enter overseas markets and have established a comprehensive network for production, R&D and customer base, with eight manufacturing bases covering the PRC, Europe, SEA and the U.S., as well as R&D centres in Southern China, Eastern China, Japan and Sweden to serve more than 100 leading lithium-ion battery customers. We are committed to continuously deepening our global development strategy and vigorously expanding our overseas customer base. Our lithium-ion battery separator products enjoy higher profitability in overseas markets than in the domestic market. Leveraging our first-mover advantage in overseas markets, we expect our revenue from overseas sales to grow rapidly, which will further improve our profitability.

We operate in the competitive lithium-ion battery separator market, which is characterised by evolving industry standards, technological development and product innovation. We are devoted to establishing our R&D platform, expanding our global R&D network and building our R&D team, through which we gain access to the latest knowledge and technologies in polymer materials, new energy, nanotechnology and lithium-ion batteries. Our R&D capabilities lay a strong foundation for our continuous business expansion in the mid- to high-end markets both domestically and overseas. As such, we made significant investments in R&D and product innovation. In 2023, 2024 and 2025, our research and development expenses amounted to RMB242.5 million, RMB248.0 million and RMB278.4 million, respectively, representing 8.1%, 7.1% and 6.8% of our total revenue for the respective periods, respectively.

Leveraging our strong R&D capabilities and extensive technological expertise, we have made significant progress in developing next-generation lithium-ion battery separator products. These new products enhance the overall performance and lifespan of lithium-ion batteries by improving safety, energy density and charging speed, which helped us to achieve good gross profit margins during the Track Record Period. We expect to continue to focus on enhance our R&D capability for product optimization and innovations, which will further differentiate our products and, in turn, enhance our product competitiveness, which is an important contributor to our future growth.

Our competitiveness and long-term profitability are significantly dependent upon our ability to maintain effective quality control and improve production and operation efficiency as our business grows. Product quality is vital to our business, since any potential quality defect may cause significant risks to customers who apply our produc

It is also essential for us to successfully manage production ramp-up without incurring excessive expenditure, enabling us to effectively fulfil customer demand. We have taken several initiatives in recent years to improve our production efficiency, including (i) developing new production technologies, (ii) developing advanced equipment and machinery with our suppliers, and (iii) optimising the production processes and techniques. According to Frost & Sullivan, our single-line production capacity of the fifth-generation super wet process line ranked first in the lithium-ion battery separator industry, which is 250 million m^2 annually, setting new standards for quality, efficiency, intelligence and low-carbon operation. As we continue to expand our production capacity and establish additional production facilities, we expect to benefit from economies of scale and achieve greater efficiency in our manufacturing processes.

In addition, our results of operations are significantly affected by our operational expenses, which primarily consist of research and development expenses, general and administrative expenses and selling expenses. While we expect the absolute amounts of our operational expenses may continue to increase along with our business growth in the future, we are committed to further enhancing efficiency in production and operations through economies of scale, optimised resource allocation, and continuous investment R&D.

During the Track Record Period, we generally record higher revenue in the second half of the year. According to Frost & Sullivan, the EV sales in Chinese Mainland exhibit noticeable seasonality for a variety of reasons, including seasonal demand fluctuations, policy influences, holidays, and climate conditions, among others. EV sales in Chinese Mainland in the second half of the year tends to be higher compared to the first half. Such changes in EV sales may impact customers' manufacturing and battery procurement plan, resulting in the concentration of customers' stocking demand for our lithium-ion battery separators in the second half of the year.

Revenue mainly arises from sales of lithium-ion battery separator.

To determine whether to recognise revenue, we follow a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time, when we satisfy performance obligations by transferring the promised goods or services to our customers.

Revenue from sale of goods between us and our customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognised when we have delivered the products to the customers in accordance with the contract terms and have received acceptance and other proof of receipt from the customers.

Revenue for overseas sale of goods is recognised when we have obtained export-related documents such as the customs declaration form after completing export customs clearance and shipping the goods offshore.

In applying this general model approach, a distinction is made between:

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

C B D

Cash and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

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For trade and notes receivables, we apply a simplified approach in calculating ECL and recognise a loss allowance based on lifetime ECL at the end of each year for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, we have established a provision matrix that is based on our historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade and notes receivables with significant outstanding balances which are assessed individually, the remaining trade and notes receivables have been grouped based on shared credit risk characteristics.

For notes receivables measured at FVTOCI, we assume that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

O r O r F A M r A r C

We measure the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case we recognise lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, we compare the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating,
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

For internal credit risk management, we consider an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including us, in full (without taking into account any collateral held by us).

Detailed analysis of the ECL assessment of trade and notes receivables, contract assets, other financial assets measured at amortised cost and trade and notes receivables measured at FVTOCI are set out in Note 41 of the Accountants' Report in Appendix I to this document.

In the process of applying our Group's accounting policies, our management has made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in our Historical Financial Information:

I r F A

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. We use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on our past history, existing market conditions, as well as forward-looking estimates at the end of each year for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 42 to the Accountants' Report set out in Appendix I to this document.

I r Pr

Inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though our management has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

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The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. We use our judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each year for the Track Record Period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value is disclosed in Note 40 of the Accountants' Report in Appendix I to this document.

I D rr I

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from us in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

We recognise deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management's judgements and estimations about the timing and the amount of taxable profits of the companies who have tax losses.

The following table sets forth a summary of our results of operations in absolute amounts for the years indicated.

	B'000	B'000	B'000
Cost of sales	(1,691,456)	(2,521,858)	(3,193,640)
Other income	213,294	182,866	183,947
Net impairment losses (recognised)/reversed on financial assets	(12,729)	(62,760)	7,038
Other (losses) and gains, net	(63,312)	36,478	18,627
Research and development expenses	(242,464)	(248,024)	(278,380)
General and administrative expenses	(330,869)	(314,837)	(431,709)
Selling expenses	(38,728)	(37,112)	(42,805)
Share of results of associates and joint venture, net	(1,940)	(1,349)	(1,200)
Finance costs	(96,611)	(132,538)	(218,260)
Income tax (expense)/credit	(123,353)	(36,311)	22,647

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that the non-IFRS measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as net profit for the periods adjusted by adding back equity settled share-based compensation, which is a non-cash item, and [REDACTED] expenses. The following table reconciles our adjusted net profit (non-IFRS measure) for the years indicated.

	B'000	B'000	B'000
Net profit for the year	593,695	370,708	143,110
A :			
Equity settled share-based compensation	4,811	11,982	39,906
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]

During the Track Record Period, we generated revenue from sales of lithium-ion battery separators, including dry process separators, wet process separators and coated separators.

Pr C r

The table below sets forth the breakdown of the revenue by product category for the years indicated.

	B'000	%	B'000	%	B'000	%
Coated separators	1,837,029	61.6	2,541,055	72.5	3,017,028	74.0
Wet process separators	469,107	15.7	495,103	14.1	593,228	14.6
Dry process separators	675,727	22.7	469,995	13.4	466,589	11.4

A r Pr

The following table sets forth the sales volume and average selling price by product category during the years indicated.

			B 2			B 2			B 2
Coated Separators	1,837,029	890,429	2.06	2,541,055	2,032,612	1.25	3,017,028	2,557,598	1.18
Wet Process Separators	469,107	443,937	1.06	495,103	610,979	0.81	593,228	828,981	0.72
Dry Process Separators	675,727	1,194,164	0.57	469,995	1,342,354	0.35	466,589	1,278,077	0.37

G r O r D

During the Track Record Period, we generated most of our revenue from Chinese Mainland. The table below sets forth a breakdown of our revenue by geographic region of our shipment destination for the years indicated.

	B'000	%	B'000	%	B'000	%
Chinese Mainland	2,512,646	84.3	3,105,179	88.6	3,508,624	86.1
Others(1)	469,217	15.7	400,974	11.4	568,221	13.9

(1) Others primarily consisted of South Korea, Japan, SEA and Europe.

During the Track Record Period, our revenue experienced an increasing trend, primarily driven by the increase in revenue generated from Chinese Mainland.

The following table sets forth the sales volume and average selling price by geographic region of our shipment destination during the years indicated.

			B 2			B 2			B 2
Chinese Mainland	2,512,646	2,297,619	1.09	3,105,179	3,762,873	0.83	3,508,624	4,328,837	0.81
Others	469,217	230,912	2.03	400,974	223,072	1.80	568,221	335,819	1.69

Our average selling price of our separator products experienced a declining trend from 2023 to 2024. Such decrease from 2023 to 2024 primarily due to the intensive market competition driven by supply-demand imbalances. According to Frost & Sullivan, from 2022 to 2024, Chinese Mainland's battery separator industry's production capacity expanded at a CAGR of 63.8%, surpassing the 35.8% increase in shipments. This oversupply exerted downward pressure on selling prices. Our average selling price of our separator products remained stable at 2025. In particular, the average selling prices of wet process separators and coated separators continued their declining trend from 2024 to 2025 primarily due to the intensive market competition driven by supply-demand imbalances, while the average selling price of dry process separators recorded a slight increase over the same period, broadly in line with the overall market according to Frost & Sullivan, as the market imbalance for dry process separator gradually improves. According to Frost & Sullivan, both the price range of, and the overall percentage decrease in, the average selling prices of our separator products during the Track Record Period were generally in line with those of comparable products in the industry, taking into account technical specifications, product positioning and cost structure.

In contrast, for overseas battery separator market, industry experienced strong shipment growth with relatively slower capacity expansion between 2022 and 2024. According to Frost & Sullivan, from 2022 to 2024, shipments of battery separator from other regions outside China expanded at a CAGR of 10.0%, surpassing the 6.7% increase in production capacity, creating increasing opportunities to secure supply locally due to fast-growing demand from downstream battery manufacturers. See "Industry Overview." This supply-demand dynamic resulted in average selling prices overseas that are significantly higher than those in Chinese Mainland. According to Frost & Sullivan, as domestic overcapacity intensifies, Chinese separator manufacturers have begun expanding overseas, which may exert incremental pricing pressure on overseas markets over time. However, the supplier qualification and certification process required by downstream battery manufacturers is typically longer in overseas markets as compared to domestic customers, and the resulting high switching costs create meaningful barriers to competition that support the price premium.

We experienced a decreasing trend in our average selling price for overseas sales during the Track Record Period. Such decrease in average selling price for our overseas sales during the Track Record Period was not attributable to the impact of U.S. and EU tariffs. It was mainly due to a significant increase in the industry-wide production capacity in 2023 and 2024 in anticipation of long-term demand growth, which intensified competition and exerted pressure on prices in the domestic battery separator market. In response, we proactively adopted more competitive pricing in overseas markets to secure new customers and increase our market share. These pricing strategies exerted downward pressure on our product prices in overseas markets, while downstream demand in such markets remained relatively robust.

In addition, we experienced an initial decline followed by a subsequent recovery trend of overseas sales volume during the Track Record Period, primarily due to customer-specific factors and evolving market conditions. In particular, certain of our overseas customers relocated part of their production capacity to Chinese Mainland or experienced deterioration of operation condition, which reduced their demand for our overseas-delivered products. As downstream demand continued to grow, our overseas sales volume gradually improved in 2025.

In the future, we plan to continue to deepen our cooperation with leading overseas battery manufacturers and expect to further benefit from the overseas expansion strategies of our leading domestic customers. We anticipate that expanding our production capacity overseas will further strengthen our ability to capture higher-margin opportunities and improve overall product profitability.

Our cost of sales mainly consisted of (i) raw materials, (ii) depreciation and amortisation, (iii) employee benefit expenses, (iv) energy and fuel costs, and (v) logistics expenses.

The table below sets forth a breakdown of our cost of sales for the periods indicated.

	B'000	%	B'000	%	B'000	%
Raw materials	693,686	41.0	1,271,069	50.4	1,410,305	44.2
Depreciation and amortisation	415,634	24.6	550,065	21.8	792,207	24.8
Employee benefit expenses	252,448	14.9	275,024	10.9	392,811	12.3
Energy and fuel costs	213,542	12.6	290,714	11.5	423,018	13.2
Logistics expenses	49,944	3.0	75,166	3.0	72,772	2.3
Others(1)	66,202	3.9	59,820	2.4	102,527	3.2
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(1) Others primarily consisted of provision for impairment of inventories, maintenance and repair costs and office expenses. Impairment of inventories recognized in cost of sales related to recurring operating expenses arising from the ordinary course of inventory sales.

The following table sets forth our gross profit and gross profit margin by product category for the years indicated.

	B'000	%	B'000	%	B'000	%
Coated separators	829,349	45.1	690,147	27.2	645,427	21.4
Wet process separators	224,177	47.8	199,340	40.3	208,613	35.2
Dry process separators	236,881	35.1	94,808	20.2	29,165	6.3
	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

The following table sets forth our gross profit and gross profit margin by geographic region of our shipment destination during the years indicated.

	B'000	%	B'000	%	B'000	%
Chinese Mainland	1,058,856	42.1	786,297	25.3	703,653	20.1
Others	231,551	49.3	197,998	49.4	179,552	31.6
	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]

Our gross profit margin for overseas sales decreased from 2024 to 2025 mainly because (i) our average selling price for overseas sales declined as a result of more competitive pricing to secure new overseas customers and increase our market share, and (ii) an increase in our average production costs for dry process separators in 2025, resulting from a planned reduction in output volume in response to declining customer demand for dry process separators.

Our other income mainly consisted of (i) interest income relating to deposits, (ii) government grants relating to our business operation and support of R&D activities, with all conditions attached being fulfilled. Our government grants consisted of both (a) one-off grants, representing subsidies in respect of specific activities such as R&D projects, industrial production, talent recruitment, and asset acquisitions, which we may continue to apply for in the future based on our business operations, and (b) recurring grants, mainly comprising employment-related subsidies, which we expect to continue to receive going forward, (iii) rental income and (iv) value-added tax ( ) reduction.

The following table sets forth a breakdown of other income both in absolute amount and as a percentage of our total other income for the years indicated.

	B'000	%	B'000	%	B'000	%
Interest income	88,776	41.6	66,283	36.3	55,344	30.1
Government grants	101,801	47.7	84,463	46.2	99,736	54.1
Rental income	6,513	3.1	13,045	7.1	14,079	7.7
VAT reduction	8,800	4.1	11,330	6.2	7,471	4.1
Others	7,404	3.5	7,745	4.2	7,317	4.0

Our research and development expenses primarily consisted of (i) employee benefit expenses, (ii) material expenses, (iii) depreciation and amortisation, (iv) energy and fuel costs and (v) equity settled share-based compensation.

The table below sets forth a breakdown of our research and development expenses for the periods indicated.

	B'000	%	B'000	%	B'000	%
Employee benefit expenses	74,857	30.9	79,596	32.1	111,063	40.0
Material expenses	110,106	45.4	92,906	37.4	93,649	33.6
Depreciation and amortisation	21,428	8.8	27,920	11.3	32,984	11.8
Energy and fuel costs	23,225	9.6	27,532	11.1	21,687	7.8
Equity settled share-based compensation	1,061	0.4	190	0.1	4,793	1.7
Others[1]	11,787	4.9	19,880	8.0	14,204	5.1

(1) Others mainly consisted of R&D service fees.

Our general and administrative expenses primarily consisted of (i) employee benefit expenses, (ii) depreciation and amortisation, (iii) tax and surcharges, (iv) professional fees, mainly representing legal adviser fees and consultation fees, (v) equity settled share-based compensation, (vi) office expenses, (vii) travel expenses, (viii) business hospitality expenses, and (ix) bank charges and expenses.

The table below sets forth a breakdown of our general and administrative expenses for the years indicated.

	B'000	%	B'000	%	B'000	%
Employee benefit expenses	120,156	36.4	139,126	44.3	192,352	44.5
Depreciation and amortisation	14,344	4.3	31,285	9.9	60,018	13.8
Tax and surcharges	28,256	8.5	34,964	11.1	47,877	11.1
Professional fees	114,649	34.8	31,455	10.0	31,485	7.3
Equity settled share-based compensation	2,032	0.6	8,281	2.6	24,633	5.7
Office expenses	28,479	8.6	24,664	7.8	21,392	5.0
Travel expenses	4,451	1.3	7,967	2.5	15,450	3.6
Business hospitality expenses	6,766	2.0	10,926	3.5	9,388	2.2
Bank charges and expenses	3,125	0.9	3,727	1.2	5,413	1.3
Others[1]	8,611	2.6	22,442	7.1	23,701	5.5

(1) Others primarily consisted of energy and fuel costs, maintenance and repair costs and insurance premiums.

Our selling expenses mainly consisted of (i) employee benefit expenses, (ii) business hospitality expenses, (iii) travel expenses, (iv) office expenses, (v) insurance premiums, representing export credit insurance relating to overseas customers, (vi) equity settled share-based compensation, and (vii) sales commission expenses, mainly representing commission fees paid to third-party sales agents for their services in facilitating direct sales to certain overseas customers.

The table below sets forth a breakdown of our selling expenses for the years indicated.

	B'000	%	B'000	%	B'000	%
Employee benefit expenses	19,864	51.4	20,391	55.0	25,247	59.0
Business hospitality expenses	7,018	18.1	6,757	18.2	6,957	16.3
Travel expenses	2,365	6.1	2,876	7.7	3,568	8.3
Office expenses	1,291	3.3	1,285	3.5	2,431	5.7
Insurance premiums	744	1.9	1,202	3.2	909	2.1
Equity settled share-based compensation	127	0.3	438	1.2	483	1.1
Sales commission expenses	5,370	13.9	1,784	4.8	—	—
Others[1]	1,949	5.0	2,379	6.4	3,211	7.5

(1) Others primarily consisted of advertising expenses and depreciation and amortisation.

Our share of results of associates and joint venture, net mainly represented the amount of

During the Track Record Period, our Company and certain of our subsidiaries were qualified as High and New Technology Enterprises under the relevant PRC laws and regulations and were entitled to the corporate income tax at a preferential rate of 15%. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

H K

Our Company's subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first HK$2 million of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

O r j r

Taxation for our other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

See Note 11 of the Accountants' Report in Appendix I to this document for more information.

During the Track Record Period and up to the Latest Practicable Date, we did not have any disputes or unresolved tax issues with the relevant tax authorities which may have a material adverse impact on our business, financial position and results of operations.

Our total revenue increased by 16.3% from RMB3,506.2 million in 2024 to RMB4,076.8 million in 2025, primarily due to an increase in revenue derived from sales of coated separators and wet process separators.

- Revenue from our sales of dry process separators remained relatively stable at RMB470.0 million in 2024 and RMB466.6 million in 2025, primarily due to a slight decrease in sale volume as we proactively controlled production volume in consideration of downstream demand trend, partially offset by a slight increase in average selling price in line with the broader industry trend according to Frost & Sullivan.
- Revenue from our sales of wet process separators increased by 19.8% from RMB495.1 million in 2024 to RMB593.2 million in 2025, primarily due to an increase in sales volume as a result of an increase in orders from existing customers for new product launch, partially offset by a decrease in average selling pricing as a result of market competition.
- Revenue from our sales of coated separators increased by 18.7% from RMB2,541.1 million in 2024 to RMB3,017.0 million in 2025, primarily due to an increase in sales volume as a result of an increase in orders from existing customers for new product launch, partially offset by a decrease in average selling pricing as a result of market competition.

C

Our cost of sales increased by 26.6% from RMB2,521.9 million in 2024 to RMB3,193.6 million in 2025, primarily due to (i) an increase in raw materials in line with the increase in our sales volume, partially offset by a decrease in market price for main raw materials such as PP and PE, and (ii) an increase in depreciation and amortisation, resulting from the conversion of construction-in-progress at our Nantong and Foshan manufacturing bases into fixed assets.

Gr Pr Gr Pr M r

As a result of the foregoing, our gross profit decreased by 10.3% from RMB984.3 million in 2024 to RMB883.2 million in 2025. Our gross profit margin decreased from 28.1% in 2024 to 21.7% in 2025.

- The gross profit from our sales of dry process separators decreased by 69.2% from RMB94.8 million for the year ended 31 December 2024 to RMB29.2 million for the year ended December 31 2025. The gross profit margin of our sales of dry process separators decreased from 20.2% in 2024 to 6.3% in 2025, primarily because an increase in our average production costs resulting from a planned reduction in output volume in response to declining customer demand for dry process separators. As part of our efforts to manage oversupply, we ceased production at our Shenzhen manufacturing base in 2025 where dry process separators constituted the majority of the production capacity, which led to fixed costs being spread over a lower production volume and consequently elevated the per-unit cost. Such decrease was partially offset by a slight increase in average selling price.
- The gross profit from our sales of wet process separators increased by 4.7% from RMB199.3 million in 2024 and RMB208.6 million in 2025. The gross profit margin of our sales of wet process separators decreased from 40.3% in 2024 to 35.2% in 2025, primarily due to the decrease of average selling price as a result of market competition driven by supply-demand imbalances, while higher sales volumes for wet process separators enabled us to benefit from economies of scale and maintain relatively stable average production costs.
- The gross profit from our sales of coated separators decreased by 6.5% from RMB690.1 million in 2024 to RMB645.4 million in 2025. The gross profit margin of our sales of coated separators decreased from 27.2% in 2024 to 21.4% in 2025, primarily due to the decrease of average selling price as a result of market competition driven by supply-demand imbalances, while higher sales volumes for coated separators enabled us to benefit from economies of scale and maintain relatively stable average production costs.

O r I

Our other income remained relatively stable at RMB182.9 million in 2024 and RMB183.9 million in 2025.

N I r L ( )/ r F A

We recorded net impairment loss recognised on financial assets of RMB62.8 million in 2024 and net impairment reversal on financial assets of RMB7.0 million in 2025, primarily due to a decrease in the balance of trade receivables driven by an improvement in customer settlement cycles in 2025, which resulted in a reduction of the expected credit loss allowance calculated under our ECL model and a consequential reversal of previously recognized impairment provisions.

O r (L) G , N

Our other gains decreased by 49.0% from RMB36.5 million in 2024 to RMB18.6 million in 2025, primarily due to (i) the recognition of impairment losses on property, plant and equipment relating to the cessation of production in Shenzhen manufacturing base in the last quarter of 2025, and (ii) recognition of loss on write-off of inventories, mainly due to equipment malfunction at certain storage facilities that temporarily compromised the required storage environment, rendering the affected inventories unsaleable, partially offset by an increase in investment income of financial assets at FVTPL, mainly from equity investment.

r D E

Our research and development expenses increased by 12.2% from RMB248.0 million in 2024 to RMB278.4 million in 2025, primarily due to an increase in employee benefit expenses resulting from an increased number of R&D personnel and increased average R&D employee remuneration.

G r A r E

Our general and administrative expenses increased by 37.1% from RMB314.8 million in 2024 to RMB431.7 million in 2025, primarily due to (i) an increase in employee benefit expenses resulting from (I) increased average employee remuneration, driven by the recruitment of employees for more specialized roles with higher remuneration packages in connection with our overseas expansion and group-level management enhancement, and (II) an increase in number of general and administrative personnel; and (ii) an increase in depreciation and amortisation, which mainly arose from the conversion of construction-in-progress at our Shenzhen, Nantong, Foshan and Sweden manufacturing bases into fixed assets, including an office facilities at our Shenzhen, Nantong and Foshan base, and certain equipment at our Sweden base.

E

Our selling expenses increased by 15.3% from RMB37.1 million in 2024 to RMB42.8 million in 2025, primarily due to an increase in employee benefit expenses resulting from increased number of employees for our sales and marketing department, driven by the expansion of our business scale and the commencement of production at our Foshan manufacturing base in 2025, which necessitated additional sales and marketing resources to support the growth in sales volume with our expanded production capacity.

A J , N

Our net share of loss remained relatively stable at RMB1.3 million in 2024 and RMB1.2 million in 2025, respectively.

F C

Our finance costs increased by 64.7% from RMB132.5 million in 2024 to RMB218.3 million in 2025, primarily due to an increase in interest expense on bank borrowings, resulting from increased borrowings mainly for construction of manufacturing bases.

I (E)/C

We recorded income tax expense of RMB36.3 million in 2024 and income tax credit of RMB22.6 million in 2025, primarily due to (i) a decrease in profit before income tax and (ii) an increase in deferred tax assets in respect of both current period losses as well as previously unrecognised losses of our Company and subsidiary, both of which are expected to generate sufficient taxable profit in future periods to recognise existing tax losses. Our effective tax rate amounted to 8.9% in 2024 and –18.8% in 2025, primarily due to the same reason.

P F

As a result of the foregoing, our profit for the year decreased by 61.4% from RMB370.7 million in 2024 to RMB143.1 million in 2025.

Our total revenue increased by 17.6% from RMB2,981.9 million in 2023 to RMB3,506.2 million in 2024, primarily due to (i) an increase in overall sales volume and (ii) an increase in proportion of sales from coated separators, which have higher average selling prices.

- Revenue from our sales of dry process separators decreased by 30.4% from RMB675.7 million in 2023 to RMB470.0 million in 2024, primarily due to a decrease in average selling price due to market competition, partially offset by an increase in sales volume resulting from orders from existing customers to support new product launch, driven by the overall growth of EV and energy storage markets.
- Revenue from our sales of wet process separators increased by 5.5% from RMB469.1 million in 2023 to RMB495.1 million in 2024, primarily due to an increase in the sale volume resulting from orders from existing customers to support new product launch, driven by the overall growth of EV and energy storage markets, partially offset by a decrease in average selling price due to market competition.

- Revenue from our sales of coated separators increased by 38.3% from RMB1,837.0 million in 2023 to RMB2,541.1 million in 2024, primarily due to an increase in sales volume as a result of (i) our expanded production capacity to better fulfil customer demand and (ii) increasing customer demand resulting from orders from existing customers to support new product launch, driven by the overall growth of EV and energy storage markets, partially offset by a decrease in average selling price due to market competition.

C

Our cost of sales increased by 49.1% from RMB1,691.5 million in 2023 to RMB2,521.9 million in 2024, primarily due to (i) an increase in raw material costs, driven by higher sales volume and a shift in product mix towards coated separators, which carry a higher unit material cost relative to dry process and wet process separators due to additional processing steps ; and (ii) an increase in depreciation and amortisation primarily due to the conversion of construction-in-progress in Nantong manufacturing base into fixed assets.

Gr Pr Gr Pr M r

As a result of the foregoing, our gross profit decreased by 23.7% from RMB1,290.4 million in 2023 to RMB984.3 million in 2024. Our gross profit margin decreased from 43.3% in 2023 to 28.1% in 2024.

- The gross profit from our sales of dry process separators decreased by 60.0% from RMB236.9 million in 2023 to RMB94.8 million in 2024. The gross profit margin of our sales of dry process separators decreased from 35.1% in 2023 to 20.2% in 2024, primarily because the decrease in the average selling prices of our products exceeded the decrease in production costs as a result of market competition.
- The gross profit from our sales of wet process separators decreased by 11.1% from RMB224.2 million in 2023 to RMB199.3 million in 2024. The gross profit margin of our sales of wet process separators decreased from 47.8% in 2023 to 40.3% in 2024, primarily because the decrease in the average selling price of our products exceeded the decrease in production costs as a result of market competition. However, such decrease was partially offset by our measures to improve efficiency, particularly the commencement of mass production of our fifth-generation super wet process production line in 2024, which delivered significant improvements in production efficiency.
- The gross profit from our sales of coated separators decreased by 16.8% from RMB829.3 million in 2023 to RMB690.1 million in 2024. The gross profit margin of our sales of coated separators decreased from 45.1% in 2023 to 27.2% in 2024, primarily because the decrease in the average selling prices of our products exceeded the decrease in production costs as a result of market competition.

O r I

Our other income decreased by 14.3% from RMB213.3 million in 2023 to RMB182.9 million in 2024, primarily due to (i) a decrease in government grants we recorded in relation to business operation, and (ii) a decrease in interest income as a result of our withdrawal of deposits to support construction of manufacturing bases.

N I r L F A

Our impairment losses recognised on financial assets increased significantly from RMB12.7 million in 2023 to RMB62.8 million in 2024, primarily due to an increase in impairment losses on trade receivables, as we made full provision for trade receivables due from one of our customers who experienced deterioration of operating conditions and filed for bankruptcy.

O r G L , N

We recognised other losses of RMB63.3 million in 2023 and other gains of RMB36.5 million in 2024, primarily because we incurred settlement expenses in relation to a litigation in 2023.

r D E

Our research and development expenses remained relatively stable at RMB242.5 million and RMB248.0 million in 2023 and 2024, respectively.

G r A r E

Our general and administrative expenses decreased by 4.8% from RMB330.9 million in 2023 to RMB314.8 million in 2024, primarily due to a decrease in professional fees in relation to a litigation that reached settlement in 2023, partially offset by an increase in employee benefit expenses as a result of increased number of general and administrative personnel and increased average general and administrative employee remuneration as our business expanded.

E

Our selling expenses remained relatively stable at RMB38.7 million and RMB37.1 million in 2023 and 2024, respectively.

r A J r , N

Our net share of loss of associates and joint venture decreased by 30.5% from RMB1.9 million in 2023 to RMB1.3 million in 2024, primarily due to the recognition of profit associated with Runmu Investment in 2024.

F C

Our finance costs increased by 37.2% from RMB96.6 million in 2023 to RMB132.5 million in 2024, primarily due to an increase in interest expense on bank borrowings resulting from increased borrowings mainly for construction of manufacturing bases.

I (E)/Cr

Our income tax expense decreased by 70.6% from RMB123.4 million in 2023 to RMB36.3 million in 2024, primarily due to a decrease in profit before income tax. Our effective income tax rates decreased from 17.2% in 2023 to 8.9% in 2024, primarily due to (i) a decrease in profit before income tax, (ii) a decrease in tax losses for which no deferred income tax assets were recognised, and (iii) the absolute amount of super deductions available in respect of qualifying research and development expenditure and equipment procurement remained broadly unchanged, which, against a significantly lower profit base, resulted in a proportionately greater reduction in the effective tax rate.

Pr F r r

As a result of the foregoing, our profit for the year decreased by 37.6% from RMB593.7 million in 2023 to RMB370.7 million in 2024.

We have historically met our working capital and other capital requirements principally from a combination of internally generated funds from our operating activities, proceeds from our equity financings and borrowings. We had cash and cash equivalents of RMB1,744.4 million, RMB2,650.8 million and RMB1,187.7 million as at 31 December 2023, 2024 and 2025, respectively. Going forward, we expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from our operations, the net [REDACTED] from the [REDACTED] and other possible equity and debt financing when appropriate. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into account the financial resources available to us, including our cash and cash equivalents on hand and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient working capital to meet our present needs and for the next 12 months from the date of this document.

The table below sets forth a summary of our consolidated statements of cash flows for the years indicated.

	B'000	B'000	B'000
Net cash flows generated from operating activities	1,134,074	368,444	752,512
Net cash flow used in investing activities	(3,791,511)	(2,444,235)	(3,269,560)
Net cash flows generated from financing activities	3,081,322	3,031,016	1,060,852
Net increase/(decrease) in cash and cash equivalents	423,885	955,225	(1,456,196)
Effect of foreign exchange rate changes, net	26,571	(48,880)	(6,887)

During the Track Record Period, we recorded prolonged cash conversion cycle. See "Risk Factors — Risks Relating to Our Business and Industry — We may be exposed to liquidity risk due to a long cash conversion cycle." Our overall cash conversion cycle, calculated by adding average inventory turnover days and average trade and notes receivables turnover days, then subtracting average trade and notes payables turnover days, was 175.2 days, 223.1 days and 234.9 days in 2023, 2024 and 2025, respectively. Such increase in our cash conversion cycle was primarily due to (i) an increase in our average trade and notes receivables turnover days from 204.4 days in 2023 to 223.6 days in 2024, primarily due to (a) prolonged customer payment cycles as intensified market competition in the battery separator industry strengthened the bargaining power of leading downstream customers, resulting in the granting of extended credit terms to key customers, and (b) longer customer acceptance cycles resulting from our product iterations and upgrades, which typically require more thorough customer testing and validation prior to payment; and (ii) a decrease in our average trade and notes payables turnover days from 109.9 days in 2023 to 73.1 days in 2024 and further to 68.7 days in 2025, primarily because we streamlined our procurement payment process. We have implemented or plan to implement a series of strategic measures to manage our prolonged cash conversion cycle with an aim to improve our overall liquidity by the end of 2026, subject to market conditions. Specifically:

- we plan to proactively engage with customers to optimise settlement methods, with a particular focus on reducing the proportion of payments made by notes and encouraging direct cash collection by customers where possible. In practice, this involves our sales and finance teams jointly reviewing the settlement arrangements with each key account on a periodic basis, identifying customers where a transition from notes to cash settlement is feasible given their financial position and our commercial relationship.
- we plan to strengthen our inventory management by aligning inventory levels more closely with actual demand, accelerating inventory turnover. We plan to conduct regular aging reviews of our inventory, and where inventory levels are identified as exceeding anticipated near-term consumption, procurement and production schedules are adjusted accordingly to prevent further build-up and to accelerate the drawdown of existing stock.
- we plan to negotiate more flexible payment terms with suppliers to ensure greater consistency between our payment schedules to suppliers and our collection periods from customers.

N C G r Fr O r A

For the year ended 31 December 2025, our net cash generated from operating activities amounted to RMB752.5 million. This amount represented our profit before income tax of RMB120.5 million and income tax paid of RMB11.5 million, adjusted for non-cash and non-operating items, and movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB864.6 million, and (ii) finance costs of RMB218.3 million. Our movements in working capital primarily comprised (i) increase in other payables and accruals of RMB321.2 million resulting from an increase in input VAT payables due to our purchase of equipment and an increase in employee benefit payables, and (ii) an increase in trade and notes payables of RMB137.4 million resulting from an increase in procurement of raw materials to meet increasing customer demand.

For the year ended 31 December 2024, our net cash generated from operating activities amounted to RMB368.4 million. This amount represented our profit before income tax of RMB407.0 million and income tax paid of RMB87.4 million, adjusted for non-cash and non-operating items, and movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB598.3 million, and (ii) finance costs of RMB132.5 million. Our movements in working capital primarily comprised increase in other payables and accruals of RMB622.5 million, mainly due to an increase in input VAT payables due to our purchase of equipment and an increase in employee benefit payables, partially offset by increase in trade and notes receivables of RMB861.0 million, mainly resulting from our revenue growth and prolonged payment cycle from our customer.

For the year ended 31 December 2023, our net cash generated from operating activities amounted to RMB1,134.1 million. This amount represented our profit before income tax of RMB717.0 million and income tax paid of RMB96.6 million, adjusted for non-cash and non-operating items, and movements in working capital. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB445.6 million, and (ii) finance costs of RMB96.6 million. Our movements in working capital primarily comprised increase in other payables and accruals of RMB647.4 million, mainly attributable to an increase in input VAT payables due to our purchase of equipment and an increase in employee benefit payables, partially offset by increase in trade and notes receivables of RMB294.2 million, which was in line with our revenue growth.

N C G r I A

For the year ended 31 December 2025, we had net cash used in investing activities of RMB3,269.6 million, mainly attributable to (i) payment and prepayment for purchase of property, plant and equipment of RMB3,737.3 million, and (ii) placement of time deposits of RMB3,002.2 million, partially offset by receipt from maturity of time deposits of RMB3,357.5 million.

For the year ended 31 December 2024, we had net cash used in investing activities of RMB2,444.2 million, mainly attributable to (i) placement of time deposits of RMB6,434.0 million, (ii) purchase of financial assets at FVTPL of RMB4,965.4 million, and (iii) payment and prepayment for purchase of property, plant and equipment of RMB4,548.6 million, partially offset by (i) receipt from maturity of time deposits of RMB8,016.3 million and (ii) proceeds from sale of financial assets at FVTPL of RMB5,512.4 million.

For the year ended 31 December 2023, we had net cash used in investing activities of RMB3,791.5 million, mainly attributable to (i) purchase of financial assets at FVTPL of RMB4,593.0 million, (ii) payment and prepayment for purchase of property, plant and equipment of RMB3,950.7 million, and (iii) placement of time deposits of RMB3,851.4 million, partially offset by (i) proceeds from sale of financial assets at FVTPL of RMB5,270.0 million and (ii) receipt from maturity of time deposits of RMB3,548.1 million.

N C G r Fr F A

For the year ended 31 December 2025, we had net cash generated from financing activities of RMB1,060.9 million, mainly attributable to (i) proceeds from bank borrowings of RMB2,829.4 million and (ii) proceeds from other borrowings of RMB2,231.0 million, partially offset by (i) repayment of bank borrowings of RMB1,742.8 million and (ii) repayment of other borrowings of RMB1,696.8 million.

For the year ended 31 December 2024, we had net cash generated from financing activities of RMB3,031.0 million, mainly attributable to (i) proceeds from bank borrowings of RMB4,442.6 million, and (ii) proceeds from other borrowings of RMB2,593.1 million, partially offset by (i) repayment of other borrowings of RMB1,418.3 million, and (ii) repayment of bank borrowings of RMB1,259.1 million.

For the year ended 31 December 2023, we had net cash generated from financing activities of RMB3,081.3 million, mainly attributable to (i) proceeds from bank borrowings of RMB1,927.0 million, and (ii) proceeds from other borrowings of RMB1,528.8 million, partially offset by (i) repayment of bank borrowings of RMB489.2 million, (ii) placement of pledged bank deposits of RMB469.1 million, and (iii) repayment of other borrowings of RMB414.7 million.

The following table sets forth our current assets and current liabilities as at the dates indicated.

	B'000	B'000	B'000	B'000
				( )
Inventories	396,864	518,063	762,381	979,934
Trade and notes receivables	1,773,249	2,376,056	2,480,060	2,469,282
Prepayments, other receivables and other assets	419,819	357,903	440,517	538,783
Amounts due from related parties	—	6	3,646	5,373
Prepaid income tax	5,023	20,483	5,441	10,767
Financial assets at FVTPL	870,638	299,367	30,001	58,593
Financial assets at FVTOCI	79,585	292,318	369,753	369,034
Restricted bank deposits[1]	145,402	485,496	571,202	408,429
Time deposits	1,983,538	541,635	233,037	720,395
Cash and cash equivalents	1,744,409	2,650,754	1,187,671	1,696,298
	[illegible]	[illegible]	[illegible]	[illegible]
Trade and notes payables	478,454	532,281	669,699	692,484
Financial liabilities at FVTPL	—	—	12,620	3,702
Contract liabilities	3,577	4,333	18,139	12,042
Other payables and accruals	899,443	1,382,915	1,015,518	1,122,044
Amounts due to related parties	119	635	994	3,887
Borrowings	2,598,947	4,105,067	5,748,288	5,832,203
Lease liabilities	3,862	18,646	24,102	27,246
Income tax payable	37,770	17,145	29,773	28,624
	[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]

(1) In September 2025, we entered into an entrusted asset management contract with licensed investment manager, Highflying Tiger Capital Management International Ltd, (the " "), an Independent Third Party, to manage a designated securities investment account for the purpose of enhancing returns on our idle capital. We retain full legal ownership of all assets under management with no encumbrance created thereover, and all investment gains or losses belong exclusively to us. The Investment Manager may invest in equities, funds and bonds in line with our investment strategies, and is entitled to a performance fee calculated by reference to net profit of the account on a semi-annual basis, which is not payable until all accumulated losses have been fully recovered. The agreement has an initial term of six months, automatically renewable, and may be terminated by us upon fifteen days' prior written notice. As at 31 December 2025, funds placed under this arrangement amounted to approximately RMB219.0 million, classified as restricted bank deposits and denominated in USD.

Our net current liabilities decreased by 67.6% from RMB1,435.4 million as at 31 December 2025 to RMB465.3 million as at 30 April 2026, primarily due to an increase in time deposits and cash and cash equivalents following an increase in non-current bank borrowings.

We intend to improve our net current liabilities position through the following measures: (i) optimising our product portfolio by gradually increasing the proportion of higher-margin products, such as wet separators and coated separators; (ii) proactively expanding our overseas markets with strong downstream demand, where selling prices are generally higher than in the domestic market, in order to improve overall product profitability; (iii) optimising our manufacturing processes, adopting lean production practices, and leveraging automation and digital technologies to improve efficiency and lower production costs; (iv) proactively engaging with customers to optimise settlement methods by reducing the proportion of payments made by notes and encouraging direct cash collection where possible, and (v) negotiate more flexible payment terms with suppliers to ensure greater consistency between our payment schedules to suppliers and our collection periods from customers.

Our financial assets at FVTPL decreased by 59.7% from RMB934.9 million as at 31 December 2023 to RMB376.3 million as at 31 December 2024, primarily due to a decrease in bank wealth management products and fund products as a result of our redemption. Our financial assets at FVTPL decreased by 66.9% from RMB376.3 million as at 31 December 2024 to RMB124.6 million as at 31 December 2025, primarily due to a decrease in bank wealth management products and structured deposits as a result of our redemption.

Our financial assets at FVTPL are subject to Level 3 fair value measurement included bank wealth management products and structured deposits and unlisted equity instruments. Details of the fair value measurement of financial assets at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including the relationship of unobservable inputs to fair value are disclosed in Note 41 of the Accountants' Report in Appendix I to this document.

We have established management systems that specify the approval authority, information disclosure, authorization management, operation processes, financial accounting, supervision and risk control procedures of our wealth management activities, so as to standardise our financial product investments. Our investment strategy is grounded in the principles of compliance, safety and effectiveness. The types of wealth management products we choose are low-risk products with high safety and good liquidity. Adhering to prudent investment principles, we conduct investment activities with an aim to improve capital utilisation efficiency and investment returns on cash assets.

Major investment decisions are subject to approval by our Board. Our Board is responsible for overseeing all significant investment activities, including reviewing and evaluating the feasibility, risks and expected returns of our investments, as well as monitoring the implementation of investment plans.

Our finance department manages fund products and wealth management portfolio based on the specific investment plans, primarily including the preparation of investment feasibility analysis, handling wealth management products, and conducting accounting procedures. We maintain oversight of wealth management products, including monitoring and evaluating the performance of wealth management products. In addition, we adhere to all applicable laws, regulations, and management policies regarding the proper disclosure of investment information.

Our senior management team possess substantial investment expertise. Our chief financial officer, Mr. Wang Hao, has 20 years of experience in financial management and corporate governance. See "Directors and Senior Management."

Following the [REDACTED], our investments in financial products will be conducted in accordance with the provisions of Chapter 14 of the Listing Rules.

Pr , r r r

Our prepayments, other receivables and other assets mainly consisted of (i) prepayment for

Our prepayments, other receivables and other assets increased by 11.3% from RMB1,699.2 million as at 31 December 2023 to RMB1,891.3 million as at 31 December 2024, primarily due to an increase in VAT recoverable resulting from an increase in purchased equipment, which led to increase in outstanding input VAT yet to be credited.

Our prepayments, other receivables and other assets decreased by 52.0% from RMB1,891.3 million as at 31 December 2024 to RMB907.6 million as at 31 December 2025, primarily due to decrease in prepayment for acquisition of non-current assets as our manufacturing base was in the equipment installation phase, resulting in less demand for purchase of equipment.

As at 30 April 2026, RMB136.2 million, or 15.0% of our prepayments, other receivables and other assets as at 31 December 2025, had been subsequently settled.

I

Our inventories primarily consisted of (i) raw materials, (ii) semi-finished goods, and (iii) finished goods. The table below sets forth a breakdown of our inventories as at the dates indicated.

	B'000	*B'000*	*B'000*
Raw materials	208,094	289,560	322,177
Semi-finished goods	128,574	111,277	168,794
Finished goods	103,282	162,885	336,641
Less: provision for impairment	(43,086)	(45,659)	(65,231)

Our inventories increased by 30.5% to RMB518.1 million as at 31 December 2024, and further increased by 47.2% to RMB762.4 million as at 31 December 2025, primarily due to our expansion in production scale to meet customer demands.

Our finished goods increased from RMB162.9 million in 2024 to RMB336.6 million in 2025, was primarily due to (i) the expansion of our production capacity which resulted in a higher volume of finished goods on hand at year end, all of which were manufactured against specific customer orders; and (ii) the commencement of vendor-managed inventory (" ") arrangements with certain overseas customer in 2025, under which a pre-agreed quantity of finished goods, jointly determined with the relevant customer by reference to its near-term demand forecasts and consumption schedules, was stored in proximity to customer's production facilities to ensure continuity of supply for customer's production operations, with revenue recognised only upon formal customer acceptance.

We closely monitor our inventory levels to maintain a reasonable level in response to changes in customer demand and fluctuations of raw material prices. As at 31 December 2023, 2024 and 31 December 2025, our provision for impairment of inventories amounted to RMB43.1 million, RMB45.7 million and RMB65.2 million, respectively, primarily relating to inventories that are obsolete, slow-moving or no longer recoverable or suitable for use in production.

We believe that the existing provisions for impairment of inventories are sufficient and that there are no impairment issues with respect to our inventories. We measure inventories at the lower of cost and net realizable value, and we assess the carrying value of inventories at each reporting date on a product-by-product basis, taking into account aging profile, latest market prices, current market conditions and customer-specific risk factors. The increase in inventories aged over one year from RMB42.2 million as at 31 December 2024 to RMB141.0 million as at 31 December 2025 was primarily attributable to (i) the inventories associated with a customer that experienced deteriorating operating conditions in 2024, for which full impairment provision had been recognised in 2024; (ii) a slowdown in turnover of certain product models due to changes in end-market demand and customer product iteration cycles, with such inventories continuing to be consumed or sold in the ordinary course of business; and (iii) strategic forward procurement of raw materials to secure supply continuity and lock in favorable input costs ahead of anticipated production requirements. We conducted a detailed product-by-product impairment assessment of all inventories aged over one year, as a result of which all inventories for which impairment indicators were identified have been either fully provisioned or written off, with the cumulative provision of RMB65.2 million as at 31 December 2025; the remaining inventories aged over one year not subject to provision have been assessed as recoverable or suitable for use in production.

The table below sets forth an ageing analysis of our inventories as at the dates indicated.

	B'000	*B'000*	*B'000*
Within one year	401,808	521,557	686,601
Over one year	38,142	42,165	141,011

The table below sets forth our average inventory turnover days for the years indicated.

Average inventory turnover days(1)	80.7	72.6	79.5

(1) Average turnover days of inventory is calculated based on the average balance of inventory divided by cost of sales for the relevant year and multiplied by the number of days during such period. Average balance of inventory is calculated by dividing the sum of inventory at the beginning and the end of the year by two.

Our average inventory turnover days remained generally stable at 80.7 days, 72.6 days and 79.5 days in 2023, 2024 and 2025, respectively.

As at 30 April 2026, RMB742.4 million, or 97.4% of our inventories as at 31 December 2025 had been sold or consumed subsequently.

Our trade and notes receivables primarily consisted of the amounts due from customers for our products in the ordinary course of business.

The table below sets forth the details of our trade and notes receivables as at the dates indicated.

	B'000	*B'000*	*B'000*
Trade receivables	1,636,279	2,120,371	1,932,048
Notes receivables	180,143	359,154	593,603
Less: allowance for impairment	(43,173)	(103,469)	(45,592)

Our trade and notes receivables increased by 34.0% to RMB2,376.1 million as at 31 December 2024, primarily due to an increase in trade receivables, which was in line with our revenue growth. Our trade and notes receivables remained relatively stable at RMB2,376.1 million as at 31 December 2024 and RMB2,480.1 million as at 31 December 2025.

Our allowance for impairment increased from RMB43.2 million as at 31 December 2023 to RMB103.5 million as at 31 December 2024, primarily due to (i) our full provision for trade receivables of RMB50.0 million in 2024 relating to one customers experienced deterioration of operating conditions, and (ii) an increase in use of commercial acceptance bills with higher credit risk by our customers.

The table below sets forth an ageing analysis of our trade receivables as at the dates indicated.

	B'000	*B'000*	*B'000*
Within one year	1,607,743	2,077,976	1,898,142
Over one year but within two years	7,675	23,687	8,624
Over two years but within three years	4,744	1,232	7,325
Over three years	16,117	17,476	17,958
[illegible]	[illegible]	[illegible]	[illegible]

We generally grant credit periods within 180 days to our customers. We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by senior management. For trade and notes receivables, we apply a simplified approach in calculating ECL and recognise a loss allowance based on lifetime ECL at the end of each reporting period for the Track Record Period. In calculating the ECL, we have established a provision matrix that is based on our historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment. See Note 3.2 of the Accountants' Report in Appendix I to this document.

We believe there is no recoverability issue for our trade receivables based on the following: (i) we have made sufficient provision for trade receivables; (ii) our evaluation of the good reputation and historical credit standing of our customers; (iii) our purchase of trade receivable insurance based on our assessment of recovery condition; and (iv) our measures to ensure the recovery of overdue receivables. These include close monitoring of long-aged receivables, maintaining regular updates on collection status, and actively engaging with customers regarding payment schedules and overdue balances.

The table below sets forth our average trade and notes receivables turnover days for the periods indicated.

Average trade and notes receivables turnover days(1)	204.4	223.6	224.1

(1) Average turnover days of trade and notes receivables is calculated based on the average balance of trade and notes receivables divided by revenue for the relevant year and multiplied by the number of days during such period. Average balance of trade and notes receivables is calculated by dividing the sum of trade and notes receivables at the beginning and the end of the year by two.

Our average trade and notes receivables turnover days increased from 204.4 days in 2023 to 223.6 days in 2024, primarily due to (i) longer customer acceptance cycles resulting from our product iterations and upgrades in line with our business growth, as updated products typically require more thorough customer testing and validation prior to payment; and (ii) prolonged customer payment cycles, as intensified market competition for battery separator industry has strengthened the bargaining power of leading downstream customers, resulting of granting of extended credit terms to key customers. In addition, the increased portion of notes receivables as a settlement instrument by our customers has extended the collection period as commercial acceptance bills typically carry maturities of three to six months from issuance. Our average trade and notes receivables turnover days remained relatively stable at 223.6 days in 2024 and 224.1 days in 2025.

As at 30 April 2026, RMB1,477.5 million, or 59.6% of our trade and notes receivables as at 31 December 2025, had been subsequently received.

N P

Our trade and notes payables primarily represented payables to our suppliers for raw materials. During the Track Record Period, our trade payables were non-interest bearing and the credit terms offered to our Group were generally within 90 days.

The table below sets forth our trade and notes payables as at the dates indicated.

	B'000	*B'000*	*B'000*
Trade payables	338,631	411,667	452,501
Notes payables	139,823	120,614	217,198
	[illegible]	[illegible]	[illegible]

Our trade and notes payables increased by 11.3% from RMB478.5 million as at 31 December 2023 to RMB532.3 million as at 31 December 2024 and further increased by 25.8% to RMB669.7 million as at 31 December 2025, primarily due to an increase in procurement of raw materials to meet increasing customer demand.

The table below sets forth an ageing analysis of our trade payables as at the dates indicated.

	B'000	*B'000*	*B'000*
Within one year	331,427	401,278	442,019
Over one year but within two years	6,324	7,418	7,142
Over two years but within three years	608	2,349	1,356
Over three years	272	622	1,984
	[illegible]	[illegible]	[illegible]

The table below sets forth the average trade and bills payables turnover days for the years indicated.

Average trade and notes payables turnover days[(1)]	109.9	73.1	68.7

(1) Average turnover days of trade and notes payables is calculated based on the average balance of trade and notes payables divided by cost of sales for the relevant year and multiplied by the number of days during such period. Average balance of trade and notes payables is calculated by dividing the sum of trade and notes payables at the beginning and the end of the year by two.

Our average trade and notes payables turnover days decreased from 109.9 days in 2023 to 73.1 days in 2024 and further decreased to 68.7 days in 2025, primarily because we streamlined our procurement payment process.

As at 30 April 2026, RMB390.6 million, or 58.3% of our trade and notes payables as at 31 December 2025, had been subsequently paid.

O r P A r

Our other payables and accruals primarily comprise (i) payables for acquisition of non-current assets, (ii) deferred government grants, (iii) settlement expenses for litigation, representing fees under our settlement agreement with a competitor who sued us for alleged infringement, illegal acquisition of trade secrets and unfair competition, (iv) endorsed notes receivable that have not been derecognized and not yet due, (v) employee benefits payables, (vi) accrued [REDACTED] expense, (vii) deposits received, representing construction guarantee deposits, (viii) other tax payables, and (ix) repurchase obligation for restricted shares. The following table sets forth a breakdown of our other payables and accruals as at the dates indicated.

	B'000	B'000	B'000
Payables for acquisition of non-current assets	577,786	1,110,936	692,736
Deferred government grants	453,920	475,458	472,202
Settlement expenses for litigation	107,657	—	—
Endorsed notes receivable that have not been derecognized and not yet due	65,512	160,350	195,399
Employee benefits payables	56,260	61,855	85,039
Accrued [REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Deposits received	21,577	15,004	15,570
Other tax payables	27,616	16,264	15,464
Repurchase obligation for restricted shares	37,781	12,456	—
Others	27,854	28,650	8,124

Our other payables and accruals increased by 36.7% from RMB1,376.0 million as at 31 December 2023 to RMB1,881.0 million as at 31 December 2024, primarily due to (i) an increase in payables for acquisition of non-current assets for manufacturing bases, and (ii) an increase in endorsed notes receivable we used to settle payments with suppliers that have not been derecognized and not yet due.

Our other payables and accruals decreased by 20.9% from RMB1,881.0 million as at 31 December 2024 to RMB1,487.7 million as at 31 December 2025, primarily due to a decrease in payables for acquisition of non-current assets as a result of the settlement with construction and equipment suppliers as the construction of our manufacturing base progressed.

As at 30 April 2026, RMB338.3 million, or 22.7% of our other payables and accruals as at 31 December 2025, had been subsequently paid.

The following table sets forth the breakdown of our indebtedness as at the dates indicated.

	B'000	B'000	B'000	B'000
Borrowings	2,598,947	4,105,067	5,748,288	5,832,203
Lease liabilities	3,862	18,646	24,102	27,246
Borrowings	3,411,636	6,278,987	6,361,445	7,481,882
Lease liabilities	37,134	299,858	281,768	265,307

As at 31 December 2023, 2024 and 2025, our Group had borrowings of RMB6,010.6 million, RMB10,384.1 million and RMB12,109.7 million, respectively, while effective interest rates range of 2.40% to 4.25%, 2.28% to 5.59% and 1.96% to 4.14% per annum, respectively.

The table below sets forth the breakdown our borrowings as at the dates indicated.

	B'000	B'000	B'000	B'000
Short-term bank borrowings	—	—	29,999	—
Advance from banks on discounted notes receivables	1,418,330	2,509,090	2,350,997	1,512,324
Current portion of long-term bank borrowings	639,686	607,622	1,300,970	1,259,405
Current portion of long-term other borrowings	—	—	171,747	195,597
Short-term bank borrowings	328,931	752,870	1,637,146	2,226,552
Current portion of long-term bank borrowings	212,000	134,000	190,050	638,325
Current portion of long-term other borrowings	—	101,485	67,379	—
Non-current portion of long-term bank borrowings .	2,843,824	5,518,518	4,213,109	5,434,901
Non-current portion of long-term other borrowings .	—	—	609,987	626,123
Non-current portion of long-term bank borrowings .	80,000	279,000	1,112,298	991,058
Non-current portion of long-term other borrowings .	487,812	481,469	426,051	429,800
. . . .				

Our secured borrowings were mainly secured by bank deposits and time deposits, trade and notes receivable, property, plant and equipment and prepaid land lease payments. See Note 30 of the Accountants' Report in Appendix I to this document.

Our bank borrowings contain standard terms, conditions and covenants that are customary for commercial bank loans. We also undertake financial covenants that require us to meet certain financial ratio requirements, such as debt ratio, interest coverage ratio and net cash flow, in our agreements. Our Directors confirm that we did not experience any difficulty in obtaining borrowings, default in payments of borrowings, or breach of covenants and we did not experience any difficulty in obtaining additional debt or equity financing due to any breaches during the Track Record Period and up to the Latest Practicable Date.

Our advances from banks on discounted notes receivable mainly represented (i) the note receivables and letters of credit discounted to banks, and (ii) factoring financing borrowings, mainly arising from intragroup transactions among members of the Group, which were eliminated in full on consolidation.

Our advances from banks on discounted notes receivables increased from RMB1,418.3 million as at 31 December 2023 to RMB2,509.1 million as at 31 December 2024, primarily to support our operation. Our advances from banks to discounted notes receivables remained relatively stable at RMB2,509.1 million in 2024 and RMB2,351.0 million in 2025, respectively.

Our other borrowings primarily comprised (i) finance leases, arising from our sale and leaseback arrangements for production equipment, and (ii) equity investments from third-party investors in certain of our subsidiaries with share repurchase options upon the investors' request.

As at 30 April 2026, the total bank facilities were RMB15,889.4 million, of which RMB9,552.4 million were utilised and RMB6,337.0 million remained available.

Since 30 April 2026 and up to the Latest Practicable Date, we did not incur any additional bank borrowings.

During the Track Record Period, our lease liabilities were primarily in relation to our leased properties and buildings used in our operations. Our lease liabilities increased from RMB41.0 million as at 31 December 2023 to RMB318.5 million as at 31 December 2024, primarily due to an increase in leased properties and building for production and operations. Our lease liabilities remained relatively stable at RMB318.5 million as at 31 December 2024 and RMB305.9 million as at 31 December 2025, respectively.

As at the Latest Practicable Date, other than as disclosed above, we did not have any other borrowings, charges, mortgages, debentures or debt securities issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, hire purchase and finance lease commitments, liabilities under acceptance, acceptance credits, any guarantees or other material contingent liabilities. Other than disclosed above, we did not have any material covenants and undertakings on outstanding debts, guarantees, pledge of key assets or other contingent obligations, and breaches during the Track Record Period and up to the Latest Practicable Date.

Other than disclosed above, since 30 April 2026 and up to the date of this document, the Directors confirm that, there had not been any material change in our indebtedness and contingent liabilities.

The following table sets forth our key financial ratios as at the dates or for the years indicated:

Gross profit margin[(1)]	43.3%	28.1%	21.7%
Net profit margin[(2)]	19.9%	10.6%	3.5%
Return on equity[(3)]	6.4%	3.7%	1.4%
Current ratio[(4)]	1.8	1.2	0.8
Liability-to-asset ratio[(5)]	44.5%	56.9%	59.1%
Gearing ratio[(6)]	60.8%	107.3%	122.4%
Interest coverage ratio[(7)]	8.4	4.1	1.6

(1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year/period and multiplied by 100%.

(2) Net profit margin was calculated based on net profit divided by revenue for the respective year/period and multiplied by 100%.

Our current ratio decreased from 1.8 as at 31 December 2023 to 1.2 as at 31 December 2024 and further decreased to 0.8 as at 31 December 2025, primarily due to an increase in borrowings mainly for construction of manufacturing bases.

Our liability-to-asset ratio increased from 44.5% as at 31 December 2023 to 56.9% as at 31 December 2024, and further increased to 59.1% as at 31 December 2025, primarily due to an increase in borrowings mainly for construction of manufacturing bases.

Our gearing ratio increased from 60.8% as at 31 December 2023 to 107.3% as at 31 December 2024, and further increased to 122.4% as at 31 December 2025, primarily due to an increase in borrowings to support the construction of our manufacturing bases and supplement our working capital.

Our interest coverage ratio decreased from 8.4 in 2023 to 4.1 in 2024 and further decreased to 1.6 in 2025, primarily due to (i) a decrease in profit before finance costs and income tax expenses resulting from an increase in cost of sales and (ii) an increase in finance costs resulting from an increase in interest expense on bank borrowings.

Our Directors confirm that each of the related party transactions set out in Note 39 of the Accountant's Report in Appendix I to this document were conducted on arm's length basis and on normal commercial terms, which are considered fair, reasonable and in the interest of our Shareholders as a whole.

For details of such transactions, please see Note 39 of the Accountants Report in Appendix I to this document.

Our capital expenditure primarily consisted of (i) payment and prepayment for purchase of property, plant and equipment related to the construction of our manufacturing bases, (ii) purchase of intangible assets, and (iii) additions to right-of-use assets. The table below sets forth our capital

Save as disclosed in Note 7 of the Accountants' Report in Appendix I to this document, as at 31 December 2023, 2024 and 2025, we did not have any other material contingent liabilities. As at the Latest Practicable Date, there have been no material changes to our contingent liabilities.

As at the Latest Practicable Date, we did not enter into any off-balance sheet transactions or arrangements.

We are exposed to various types of financial risks in the ordinary course of our business, including foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. For more information, please see Note 42 of the Accountants' Report in Appendix I to this document.

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

We are exposed to equity price risk mainly arising from listed equity investments held by us that are classified as FVTPL. To manage its price risk arising from investments, we diversify our portfolio. Diversification of the portfolio is done in accordance with the limits set by us. Each investment is managed by senior management on a case-by-case basis.

Our interest rate risk primarily arises from long-term interest-bearing borrowings, corporate bonds and lease liabilities. Long-term borrowings issued at variable rates expose us to cash flow interest rate risk. Long-term borrowings issued at fixed rates, corporate bonds and lease liabilities bearing fixed rates expose us to fair value interest rate risk.

We have been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact our performance.

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss. Our exposure to credit risk mainly arises from granting credit to customers in the ordinary course of our operations and from our investing activities.

Our maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and trade and notes receivables measured at FVTOCI as disclosed in Note 42 of the Accountants' Report in Appendix I to this document. We do not hold any collateral or other credit enhancements to cover our credit risks associated with its financial assets.

We aim to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate balances of such.

[REDACTED] expenses represent professional fees, [REDACTED] and fees incurred in connection with the [REDACTED] and the [REDACTED]. Our [REDACTED] expenses are estimated to be approximately HK$[REDACTED] (including [REDACTED]), accounted for [REDACTED]% of the gross [REDACTED] of the [REDACTED], assuming that an [REDACTED] of HK$[REDACTED] per Share (being the mid-point of the [REDACTED] stated in this document), among which, approximately HK$[REDACTED] is directly attributable to the issuance of Shares and will be charged to equity upon completion of the [REDACTED], and approximately HK$[REDACTED] has been or will be charged to our consolidated statement of comprehensive income. The [REDACTED] expenses we expect to incur would consist of (i) approximately HK$[REDACTED] [REDACTED] related expenses and fees (including [REDACTED], SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), and (ii) approximately HK$[REDACTED] non-[REDACTED]-related expenses and fees (including (a) fees and expenses of legal advisers and accountants of approximately HK$[REDACTED] and (b) other fees and expenses of HK$[REDACTED]).

The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

The Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

Please refer to " . _ *EDAC ED F. . I.* . " set out in Appendix II to this document.

At the 23rd meeting of the Board of Directors held on 24 March 2026, the Company approved the proposal on the registration and issuance of Science and Technology Innovation Bonds. The Company intends to apply to the National Association of Financial Market Institutional Investors (NAFMII) for registration to issue Science and Technology Innovation Bonds with an aggregate principal amount not exceeding RMB1.5 billion. The Company will determine the timing and frequency of issuance (whether in a single tranche or multiple tranches) within the registered amount and validity period based on its actual funding requirements and prevailing market conditions. The final registered amount shall be as specified in the registration notice issued by NAFMII.

The Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since 31 December 2025, and there is no event since 31 December 2025 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.

For a description of our unaudited financial information for the three months ended 31 March 2026, please refer to "Summary — Recent Development and No Material Adverse Change — Unaudited Financial Information for the Three Months Ended 31 March 2026."

See "Business — Our Strategies" for a detailed description of our future plans.

Assuming the [REDACTED] is HK$[REDACTED] per [REDACTED] (being the midpoint of the [REDACTED] Range stated in this document), after deducting [REDACTED], fees, and estimated expenses payable by us in connection with the [REDACTED], we estimate that the net [REDACTED] we receive from the [REDACTED] will be approximately HK$[REDACTED].

We intend to use the net [REDACTED] for the following purposes, subject to adjustments based on our ongoing business needs and changing market conditions:

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enhancing our global competitiveness. Taking the above into consideration, we plan to actively expand our international presence through construction of the following overseas facilities:

- o approximately [REDACTED]%, or HK$[REDACTED], of the net [REDACTED] is planned to be allocated for the construction of our Malaysia manufacturing base, specifically for the procurement of necessary equipment. See "Business — Manufacturing — Planned Manufacturing Facilities" for details of our Malaysia manufacturing base. The total investment for the Malaysia manufacturing base is approximately HK$5,580.7 million, with a total construction period of approximately three years. The primary raw materials for our Malaysian manufacturing base will be sourced from Chinese Mainland and certain overseas countries, such as Korea. We expect minimal barriers or additional costs for importing materials since there are relevant trade agreement between Chinese Mainland and Malaysia, a member of the Association of Southeast Asian Nations (ASEAN). We believe that this investment will increase our overseas production capacity and thereby accelerate our overseas market penetration. As at 31 December 2025, approximately HK$3,791.3 million has been invested in the relevant construction. The additional funding required for the construction will be sourced from the proceeds of the Global Depository Receipts ("   ") issuance, secured particularly in markets demonstrating strong growth potential or complementing our existing operations, (iv) a scale of operations conducive to meaningful synergies, and (v) robust financial performance as evidenced by revenue growth, profitability, and operational stability. According to Frost & Sullivan, while high-quality targets that meet these criteria are limited due to the niche and rapidly evolving nature of these sectors, opportunities exist because emerging innovative companies continually enter the market. In terms of investment approach, we plan to retain flexibility by considering both majority and minority equity stakes, acquired either through direct acquisitions or collaborative arrangements, such as joint ventures or strategic partnerships, depending on the suitability and negotiation outcome with specific target company. The proposed investments are initially expected to increase the Group's cost due to up-front outlays and integration costs. However, over the medium to long term, these investments are intended to enhance the Group's operational efficiency, diversify revenue streams and enable greater access to advanced technologies, which is anticipated to support sustainable cost competitiveness and maintain overall cost discipline. As at the Latest Practicable Date, we have not yet identified any suitable target for such investment.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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We report on the historical financial information of Shenzhen Senior Technology Material Co., Ltd. (the "**C**") and its subsidiaries (together, the "**G**") set out on pages I-[4] to I-[•], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025 the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "") and material accounting policy information and other explanatory information (together, the "**H F I**"). The Historical Financial Information set out on page I-[4] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**D**") in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

D ' H F I

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable

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Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKIC A**"). This standard requires that we

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In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[4] have been made.

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We refer to Note [12] to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

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Practising Certificate Number: [•]
Hong Kong
[Date]

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Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (“**IA B**”) and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by IAASB (“**F**”).

The Historical Financial Information is presented in Renminbi (“**B**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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		31 D		
		2023	**2024**	**2025**
		B'000	*B'000*	*B'000*
Revenue	5	2,981,863	3,506,153	4,076,845
Cost of sales	8	(1,691,456)	(2,521,858)	(3,193,640)
G		1,290,407	984,295	883,205
Other income	6	213,294	182,866	183,947
Net impairment losses (recognised)/reversed on financial assets		(12,729)	(62,760)	7,038
Other (losses) and gains, net	7	(63,312)	36,478	18,627
Research and development expenses	8	(242,464)	(248,024)	(278,380)
General and administrative expenses	8	(330,869)	(314,837)	(431,709)
Selling expenses	8	(38,728)	(37,112)	(42,805)
Share of results of associates and joint venture, net		(1,940)	(1,349)	(1,200)
Finance costs	10	(96,611)	(132,538)	(218,260)
		717,048	407,019	120,463
Income tax (expense)/credit	11	(123,353)	(36,311)	22,647
		593,695	370,708	143,110
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Owners of the Company		576,330	363,826	105,652
Non-controlling interests		17,365	6,882	37,458
		593,695	370,708	143,110
/( ) ,				
I				
Translation of financial statements of foreign operations, net of tax		59,130	(75,660)	318,551
I				
Fair value changes of equity investments designated at fair value through other comprehensive income		—	—	12,047
		59,130	(75,660)	330,598
		652,825	295,048	473,708
:				
Owners of the Company		635,460	288,166	436,250
Non-controlling interests		17,365	6,882	37,458
		652,825	295,048	473,708
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Basic (in RMB per share)		0.45	0.27	0.08
Diluted (in RMB per share)		0.45	0.27	0.08

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		A 31 D		
		2023	**2024**	**2025**
		B'000	*B'000*	*B'000*
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-				
Property, plant and equipment	14	8,570,012	13,009,505	16,932,017
Right-of-use assets	15(a)	591,537	850,810	886,508
Intangible assets	16	5,276	7,844	20,936
Investment properties	17	—	—	135,551
Investments in associates and joint venture	18	5,118	49,589	22,571
Financial assets at fair value through profit or loss	19(a)	64,212	76,982	94,598
Financial assets at fair value through other comprehensive income	20	—	—	30,863
Time deposits	25	—	51,562	52,525
Prepayments, other receivables and other assets	23	1,279,387	1,533,439	467,090
Deferred income tax assets	27	11,393	23,723	66,742
		10,526,935	15,603,454	18,709,401
C				
Inventories	21	396,864	518,063	762,381
Trade and notes receivables	22	1,773,249	2,376,056	2,480,060
Prepayments, other receivables and other assets	23	419,819	357,903	440,517
Amounts due from related parties	39(c)	—	6	3,646
Prepaid income tax		5,023	20,483	5,441
Financial assets at fair value through profit or loss	19(a)	870,638	299,367	30,001
Financial assets at fair value through other comprehensive income	20	79,585	292,318	369,753
Restricted bank deposits	24	145,402	485,496	571,202
Time deposits	25	1,983,538	541,635	233,037
Cash and cash equivalents	26	1,744,409	2,650,754	1,187,671
		7,418,527	7,542,081	6,083,709
C				
Trade and notes payables	28	478,454	532,281	669,699
Financial liabilities at fair value through profit or loss	19(b)	—	—	12,620
Contract liabilities		3,577	4,333	18,139
Other payables and accruals	29	899,443	1,382,915	1,015,518
Amounts due to related parties	39(c)	119	635	994
Borrowings	30	2,598,947	4,105,067	5,748,288
Lease liabilities	15(b)	3,862	18,646	24,102
Income tax payable		37,770	17,145	29,773
		4,022,172	6,061,022	7,519,133
/( )		3,396,355	1,481,059	(1,435,424)
		13,923,290	17,084,513	17,273,977

		A 31 D		
		2023	**2024**	**2025**
		B'000	*B'000*	*B'000*
-				
Other payables and accruals	29	476,520	498,058	472,202
Borrowings	30	3,411,636	6,278,987	6,361,445
Lease liabilities	15(b)	37,134	299,858	281,768
Deferred income tax liabilities	27	39,223	36,488	17,810
		3,964,513	7,113,391	7,133,225
		9,958,777	9,971,122	10,140,752
E I				
Share capital and treasury shares	31	1,255,985	1,280,192	997,366
Reserves	33	8,537,690	8,518,946	8,933,944
Equity attributable to owners of the Company		9,793,675	9,799,138	9,931,310
Non-controlling interests		165,102	171,984	209,442
		9,958,777	9,971,122	10,140,752

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		A 31 D		
		2023	2024	2025
		B'000	*B'000*	*B'000*
A E A D LIABILI IE				
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Property, plant and equipment	14	838,139	842,682	649,965
Right-of-use assets	15(a)	57,811	61,998	56,889
Intangible assets	16	3,289	2,598	4,174
Investment properties	17	—	—	135,551
Investments in associates and joint venture	18	5,118	49,589	22,571
Investments in subsidiaries	37	4,502,627	4,783,627	8,433,200
Financial assets at fair value through profit or loss	19(a)	63,912	76,682	94,298
Financial assets at fair value through other comprehensive income	20	—	—	30,863
Time deposits	25	—	20,864	21,113
Prepayments, other receivables and other assets	23	195,397	175,953	74,723
Deferred income tax assets	27	—	2,850	22,297
		5,666,293	6,016,843	9,545,644
C				
Inventories	21	77,818	82,864	30,359
Trade and notes receivables	22	1,164,844	1,660,434	1,337,664
Prepayments, other receivables and other asset	23	18,438	28,807	41,431
Amounts due from subsidiaries and related parties	39(c)	1,160,218	4,241,550	3,113,750
Prepaid income tax		5,023	4,480	1,815
Financial assets at fair value through profit or loss	19(a)	810,280	229,367	30,001
Financial assets at fair value through other comprehensive income	20	55,007	266,001	325,845
Restricted bank deposits	24	81,927	437,654	186,802
Time deposits	25	1,781,762	50,797	111,800
Cash and cash equivalents	26	1,029,618	995,122	257,117
		6,184,935	7,997,076	5,436,584
C				
Trade and notes payables	28	225,970	89,250	159,190
Financial liabilities at fair value through profit or loss	19(b)	—	—	12,591
Contract liabilities		3,273	3,901	2,062
Other payables and accruals	29	268,345	114,026	70,511
Amounts due to subsidiaries and related parties	39(c)	2,474,270	4,404,438	4,239,652
Borrowings	30	351,425	702,489	1,565,784
Lease liabilities	15(b)	—	2,655	2,752
		3,323,283	5,316,759	6,052,542
/( )		2,861,652	2,680,317	(615,958)
		8,527,945	8,697,160	8,929,686

		A 31 D		
		2023	**2024**	**2025**
		B’000	*B’000*	*B’000*
-				
Other payables and accruals	29	48,762	56,520	52,546
Borrowings	30	310,000	469,000	1,022,500
Lease liabilities	15(b)	—	4,166	1,414
		358,762	529,686	1,076,460
		8,169,183	8,167,474	7,853,226
E I				
Share capital and treasury shares	31	1,255,985	1,280,192	997,366
Reserves	33	6,913,198	6,887,282	6,855,860
		8,169,183	8,167,474	7,853,226

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			C				-	-	
	B'000	B'000	B'000	B'000	B'000	B'000	B'000	B'000	B'000
	31	31	(( ))	(( ))	(( ))				
A 1 J 2023	1,280,806	(100,566)	5,663,210	(559)	97,712	1,494,759	8,435,362	147,737	8,583,099
Profit for the year	—	—	—	—	—	576,330	576,330	17,365	593,695
Other comprehensive income for the year	—	—	—	59,130	—	—	59,130	—	59,130
	—	—	—	59,130	—	576,330	635,460	17,365	652,825
Appropriation of statutory reserve	—	—	—	—	11,782	(11,782)	—	—	—
Dividends declared *(12)*	—	—	—	—	—	(127,931)	(127,931)	—	(127,931)
Revocable dividends attributable to restricted shareholders	—	524	—	—	—	—	524	—	524
Share-based compensation expenses *(32)*	—	—	4,712	—	—	—	4,712	—	4,712
Issue, repurchase and release of shares under restricted stock incentive schemes *(31)*	877	10,920	9,389	—	—	—	21,186	—	21,186
Private placement *(31)*	63,424	—	760,938	—	—	—	824,362	—	824,362
A 31 D 2023	1,345,107	(89,122)	6,438,249	58,571	109,494	1,931,376	9,793,675	165,102	9,958,777

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	. 31	. 31	(. ( ))	(. ( ))	(. ( ))				
A 1 J 2024	1,345,107	(89,122)	6,438,249	58,571	109,494	1,931,376	9,793,675	165,102	9,958,777
Profit for the year	—	—	—	—	—	363,826	363,826	6,882	370,708
Other comprehensive loss for the year	—	—	—	(75,660)	—	—	(75,660)	—	(75,660)
( )/	—	—	—	(75,660)	—	363,826	288,166	6,882	295,048
Appropriation of statutory reserve	—	—	—	—	28,099	(28,099)	—	—	—
Dividends declared *(12)*	—	—	—	—	—	(295,382)	(295,382)	—	(295,382)
Revocable dividends attributable to restricted shareholders	—	697	—	—	—	—	697	—	697
Share-based compensation expenses *(32)*	—	—	11,982	—	—	—	11,982	—	11,982
Issue and repurchase of shares under restricted shares incentive schemes*(31)*	(2,150)	25,660	(23,510)	—	—	—	—	—	—
A 31 D 2024	1,342,957	(62,765)	6,426,721	(17,089)	137,593	1,971,721	9,799,138	171,984	9,971,122
A 1 J 2025	1,342,957	(62,765)	6,426,721	(17,089)	137,593	1,971,721	9,799,138	171,984	9,971,122
Profit for the year	—	—	—	—	—	105,652	105,652	37,458	143,110
Other comprehensive income for the year	—	—	—	330,598	—	—	330,598	—	330,598
Total comprehensive income for the year	—	—	—	330,598	—	105,652	436,250	37,458	473,708
Dividends declared *(12)*	—	—	—	—	—	(66,595)	(66,595)	—	(66,595)
Share-based compensation expenses *(32)*	—	—	39,906	—	—	—	39,906	—	39,906
Repurchase and cancellation of shares under restricted shares incentive schemes *(31)*	(1,065)	11,989	(10,924)	—	—	—	—	—	—
Repurchase of shares *(31)*	—	(299,982)	—	—	—	—	(299,982)	—	(299,982)
Issue of shares under restricted shares incentive schemes *(31)*	6,232	—	16,361	—	—	—	22,593	—	22,593
A 31 D 2025	1,348,124	(350,758)	6,472,064	313,509	137,593	2,010,778	9,931,310	209,442	10,140,752

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(a) Capital reserve mainly includes share premium and other reserve recognised under the share-based payment.

(b) Other comprehensive income reserve is the reserve due to the translation of financial statements of foreign operations and fair value changes of equity investments designated at fair value through other comprehensive income.

(c) It represents the statutory reserve of the company in the People's Republic of China (the " **C**").

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	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Profit before income tax	717,048	407,019	120,463
Adjustments for:			
Share of results of associates and joint venture, net	1,940	1,349	1,200
Depreciation of property, plant and equipment *(14)*	445,559	598,297	864,575
Depreciation of right-of-use assets *(15)*	4,485	9,534	17,735
Amortisation of intangible assets *(16)*	1,397	1,489	2,953
Investment income from financial assets at fair value through profit or loss *(7)*	(38,720)	(20,175)	(85,995)
Net fair value (gains)/losses on financial assets and liabilities at fair value through profit or loss *(7)*	(3,636)	9,666	(6,418)
Net losses on disposal of property, plant and equipment *(7)*	850	2,248	18,946
Impairment loss on property, plant and equipment *(7)*	—	—	30,447
Net impairment losses recognised on inventories *(8)*	19,142	3,242	17,286
Loss due to inventory write-off *(7)*	—	—	29,709
Finance costs *(10)*	96,611	132,538	218,260
Net impairment losses recognised/(reversed) on trade and notes receivables and other receivables	12,729	62,760	(7,038)
Share-based payment expenses *(32)*	4,811	11,982	39,906
Amortisation of deferred government grants *(6)*	(26,720)	(33,844)	(53,266)
Net foreign exchange gains *(7)*	(1,019)	(27,138)	(11,390)
Operating profit before working capital change	1,234,477	1,158,967	1,197,373
Increase in trade and notes receivables	(294,150)	(861,047)	(175,236)
Increase in prepayments and other receivables	(163,972)	(395,356)	(437,044)
Increase in inventories	(132,650)	(123,772)	(293,599)
Increase/(decrease) in trade and notes payables	(61,650)	53,827	137,421
Increase in other payables and accruals	647,395	622,516	321,247
Increase in contract liabilities	1,228	756	13,806
C	1,230,678	455,891	763,968
Income tax paid	(96,604)	(87,447)	(11,456)
	1,134,074	368,444	752,512

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
I			
Payment and prepayment for purchase of property, plant and equipment	(3,950,726)	(4,548,570)	(3,737,322)
Proceeds from disposal of property, plant and equipment — net	49	16,710	2,996
Purchase of intangible assets	(293)	(4,058)	(16,038)
Additions to right-of-use assets	(258,750)	—	(27,566)
Investment income received from wealth management products and structured deposit	44,590	22,010	3,740
Investments in associates and joint venture	—	(45,820)	(16,580)
Proceeds from liquidation of an associate	—	—	42,398
Receipt from maturity of time deposits	3,548,064	8,016,310	3,357,487
Placement of time deposits	(3,851,445)	(6,434,001)	(3,002,166)
Proceeds from sale of financial assets at fair value through profit or loss	5,270,000	5,512,400	2,658,170
Purchase of financial assets at fair value through profit or loss	(4,593,000)	(4,965,400)	(2,515,434)
Prepayment and payment for equity instruments investment	—	(13,816)	(5,000)
Placement of deposits for financial liabilities at fair value through profit or loss	—	—	(14,245)
	(3,791,511)	(2,444,235)	(3,269,560)

		31 D		
		2023	**2024**	**2025**
		B’000	*B’000*	*B’000*
F				
Proceeds from issue of shares		824,362	—	22,593
Proceeds from issue of restricted shares		10,801	—	—
Repurchase of restricted shares		(535)	(25,660)	(12,456)
Proceeds from bank borrowings	36	1,927,016	4,442,584	2,829,402
Repayment of bank borrowings	36	(489,176)	(1,259,051)	(1,742,848)
Interest paid	36	(154,279)	(245,492)	(264,781)
Proceeds from other borrowings	36	1,528,786	2,593,090	2,230,950
Repayment of other borrowings	36	(414,671)	(1,418,330)	(1,696,834)
Principal portion of lease payments	36	(2,402)	(7,494)	(69,464)
Dividends paid to the owners of the Company		(127,931)	(295,382)	(66,595)
Payment on repurchase of shares		—	—	(299,983)
Payments of [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Receipt from maturity of pledged bank deposits		448,428	141,940	1,459,251
Placement of pledged bank deposits		(469,077)	(895,189)	(1,311,348)
		3,081,322	3,031,016	1,060,852
/( )		423,885	955,225	(1,456,196)
Cash and cash equivalents at beginning of year		1,293,953	1,744,409	2,650,754
Effect of foreign exchange rate changes, net		26,571	(48,880)	(6,887)
C	26	1,744,409	2,650,754	1,187,671

II. E HE HI ICAL FI A CIAL I F A I

1. GE E AL I F A I

The Company was a limited liability company incorporated in the PRC on 17 September 2003 and changed to a joint stock limited company on 3 September 2008. The Company's A shares are listed on Shenzhen Stock Exchange on 1 November 2016. The address of the Company's registered office and its principal place of business is Gongming office, Guangming District, Shenzhen City, Guangdong Province, Tianyuan Road North, the PRC.

During the Track Record Period, the Company and its subsidiaries are principally engaged in the research and development, production and sales of lithium-ion battery separators applied in the field of new energy, new materials and new energy vehicles.

The Company has a diversified shareholder structure. Among them, as a natural person shareholder, Chen Xiufeng holds 12.65% of the company's shares and is the largest individual shareholder of the company. In this Historical Financial Information, certain English name of the companies referred herein represent the management's best effort to translate the Chinese name of the companies as no English name has been registered.

2. BA I F E E A I A D E A A I

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards ("**IF** ") and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

As at 31 December 2025, the Group had net current liabilities of approximately RMB1,435,424,000. Based on the working capital forecast of the Group for the next twelve months, taking into account the financial resources available to the Group, including existing cash and cash equivalents, unutilised bank credits (Note 30), the directors of the Company (the "**D** ") are of the opinion that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the date of this report. Accordingly, the Directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimat

3.1 I ED B E EFFEC I E IF ACC I G A DA D

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards — Volume 11[1]
Amendments to IAS 21	Translation to Hyperinflationary Presentation Currency[2]

1 Effective for accounting periods beginning on or after 1 January 2026
2 Effective for accounting periods beginning on or after 1 January 2027
3 Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all the new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

IF 18 D F

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after 1 January 2027, with early application permitted. The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statements of comprehensive income.

3.2 A E IAL ACC I G LIC I F A I

B

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated balance sheets, respectively.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

F

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from there translation of monetary assets and liabilities at the end of the reporting period are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e., only translated using the exchange rates at the transaction date). Wh

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Properties and buildings	20–40 years
Machinery	5–10 years
Transportation equipment	10 years
Administrative equipment	5–10 years
Experiments and other equipment	5–10 years

The land purchased by the Group overseas with permanent property rights is recognised as freehold land and is not depreciated.

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

- -

Accounting policies of right-of-use assets (other than prepaid lease payments) are set out in "Leases" below.

Prepaid land lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of assets.

I

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Software	5 years

The assets' amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Intangible assets are tested for impairment as described in "Impairment of non-financial assets" below.

I

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognised as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognised as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

F

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

F

C

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“**F L**”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

— amortised cost;

— FVTPL; or

— Fair value through other comprehensive income (“**F CI**”).

The classification is determined by both:

— the Group’s business model for managing the financial asset; and

— the contractual cash flow characteristics of the financial asset.

Debt instruments

<u>Financial assets at amortised cost</u>

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

— they are held within a business model whe

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "other comprehensive income reserve" in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "other comprehensive income reserve" will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other income" in profit or loss.

I r

IFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included cash and bank deposits, trade receivables, notes receivables, and other financial assets measured at amortised cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this general model approach, a distinction is made between:

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

C

Cash and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

For trade and notes receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each year for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade and notes receivables with significant outstanding balances which are assessed individually, the remaining trade and notes receivables have been grouped based on shared credit risk characteristics.

For notes receivables measured at FVTOCI, the Group assumes that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

— an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating,

— significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

— existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and

— an actual or expected significant deterioration in the operating results of the debtor.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade and notes receivables, contract assets, other financial assets measured at amortised cost and trade and notes receivables measured at FVTOCI are set out in Note 42.

F

C

The Group's financial liabilities include trade and notes payables, other payables and accruals, borrowings, financial liability at FVTPL and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in "Leases" below.

F F L

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

— it has been acquired principally for the purpose of repurchasing it in the near term; or

— on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

— it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

B

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

,

Trade and notes payables, other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

I

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of semi-finished goods and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

C

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 26.

L

D Gr

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

[illegible]

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each year for the Track Record Period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling the contract (which includes both incremental costs and an allocation of other costs that relate directly to fulfilling that contract).

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

Revenue mainly arises from sales of lithium-ion battery separator;

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for domestic sale of goods is recognised when the Group has delivered the products to the customers in accordance with the contract terms and has received acceptance and other proof of receipt from the customers.

Revenue for overseas sale of goods is recognised when the Company has obtained export-related documents such as the customs declaration form after completing export customs clearance and shipping the goods offshore.

G

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

I -

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets; and
- The Company's investments in subsidiaries, associates and joint venture.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

E

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

H

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed is incurred.

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

The Group operates share-based compensation plans for remuneration of its employees including share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the "capital reserve" in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

B

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

A

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint venture, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred income tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each year for the Track Record Period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

— income or loss excluding reversals of temporary differences; and

— reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The Group presents deferred income tax assets and deferred income tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:

   (i) the same taxable entity; or

   (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. C I ICAL ACC I G E I A E A D J DGE E

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

I

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking estimates at the end of each year for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 42.

I

Inventories are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

F F L

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each year for the Track Record Period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value is disclosed in Note 41.

I

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from the Group in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Group recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management's judgements and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

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As disclosed in Note 32, the Group granted shares to the Group's employees, which are viewed as share-based payment transaction in substance. These transactions resulted in the recognition of Share-based compensation expenses.

The directors of the Company calculate the fair value of each awarded restricted shares based on the most recent transaction price of the Company's shares at the grant date. Significant estimate on assumptions was made based on management's best estimates.

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Property, plant and equipment, intangible assets with finite useful lives and right-of-use assets are stated at costs less accumulated depreciation or amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying amount of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

L E

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IB** ") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

5. E E E A D EG E I F A I

The Group's principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group derives revenue from the transfer of goods at a point in time were analysed as follows:

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
— Sale of lithium-ion battery separators	2,981,863	3,506,153	4,076,845

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of lithium-ion battery separators such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "**C D** "). The Group's management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group's result and financial position as a whole, major customers and geographic information are presented.

G

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
— Mainland China	2,512,646	3,105,179	3,508,624
— Other countries/regions	469,217	400,974	568,221
	2,981,863	3,506,153	4,076,845

The geographical location of the Group's non-current assets (excluding deferred income tax assets and financial assets), mainly comprised of the property, plant and equipment, is based on the physical location of these assets. As at the end of each year for the Track Record Period, the geographical location of the Group's non-current assets are as follows.

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
- ( )			
— Mainland China	9,613,343	11,573,991	10,903,647
— Sweden	818,411	1,804,924	2,700,168
— Malaysia	—	1,418,128	3,879,108
— the United States	—	395,430	864,138
— Other countries/regions	19,576	258,714	117,612
	10,451,330	15,451,187	18,464,673

I

Revenue derived from customers individually contributed over 10% of the Group's revenue during the Track Record Period is as follows:

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Customer A	795,237	460,389	510,900
Customer B	N/A*	N/A*	669,491
Customer C	367,031	373,020	453,785
Customer D	N/A*	N/A*	474,778
	1,162,268	833,409	2,108,954

* The corresponding revenue for the customer didn't contribute over 10% of the total revenue of the Group during the year.

The group of entities under common control of a reporting entity are considered as a single customer.

6. HE I C E

	31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
Government grants *( )*	101,801	84,463	99,736
Value-added tax (VAT) reduction	8,800	11,330	7,471
Interest income	88,776	66,283	55,344
Rental income	6,513	13,045	14,079
Others	7,404	7,745	7,317
	213,294	182,866	183,947

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During the Track Record Period, government grants without unfulfilled condition or contingencies were approximately RMB75,081,000, RMB50,619,000 and RMB46,470,000, respectively.

During the Track Record Period, the amount of amortisation of deferred government grants were approximately RMB26,720,000, RMB33,844,000, and RMB53,266,000, respectively.

7. HE GAI A D (L E), E

	31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
Investment income of financial assets at FVTPL	38,720	20,175	85,995
Net foreign exchange gains	1,019	27,138	11,390
Net fair value gains/(losses) on financial assets and liabilities at FVTPL	3,636	(9,666)	6,418
Net losses on disposal of property, plant and equipment	(850)	(2,248)	(18,946)
Loss on write-off of inventories	—	—	(29,709)
Settlement expenses for litigation *( )*	(107,657)	—	—
Impairment loss on property, plant and equipment *(14)*	—	—	(30,447)
Others	1,820	1,079	(6,074)
	(63,312)	36,478	18,627

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Prior to the Track Record Period, the Group and its subsidiaries received litigations against them in the United States ("US") and the United Kingdom ("UK") by a competitor for alleged infringement, illegal acquisition of trade secrets, and unfair competition. The competitor requested the US and UK courts to grant injunction for the Group from selling related products in the relevant markets and to determine appropriate compensation based on the judgement. The Group has also filed charges of infringement and unfair competition against this and other competitors in the Chinese courts.

In order to avoid lengthy legal proceedings occupying the resources of the Group and hindrance in the Group's normal business development in the relevant markets, settlement agreement was finally reached with the competitor and where the Group would pay the competitor approximately USD15 million, (RMB107,657,000 in equivalent), and all parties completed the withdrawal of all legal proceedings in November 2023 and mutually authorised the use of relevant intellectual property rights, the settlement was paid in April 2024.

8. E E E B A E

Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses are analysed as follows:

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Raw materials consumed and sales/consumption of finished goods and semi-finished goods	803,792	1,363,975	1,503,954
Depreciation of property, plant and equipment *(, 14)*	445,559	598,297	864,575
Depreciation of right-of-use assets *(, 15)*	4,485	9,534	17,735
Amortisation of intangible assets *(, 16)*	1,397	1,489	2,953
Net impairment losses recognised on inventories	19,142	3,242	17,286
Employee benefit expenses	467,325	514,137	721,473
Share-based payment expenses *(, 9)*	4,811	11,982	39,906
Energy and fuel costs	236,767	318,246	444,705
Logistics fees	49,944	75,166	72,772
Official and travel expenses	53,093	52,394	55,837
Tax and surcharges	28,256	34,964	47,877
Legal and professional fees	116,643	34,388	37,065
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Auditor's remuneration	1,800	1,800	1,800
Others	70,503	102,217	117,622
	2,303,517	3,121,831	3,946,534

9. E L EE BE EFI E E E

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Salaries, allowances, discretionary bonuses and benefits in kind	549,432	637,713	821,648
Retirement scheme contributions	29,866	38,404	44,451
Share-based compensation expenses	4,811	11,982	39,906
	584,109	688,099	906,005

( ) D ', ' '

Directors', chief executive's and supervisors' emoluments for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	F			-	
	B'000	*B'000*	*B'000*	*B'000*	*B'000*
31 D 2023					
E					
Prof. Chen Xiufeng (Chief executive)	—	2,313	37	—	2,350
Mr. Wang Changhong *(( ))*	—	1,229	30	47	1,306
Mr. Wang Yongguo *(( ))*	—	254	—	42	296
Mr. Zhu Bide	—	80	—	—	80
Dr. ZHANG XIAOMIN *(( ))*	—	1,076	17	—	1,093
Mr. Liu Rui *(( ))*	—	872	32	48	952
I -					
Dr. Ju Xuecheng *(( ))*	80	—	—	—	80
Mr. Wang Wenguang *(( ))*	80	—	—	—	80
Dr. Lin Zhiwei	80	—	—	—	80
Ms. Sun Zhenzhen *(( ))*	—	—	—	—	—
Mr. Ding Zhiqiang	—	267	—	—	267
Mr. Li Bo	—	549	20	—	569
Ms. He Yanli	—	323	12	—	335
	240	6,963	148	137	7,488

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	F				
	B'000	*B'000*	*B'000*	*B'000*	*B'000*
31 D 2024					
E					
Prof. Chen Xiufeng (Chief executive)	—	2,442	52	—	2,494
Mr. Zhu Bide	—	80	—	—	80
Dr. ZHANG XIAOMIN	—	1,272	19	—	1,291
Mr. Liu Rui	—	1,424	29	475	1,928
I -					
Dr. Ju Xuecheng *(. (·))*	53	—	—	—	53
Dr. Tang Changjiang *(. ( ))*	20	—	—	—	20
Dr. Lin Zhiwei	80	—	—	—	80
Ms. Sun Zhenzhen *(. ( ))*	80	—	—	—	80
Mr. Ding Zhiqiang	—	639	—	—	639
Mr. Li Bo	—	309	21	—	330
Ms. He Yanli	—	387	13	—	400
	233	6,553	134	475	7,395
31 D 2025					
E					
Prof. Chen Xiufeng (Chief executive)	—	1,622	57	—	1,679
Mr. Zhu Bide	—	80	—	—	80
Dr. ZHANG XIAOMIN	—	1,165	20	—	1,185
Mr. Liu Rui *(. ( ))*	—	399	15	445	859
Dr. Xu Liqiang *(. ( ))*	—	397	15	(163)	249
I -					
Dr. Tang Changjiang *(. ( ))*	80	—	—	—	80
Dr. Lin Zhiwei	80	—	—	—	80
Ms. Sun Zhenzhen	80	—	—	—	80
Mr. Ding Zhiqiang *(. (·))*	—	52	—	—	52
Mr. Li Bo *(. (·))*	—	168	11	—	179
Ms. He Yanli *(. (·))*	—	141	7	—	148
	240	4,024	125	282	4,671

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(a) Mr. Wang Changhong resigned as an executive director of the Company upon expiry of his term of office on 29 December 2023;

(b) Mr. Wang Yongguo resigned as an executive director of the Company upon expiry of his term of office on 29 December 2023;

(c) Dr. ZHANG XIAOMIN was appointed as an executive director of the Company on 29 December 2023;

(d) Mr. Liu Rui was appointed as an executive director of the Company on 29 December 2023 and resigned on 19 June 2025;

(e) Mr. Wang Wenguang resigned as an independent non-executive director of the Company upon expiry of his term of office on 29 December 2023;

(f) Ms. Sun Zhenzhen was appointed as an independent non-executive director of the Company on 29 December 2023;

(g) Dr. Ju Xuecheng resigned as an independent non-executive director of the Company upon expiry of his term of office on 7 August 2024;

(h) Dr. Tang Changjiang was appointed as an independent non-executive director of the Company on 29 September 2024;

(i) Dr. Xu Liqiang was appointed as an executive director of the Company on 19 June 2025;

(j) Pursuant to the latest regulations of the China Securities Regulatory Commission ("**C C**"), the Company passed a resolution at general meeting held on 3 June 2025 to abolish the supervisory committee of the Company effective immediately.

( ) F

During the years ended 31 December 2023, 2024 and 2025, the five highest paid individuals included 1, 2 and 1 directors, respectively, whose emoluments are reflected in Note 9(b) above. The aggregate emoluments payable to the remaining 4, 3 and 4 individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Salaries, allowances, discretionary bonuses and benefits in kind	7,845	4,636	4,865
Retirement scheme contributions	57	109	161
Share-based compensation expenses	132	4,386	13,944
	8,034	9,131	18,970

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group. The emoluments of the remaining highest paid individuals fell within the following bands:

	31 D		
	2023	**2024**	**2025**
HK$1,500,001–HK$2,000,000	2	—	—
HK$2,000,001–HK$2,500,000	1	—	—
HK$2,500,001–HK$3,000,000	—	2	—
HK$3,000,001–HK$3,500,000	1	—	—
HK$4,500,001–HK$5,000,000	—	1	2
HK$5,000,001–HK$5,500,000	—	—	1
HK$6,000,001–HK$6,500,000	—	—	1
	4	3	4

( ) C E I (EI ”)

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries are calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

In 2020, the Company was recognised as a “High and New Technology Enterprise” (“**H E**”), and renewed its HNTE recognition in 2023 and enjoyed the 15% preferential income tax rate in 2023 to 2025.

In 2021, subsidiaries of the Group Hefei Senior New Energy Materials Co., Ltd, Changzhou Senior New Energy Materials Co., Ltd and Jiangsu Senior New Material Technology Co., Ltd were recognised as “HNTE”, therefore enjoyed a preferential income tax rate of 15% in 2021 to 2023. The subsidiaries of the Group renewed HNTE recognition in 2024 and can enjoy the 15% preferential income tax rate in 2024 to 2026.

In 2023, the subsidiary of the Group, Senior Material (Nantong) New Materials Technology Co., Ltd was recognised as a “HNTE”, therefore enjoyed a preferential income tax rate of 15% in 2023 to 2025.

In December 2025, the subsidiary of the Group, Senior Material (Foshan) New Materials Technology Co., Ltd was recognised as a “HNTE”, therefore enjoyed a preferential income tax rate of 15% in 2025 to 2027.

( ) H K

The Company’s subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

( ) C

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Reconciliation between the income expense/(credit) and profit before income tax in the consolidated statements of comprehensive income is as follows:

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Profit before income tax	717,048	407,019	120,463
Tax at the preferential tax rate of 15%	107,557	61,053	18,069
Tax effect of			
— different tax rates of the subsidiaries	(984)	(6,578)	(888)
— deductible temporary differences and tax losses for which no deferred income tax assets were recognised	52,925	20,172	14,964
— share of results of associates and joint venture	291	202	180
— non-deductible expenses	1,316	1,387	1,966
— utilisation of temporary differences and tax losses previously for which no deferred income tax assets were recognised	(1,548)	(1,511)	(19,238)
— under/(over) provision in respect of prior year	749	(1,508)	(251)
— super deduction on research and development expenses and acquisition of equipment *(.)*	(36,953)	(36,906)	(37,449)
	123,353	36,311	(22,647)

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According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from 1 January 2022 to 30 September 2022 and for the period from 1 October 2022 to 31 December 2025, respectively.

12. DI IDE D

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
D			
Final dividends	127,931	295,382	66,595

The final dividends of RMB1.00 per 10 shares (tax inclusive) totaling approximately RMB127,931,000 in respect of the year ended 31 December 2022 were approved in 2022 Annual General Meeting of the Company on 17 May 2023. The Group had not recognised this as a liability as at 31 December 2022 but reflected as an appropriation of retained earnings for the year ended 31 December 2022 during the year ended 31 December 2023. The final dividends were paid on 30 May 2023.

The final dividends of RMB2.20 per 10 shares (tax inclusive) totaling approximately RMB295,382,000 in respect of the year ended 31 December 2023 were approved in 2023 Annual General Meeting of the Company on 13 May 2024. The Group had not recognised this as a liability as at 31 December 2023 but reflected as an appropriation of retained earnings for the year ended 31 December 2023 during the year ended 31 December 2024. The final dividends were paid on 13 June 2024.

The final dividends of RMB0.50 per 10 shares (tax inclusive) totaling approximately RMB66,595,000 in respect of the year ended 31 December 2024 were approved in 2024 Annual General Meeting of the Company on 21 May 2025. The Group had not recognised this as a liability as at 31 December 2024 but reflected as an appropriation of retained earnings for the year ended 31 December 2024 during the year ended 31 December 2025. The final dividends were paid on 17 July 2025.

Subsequent to 31 December 2025, a final dividends of RMB0.10 per 10 shares (tax inclusive) totaling approximately RMB13,259,000 in respect of the year ended 31 December 2025 were approved in 2025 Annual General Meeting of the Company on 22 April 2026 and paid in May 2026. The Group did not recognise this as a liability as at 31 December 2025.

13. E

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Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	31 D		
	2023	**2024**	**2025**
Profit attributable to owners of the Company used in calculating basic EPS *(B'000)*	576,330	363,826	105,652
Weighted average number of ordinary shares in issue (thousand shares)	1,275,225	1,339,789	1,322,552
Basic EPS (RMB per share)	0.45	0.27	0.08

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The share schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	31 D		
	2023	**2024**	**2025**
Profit attributable to owners of the Company used in calculating diluted EPS *(B'000)*	576,330	363,826	105,652
Weighted average number of ordinary shares in issue (thousand shares)	1,275,225	1,339,789	1,322,552
Adjustments for potential shares arising from share schemes (thousand shares)	—	3,950	2,997
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	1,275,225	1,343,739	1,325,549
Diluted EPS (RMB per share)	0.45	0.27	0.08

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						F		
	B'000 ( )	B'000	B'000	B'000	B'000	B'000 ( )	B'000	B'000
A 1 J 2023								
Cost	1,067,288	3,760,676	14,197	18,458	88,484	29,135	2,087,151	7,065,389
Accumulated depreciation	(121,233)	(1,099,919)	(4,176)	(6,556)	(59,848)	—	—	(1,291,732)
Net carrying amount	946,055	2,660,757	10,021	11,902	28,636	29,135	2,087,151	5,773,657
31 D 2023								
Opening net carrying amount	946,055	2,660,757	10,021	11,902	28,636	29,135	2,087,151	5,773,657
Additions	—	19,225	3,594	5,716	4,599	856	3,171,782	3,205,772
Disposals	(4,144)	(5,825)	(104)	—	(799)	—	—	(10,872)
Depreciation	(45,428)	(385,311)	(1,488)	(3,649)	(9,683)	—	—	(445,559)
Reclassification	611,443	1,138,781	279	8,985	14,406	—	(1,773,894)	—
Exchange realignment	—	9,583	30	278	154	2,028	34,941	47,014
Closing net carrying amount	1,507,926	3,437,210	12,332	23,232	37,313	32,019	3,519,980	8,570,012
A 31 D 2023								
Cost	1,674,588	4,921,557	17,934	33,509	105,282	32,019	3,519,980	10,304,869
Accumulated depreciation	(166,662)	(1,484,347)	(5,602)	(10,277)	(67,969)	—	—	(1,734,857)
Net carrying amount	1,507,926	3,437,210	12,332	23,232	37,313	32,019	3,519,980	8,570,012
31 D 2024								
Opening net carrying amount	1,507,926	3,437,210	12,332	23,232	37,313	32,019	3,519,980	8,570,012
Additions	4,277	3,294	2,142	4,892	2,688	400,459	4,689,915	5,107,667
Disposals	(14,061)	(16,496)	(722)	(88)	(484)	—	—	(31,851)
Depreciation	(67,376)	(513,258)	(2,081)	(7,398)	(8,184)	—	—	(598,297)
Reclassification	621,236	2,297,124	2,406	6,534	12,274	—	(2,939,574)	—
Exchange realignment	—	(12,041)	21	(300)	(200)	11,827	(37,333)	(38,026)
Closing net carrying amount	2,052,002	5,195,833	14,098	26,872	43,407	444,305	5,232,988	13,009,505
A 31 D 2024								
Cost	2,285,777	7,189,592	20,456	44,298	119,410	444,305	5,232,988	15,336,826
Accumulated depreciation	(233,775)	(1,993,759)	(6,358)	(17,426)	(76,003)	—	—	(2,327,321)
Net carrying amount	2,052,002	5,195,833	14,098	26,872	43,407	444,305	5,232,988	13,009,505
31 D 2025								
Opening net carrying amount	2,052,002	5,195,833	14,098	26,872	43,407	444,305	5,232,988	13,009,505
Additions	—	35,395	2,814	5,393	12,170	20,634	4,421,300	4,497,706
Disposals	(1,182)	(16,370)	(1,155)	(5)	(1,152)	—	—	(19,864)
Depreciation	(98,774)	(731,980)	(2,156)	(7,866)	(23,799)	—	—	(864,575)
Impairment *(. ( ))*	—	(30,447)	—	—	—	—	—	(30,447)
Reclassification	1,696,634	1,999,714	393	6,007	172,332	—	(3,875,080)	—
Transfer to investment properties *(. 17)*	(135,551)	—	—	—	—	—	—	(135,551)
Exchange realignment	7,550	25,671	8	45	3,672	33,419	404,878	475,243
Closing net carrying amount	3,520,679	6,477,816	14,002	30,446	206,630	498,358	6,184,086	16,932,017
As at 31 December 2025								
Cost	3,783,202	9,093,858	21,339	55,713	305,852	498,358	6,184,086	19,942,408
Accumulated depreciation	(262,523)	(2,585,595)	(7,337)	(25,267)	(99,222)	—	—	(2,979,944)
Accumulated impairment	—	(30,447)	—	—	—	—	—	(30,447)
Net carrying amount	3,520,679	6,477,816	14,002	30,446	206,630	498,358	6,184,086	16,932,017

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(a) The Group's properties and buildings located in the PRC and Malaysia and the carrying amounts of the properties and buildings amounted to approximately RMB303,734,000, RMB592,061,000 and RMB253,947,000 as at 31 December 2023, 2024 and 2025, respectively, were in the process of obtaining the property ownership certificates. As of the end of each reporting period, the directors of the Company are of the opinion, the Group is entitled to lawfully and validly occupy and use the buildings, and therefore the aforesaid matter did not have any significant impact on the Group's consolidated statements of financial positions as at 31 December 2023, 2024 and 2025.

(b) The Group's freehold lands are located in the Sweden and Malaysia and the carrying amounts of the freehold lands amounted to approximately RMB32,019,000, RMB414,674,000 and nil as at 31 December 2023, 2024 and 2025, respectively, are in the process of obtaining the land ownership certificates. The directors of the Company are of the opinion that the relevant certificates would be obtained in the near future, the Group is entitled to lawfully and validly occupy and use the land, and therefore the aforesaid matter did not have any significant impact on the Group's consolidated statements of financial positions as at 31 December 2023, 2024 and 2025.

(c) In December 2025, the Group recognised an impairment loss of approximately RMB30,447,000 on certain property, plant and equipment, in the opinion of the directors of the Company, in light of a strategic decision with changes in business operation, assessed that those related assets' recoverable amount was below the carrying amount and the recoverable amount is measured at fair value less costs to sell. In the opinion of the directors of the Company, an independent valuer, has appropriate qualifications and relevant experience in this industry, is engaged. The recoverable amount is based on net realisable value of scrap metal, using prevailing market prices and estimated recoverable quantities. The fair value measurement is categorised into Level 3 fair value hierarchy.

The Group has pledged certain property, plant and equipment with the following carrying amounts to secure borrowings granted to the Group. Details of the Group's property, plant and equipment pledged for the Group's borrowings are as below:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Properties and buildings	1,195,059	1,735,066	3,203,960
Administrative equipment	—	2,968	4,960
Machinery	—	—	1,523,539
Construction in progress	1,173,711	185,015	83,742
	2,368,770	1,923,049	4,816,201

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THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

Certain prepaid land lease payments are pledged for the Group’s borrowings, details are disclosed in Note 35 to the Historical Financial Information.

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Total minimum lease payments	49,157	405,175	379,349
Future interest expense on lease liabilities	(8,161)	(86,671)	(73,479)
	40,996	318,504	305,870
Current	3,862	18,646	24,102
Non-current	37,134	299,858	281,768
	40,996	318,504	305,870

The maturity analysis of lease liabilities is disclosed in Note 42 to the Historical Financial Information.

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	31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Interest expenses	—	2,547	1,945
Depreciation of right-of-use assets (net of capitalisation in construction in progress)	4,485	9,534	17,735
Expense relating to short-term leases and leases of low-value assets	1,294	1,887	1,928

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The movements in the net carrying amount of right-of-use assets are analysed as follows:

	L		
	B’000	*B’000*	*B’000*
1J 2023	42	59,507	59,549
Additions	—	712	712
Depreciation	(42)	(2,408)	(2,450)
A 31 D 2023 1 J 2024	—	57,811	57,811
Additions	8,113	—	8,113
Depreciation	(1,352)	(2,574)	(3,926)
A 31 D 2024 1 J 2025	6,761	55,237	61,998
Depreciation	(2,704)	(2,405)	(5,109)
A 31 D 2025	4,057	52,832	56,889

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Total minimum lease payments	—	7,143	4,286
Future interest expense on lease liabilities	—	(322)	(120)
	—	6,821	4,166
Current	—	2,655	2,752
Non-current	—	4,166	1,414
	—	6,821	4,166

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	31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Interest expenses	—	136	202
Depreciation of right-of-use assets	2,450	3,926	5,109
Expense relating to short-term leases and leases of			

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	B’000
A 1 J 2023	
Cost	10,889
Accumulated amortisation	(4,511)
Net carrying amount	6,378
31 D 2023	
Opening net carrying amount	6,378
Additions	293
Amortisation	(1,397)
Exchange realignment	2
Closing net carrying amount	5,276
A 31 D 2023	
Cost	11,184
Accumulated amortisation	(5,908)
Net carrying amount	5,276
31 D 2024	
Opening net carrying amount	5,276
Additions	4,058
Amortisation	(1,489)
Exchange realignment	(1)
Closing net carrying amount	7,844
A 31 D 2024	
Cost	15,241
Accumulated amortisation	(7,397)
Closing net carrying amount	7,844

	B'000
31 D 2025	
Opening net carrying amount	7,844
Additions	16,037
Amortisation	(2,953)
Exchange realignment	8
Closing net carrying amount	20,936
A 31 D 2025	
Cost	31,289
Accumulated amortisation	(10,353)
Net carrying amount	20,936

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	B'000
A 1 J 2023	
Cost	7,753
Accumulated amortisation	(3,644)
Net carrying amount	4,109
31 D 2023	
Opening net carrying amount	4,109
Additions	268
Amortisation	(1,088)
Closing net carrying amount	3,289
A 31 D 2023	
Cost	8,021
Accumulated amortisation	(4,732)
Net carrying amount	3,289
31 D 2024	
Opening net carrying amount	3,289
Additions	241
Amortisation	(932)
Closing net carrying amount	2,598
A 31 D 2024 1 J 2025	
Cost	8,262
Accumulated amortisation	(5,664)
Closing net carrying amount	2,598

	B'000
31 D 2025	
Opening net carrying amount	2,598
Additions	3,019
Amortisation	(1,443)
Closing net carrying amount	4,174
A 31 D 2025	
Cost	11,281
Accumulated amortisation	(7,107)
Net carrying amount	4,174

17. I E E E IE

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	B'000
31 D 2025	
Opening net carrying amount	—
Transfer from property, plant and equipment *(14)*	135,551
Closing net carrying amount	135,551
A 31 D 2025	
Cost	205,687
Accumulated amortisation	(70,136)
Net carrying amount	135,551

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Above of the Group's properties and buildings held to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties. These investment properties include land and buildings which comprise operating leases in respect of properties situated in the Chinese mainland.

The estimated useful life of the properties and buildings are 40 years. The Group owns the investment property in the form of leasehold land in PRC. The investment property is stated at a cost under accumulated depreciation and any impairment loss.

The fair value of the Group's investment properties as at 31 December 2025 are approximately RMB188,767,000. The fair value has been arrived at based on a valuation carried out by an independent valuer not connected with the Group.

The fair value of the properties was determined by using income approach. The income approach is calculated by capitalising the amount of net income receivable under the current terms of tenancies. Reference would then be made to any potential changes in rental income on reversion. Both the term and reversion are capitalised by the market capitalisation rates, which reflect the rate of investment return, effect of inflation and prospect of rental growth, if any.

18. I E E I A CIA E A DJ I E E

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Unlisted investments	5,118	49,589	22,571
Opening net carrying amount	64,969	5,118	49,589
Additions *(. ( ))*	—	45,820	16,580
Disposals *(. ( ) ( ))*	(57,911)	—	(42,398)
Share of results, net	(1,940)	(1,349)	(1,200)
Closing net carrying amount	5,118	49,589	22,571

Details of each of the Group's and The Company's investments in associates and joint venture at the end of each year for the Track Record Period are as follows:

		A 31 D			
		2023	**2024**	**2025**	
		%	%	%	
Investment in joint venture					
Yantai Xinghe Battery Materials Technology Co., LTD (" ") (台 和電 材料科 有限公司)*(. ( ))*	The PRC	N/A	25	50	Manufacture and sales of special electronic materials
Investments in associates					
Shenzhen Xinyuanbang Technology Co., Ltd. (圳新源邦科 有限公司)	The PRC	21.16	21.16	21.16	Manufacture and sales of special electronic materials
Shenzhen Qianhai Runmu Investment Partnership Enterprise (Limited Partnership) (" ") (圳市 木 資合 企 (有限合)) *(. ( ))*	The PRC	N/A	40	N/A	Investment
Shenzhen Xinglanxin New Material Technology Co., Ltd. (圳市 藍 新材料科 有限公司)	The PRC	N/A	N/A	31	Manufacture and sales of special electronic materials

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(a) In the opinion of the management, these investments in associates and joint venture are immaterial to the Group, both individually and in aggregate.

(b) Management has assessed the level of influence that the Group exercises on joint venture and associates, and determined that it has significant influence through the board representation and other relevant facts and circumstances. Accordingly, the investment in Yantai Xinghe have been classified as joint venture as at 31 December 2024 and 2025 as according to the shareholders agreement of Yantai Xinghe, the Group and the Company has the right to appoint 50% of Board and would be able to exercise joint control over the operation and financial matters of Yantai Xinghe even though the shareholding held by the Group and the Company was 25% at 31 December 2024.

(c) There were no material contingent liabilities relating to the Group's investments in associates and joint venture.

(d) In December 2023, the N-Tech introduced a new investor and the Company's percentage of ownership decrease to 10.11% and lost the seat on the board of directors of the N-Tech. The Company no longer has a significant influence on N-Tech and accounted for the investment as FVTPL based on the investment strategy.

(e) The Group jointly invested with Shenzhen Qianhai Runmu Management Co., Ltd., an associate of the Group (see Note 38) to establish Shenzhen Qianhai Runmu Investment Partnership Enterprise (Limited Partnership). The Group, as a limited partner, subscribed for a capital contribution of RMB40,000,000, holding a 40% stake. In January 2024, the Group paid the capital contribution of RMB40,000,000.

In March 2025, the shareholders of Runmu investment decided to cease operations and handle the relevant liquidation and company deregistration procedures. The Group and the Company accordingly recovered the investment in full.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C :			
— Bank wealth management products (" ") and structured deposits *(,)*	618,835	260,564	—
— Fund products	251,803	38,803	30,001
	870,638	299,367	30,001
- :			
— Unlisted equity instruments	64,212	76,982	94,598

, :

The WMPs and structured deposits are mainly managed by licensed financial institutions in the PRC to invest principally in certain financial assets. They are classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C :			
— Bank WMPs and structured deposits *(,)*	558,477	190,564	—
— Fund products	251,803	38,803	30,001
	810,280	229,367	30,001
- :			
— Unlisted equity instruments	63,912	76,682	94,298

:

The WMPs and structured deposits are managed by licensed financial institutions in the PRC to invest principally in certain financial assets. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C :			
— Foreign exchange forward contracts and options	—	—	12,620

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C :			
— Foreign exchange forward contracts	—	—	12,591

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	A 31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
C :			
— Notes receivables measured at FVTOCI *(. ( ))*	79,585	292,318	369,753
- :			
— Equity investments at fair value *(. ( ))*			

C

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C :			
— Notes receivables measured at FVTOCI	55,007	266,001	325,845
- :			
— Equity investments at fair value	—	—	30,863

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The maximum exposure to the Company that may result from the default of these endorsed and discounted notes receivables, which are derecognized in full of the carrying amount, as at 31 December 2023, 2024 and 2025 are approximately RMB602,269,000, RMB713,280,000 and RMB574,869,000, respectively.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Raw materials	208,094	289,560	322,177
Semi-finished goods	128,574	111,277	168,794
Finished goods	103,282	162,885	336,641
	439,950	563,722	827,612
Less: provision for impairment *(,)*	(43,086)	(45,659)	(65,231)
	396,864	518,063	762,381

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	A	31 D	
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Raw materials	32,165	31,273	16,150
Semi-finished goods	12,522	5,461	—
Finished goods	40,661	47,280	14,751
	85,348	84,014	30,901
Less: provision for impairment *(( )346.1(1)3 2(6-1.77( ))-29.8125-2.600787 _ (((000)-2529(7,530)30)4.)-37794*			

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Trade receivables	1,128,038	1,619,584	1,171,011
Notes receivables *( )*	67,784	78,892	195,766
	1,195,822	1,698,476	1,366,777
Less: allowance for impairment	(30,978)	(38,042)	(29,113)
	1,164,844	1,660,434	1,337,664

: The amount of the Company’s endorsed and discounted notes receivables which are not derecognised as at 31 December 2023, 2024 and 2025 are approximately RMB48,135,000, RMB24,529,000 and RMB91,161,000, respectively.

Certain trade and notes receivables are pledged as security for the Group’s borrowings, details are disclosed in Note 35 to the Historical Financial Information.

The credit period granted to customers is generally within 180 days during the Track Record Period.

The ageing analysis of trade receivables based on recognition date is as follows:

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Within 1 year	1,607,743	2,077,976	1,898,142
Over 1 year but within 2 years	7,675	23,687	8,624
Over 2 years but within 3 years	4,744	1,232	7,325
Over 3 years	16,117	17,476	17,958
	1,636,279	2,120,371	1,932,049

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Within 1 year	1,108,421	1,601,788	1,149,745
Over 1 year but within 2 years	2,323	2,713	6,193
Over 2 years but within 3 years	3,745	1,173	741
Over 3 years	13,549	13,910	14,332
	1,128,038	1,619,584	1,171,011

Movements in impairment of trade and notes receivables are as follows:

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	31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
At the beginning of the year	31,318	43,173	103,469
Impairment recognised/(reversed), net	12,629	62,306	(7,798)
Written off	(859)	(670)	(50,104)
Exchange realignment	85	(1,340)	25
At the end of the year	43,173	103,469	45,592

Detail information about the impairment of trade and notes receivables and the Group’s exposure to credit risk is described in Note 42.

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	31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
At the beginning of the year	23,005	30,978	38,042
Impairment recognised/(reversed), net	8,832	7,528	(8,929)
Written off	(859)	(464)	—
At the end of the year	30,978	38,042	29,113

As at 31 December 2023, 2024 and 2025 the Company’s impairment of notes receivables are approximately RMB90,000, RMB232,000 and RMB1,263,000, respectively.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Other receivables	2,581	1,261	1,027
Less: allowance for impairment	(159)	(63)	(156)
	2,422	1,198	871
Prepayment for acquisition of non-current assets	195,397	175,953	74,723
VAT recoverable	13,735	25,725	20,862
Prepayments for materials and others	2,281	1,884	451
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	213,835	204,760	116,154
Analysed for reporting purposes as:			
Current assets	18,438	28,807	41,431
Non-current assets	195,397	175,953	74,723
	213,835	204,760	116,154

The movements on the impairment of other receivables are as follows:

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	1	**2**	**3**	
	B'000	*B'000*	*B'000*	*B'000*
As at 1 January 2023	364	—	—	364
Provision	100	—	—	100
Exchange realignment	2	—	—	2
As at 31 December 2023 and 1 January 2024	466	—	—	466
Provision	454	—	—	454
Exchange realignment	2	—	—	2
As at 31 December 2024 and 1 January 2025	922	—	—	922
Provision	745	—	—	745
Exchange realignment	4	—	—	4
As at 31 December 2025	1,671	—	—	1,671

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	1	2	3	
	B'000	*B'000*	*B'000*	*B'000*
As at 1 January 2023	66	—	—	66
Provision	93	—	—	93
As at 31 December 2023 and 1 January 2024	159	—	—	159
Reversal	(96)	—	—	(96)
As at 31 December 2024 and 1 January 2025	63	—	—	63
Provision	93	—	—	93
As at 31 December 2025	156	—	—	156

24. E IC ED BA K DE I

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	A 31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
Restricted bank deposits	145,402	485,496	571,202
Pledged bank deposits for notes payables	145,202	480,621	286,850
Pledged bank deposits for bank borrowings	—	—	43,706
Pledged bank deposits for other purposes *( )*	200	4,875	240,646
	145,402	485,496	571,102

: As at 31 December 2023, 2024 and 2025, other restricted deposits amounted to nil, nil and approximately RMB219,042,000 respectively, representing funds placed in a designated securities investment account under an Entrusted Asset Management Contract with an independent third party. Pursuant to the contractual terms, these funds are restricted from withdrawal during the term of the Entrusted Asset Management Agreement and may only be recovered upon the expiry or early termination of such term.

The Group's restricted bank deposits, other than those held in designated securities investment accounts amounting to nil, nil and approximately RMB219,042,000 as at 31 December 2023, 2024 and 2025 respectively which are denominated in USD, are primarily denominated in RMB.

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Restricted bank deposits	81,927	437,654	186,802
Pledged bank deposits for notes payables	81,927	437,654	185,910
Pledged bank deposits for other purposes	—	—	892
	81,927	437,654	186,802

The restricted bank deposits of the Company are mainly RMB deposits. These deposits mainly are pledged as security for the Group’s and the Company’s borrowings and notes payable, details are disclosed in Note 35 to the Historical Financial Information.

25. I E DE I

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Short-term time deposits with original maturities of over three months and due within one year	1,983,538	541,635	233,037
Time deposits with remaining maturities over one year	—	51,562	52,525
	1,983,538	593,197	285,562

Denominated in:

	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
RMB	1,983,538	226,154	171,824
USD	—	40,799	109,335
EUR	—	326,244	—
Others	—	—	4,403
	1,983,538	593,197	285,562

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Short-term time deposits with original maturities of over three months and due within one year	1,781,762	50,797	111,800
Time deposits with remaining maturities over one year	—	20,864	21,113
	1,781,762	71,661	132,913

Denominated in:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
RMB	1,781,762	71,661	132,913

All restricted bank deposits and time deposits as at 31 December 2023, 2024 and 2025 are pledged (Note 24 and 35).

26. CA H A D CA H E I ALE

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Cash and cash in bank	1,744,409	2,650,754	1,187,671

Denominated in:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
RMB	570,712	1,503,567	640,519
USD	1,048,645	997,176	295,531
SGD	20,859	21,174	158,434
MYR	43,773	33,386	4,395
Others	60,420	95,451	88,792
	1,744,409	2,650,754	1,187,671

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Cash and cash in bank	1,029,618	995,122	257,117

Denominated in:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
RMB	166,808	864,552	195,699
USD	862,741	126,029	49,092
Others	69	4,541	12,326
	1,029,618	995,122	257,117

27. DEFE ED I C E A

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Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Total deferred income tax assets	11,393	118,757	183,862
Set-off of deferred tax liabilities pursuant to set-off provisions	—	(95,034)	(117,120)
Net deferred income tax assets	11,393	23,723	66,742
Total deferred income tax liabilities	39,223	131,522	134,930
Set-off of deferred tax assets pursuant to set-off provisions	—	(95,034)	(117,120)
Net deferred income tax liabilities	39,223	36,488	17,810

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The movements in deferred income tax assets during the Track Record Period are as follows:

	I		-	-	D	Ł	
	B'000	*B'000*	*B'000*	*B'000*	*B'000*	*B'000*	*B'000*
As at 1 January 2023	8,261	20,783	1,845	3,622	—	—	34,511
(Reversed)/Recognised in profit or loss	(3,165)	(17,257)	926	(3,523)	—	—	(23,019)
As17i141Tc[(pr)909--5(9.02.01)5.6(2360-1.292i141Tc[(pr)909--53919.02.01)5..7(e)-9 1anua6.5(r)-6.25(3)-388(ncomecembs)-2.28460339T-1.3							

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Deferred income tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred income tax asset can be utilised. Temporary differences will not be recognised as deferred income tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred income tax assets at the end of each year for the Track Record Period:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Tax losses	380,130	340,177	340,057
Deductible temporary differences	52,754	179,697	157,537
	432,884	519,874	497,594

The Group has unused tax losses of approximately RMB403,637,000, RMB490,150,000 and RMB998,664,000 as at 31 December 2023, 2024 and 2025, respectively, available for offset against future profits. Certain deferred income tax assets has not been recognised for these tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB380,130,000, RMB340,177,000 and RMB340,057,000, respectively, can be carried forward as below:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
2027	—	—	—
2028	31	—	—
2031	1,768	—	—
2032	109,577	63,872	—
2033	215,125	203,155	123,544
2034	—	13,372	—
2035	—	—	162,528
Indefinitely	53,629	59,778	53,985
	380,130	340,177	340,057

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Deferred income tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred income tax assets and liabilities after offsetting are as follows:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Total deferred income tax assets	—	2,850	22,297
Set-off of deferred liabilities pursuant to set-off provisions	—	—	—
Net deferred income tax assets	—	2,850	22,297
Total deferred income tax liabilities	—	—	—
Set-off of deferred tax assets pursuant to set-off provisions	—	—	—
Net deferred income tax liabilities	—	—	—

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The movements in deferred income tax assets during the Track Record Period are as follows:

	I		-	
	B'000	*B'000*	*B'000*	*B'000*
As at 1 January 2023	4,941	10,892	3,623	19,456
Reversed in profit or loss	(4,941)	(10,892)	(3,524)	(19,357)
Reversed in capital reserve	—	—	(99)	(99)
As at 31 December 2023 and 1 January 2024	—	—	—	—
Recognised in profit or loss	—	2,850	—	2,850
As at 31 December 2024 and 1 January 2025	—	2,850	—	2,850
Recognised in profit or loss	—	19,447	—	19,447
As at 31 December 2025	—	22,297	—	22,297

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The movements in deferred income tax liabilities during the Track Record Period are as follows:

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	F
	B'000
As at 1 January 2023	535
Reversed in profit or loss	(535)
As at 31 December 2023 and 2024 and 2025	—

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Deferred income tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred income tax assets can be utilised. Temporary differences will not be recognised as deferred income tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred income tax assets at the end of each year for the Track Record Period:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Tax losses	286,027	280,399	147,280
Deductible temporary differences	38,668	61,466	66,733
	324,695	341,865	214,013

The Company has unused tax losses of approximately RMB286,027,000, RMB299,399,000 and RMB295,927,000 as at 31 December 2023, 2024 and 2025, respectively, available for offset against future profits. Certain deferred income tax assets has not been recognised for these tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB286,027,000, RMB280,399,000 and RMB147,280,000, respectively, can be carried forward as below:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
2032	82,872	63,872	—
2033	203,155	203,155	133,908
2034	—	13,372	13,372
	286,027	280,399	147,280

28. ADE A D E A ABLE

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Trade payables	338,631	411,667	452,501
Notes payables	139,823	120,614	217,198
	478,454	532,281	669,699

The credit period granted by suppliers is generally within 90 days. The ageing analysis of the trade payables of the Group as at 31 December 2023, 2024 and 2025 based on recognition date is as follows:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
— Within 1 year	331,427	401,278	442,019
— Over 1 year but within 2 years	6,324	7,418	7,142
— Over 2 years but within 3 years	608	2,349	1,356
— Over 3 years	272	622	1,984
	338,631	411,667	452,501

As at the end of each year for the Track Record Period, no matured notes payables were unpaid.

Details of the Group's assets pledged for the Group's notes payables are disclosed in Note 35 to the Historical Financial Information.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Trade payables	111,604	39,838	43,679
Notes payables	114,366	49,412	115,511
	225,970	89,250	159,190

The ageing analysis of the trade payables of the Company as at 31 December 2023, 2024 and 2025 based on recognised date is as follows:

	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
— Within 1 year	111,181	39,527	42,802
— Over 1 year but within 2 years	208	144	699
— Over 2 years but within 3 years	215	30	12
— Over 3 years	—	137	166
	111,604	39,838	43,679

29. HE A ABLE A D ACC AL

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Payables for acquisition of non-current assets	577,786	1,110,936	692,736
Deferred government grants	453,920	475,458	472,202
Settlement expenses for litigation	107,657	—	—
Endorsed notes receivable that have not been derecognised and not yet due	65,512	160,350	195,399
Employee benefits payables	56,260	61,855	85,039
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Deposits received	21,577	15,004	15,570
Other tax payables	27,616	16,264	15,464
Repurchase obligation for restricted shares	37,781	12,456	—
Others	27,854	28,650	8,124
	1,375,963	1,880,973	1,487,720
Analysed for reporting purposes as:			
Current liabilities	899,443	1,382,915	1,015,518
Non-current liabilities	476,520	498,058	472,202
	1,375,963	1,880,973	1,487,720

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Deferred government grants	48,762	56,520	52,546
Settlement expenses for litigation	107,657	—	—
Payables for acquisition of non-current assets	71,577	53,087	20,017
Repurchase obligation for restricted shares	37,781	12,456	—
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Deposits received	11,652	9,939	12,559
Employee benefits payables	21,220	21,103	23,323
Endorsed notes receivable that have not been derecognised and not yet due	12,305	9,169	839
Other tax payables	3,224	5,234	8,525
Others	2,929	3,038	2,062
	317,107	170,546	123,057
Analysed for reporting purposes as:			
Current liabilities	268,345	114,026	70,511
Non-current liabilities	48,762	56,520	52,546
	317,107	170,546	123,057

30. **B I G**

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C			
Short-term bank borrowings	—	—	29,999
Advances from banks on discounted notes receivables *(( ))*	1,418,330	2,509,090	2,350,997
Current portion of long-term bank borrowings	639,686	607,622	1,300,970
Current portion of long-term other borrowings	—	—	171,747
	2,058,016	3,116,712	3,853,713
Short-term bank borrowings	328,931	752,870	1,637,146
Current portion of long-term bank borrowings	212,000	134,000	190,050
Current portion of long-term other borrowings	—	101,485	67,379
	540,931	988,355	1,894,575
	2,598,947	4,105,067	5,748,288
-			
Non-current portion of long-term bank borrowings	2,843,824	5,518,518	4,213,109
Non-current portion of long-term other borrowings	—	—	609,987
	2,843,824	5,518,518	4,823,096
Non-current portion of long-term bank borrowings	80,000	279,000	1,112,298
Non-current portion of long-term other borrowings	487,812	481,469	426,051
	567,812	760,469	1,538,349
	3,411,636	6,278,987	6,361,445

As at 31 December 2023, 2024 and 2025 the borrowings bear effective interest rates range of 2.40% ~4.25%, 2.28%~5.59% and 1.96%~4.14% per annum respectively.

(a) Bank's credit facilities amounted to approximately RMB8,850,480,000, RMB5,689,120,000 and RMB9,078,950,000 had not been utilised as at 31 December 2023, 2024 and 2025 respectively.

(b) Secured borrowings were mainly secured by bank deposits and time deposits, trade and notes receivables, financial assets at FVTPL, property, plant and equipment and prepaid land lease payments. Details of the Group's assets pledged for the Group's borrowings are disclosed in Note 35 to the Historical Financial Information.

(c) The note receivables discounted to banks mainly were arising from intragroup transactions among members of the Group, which were eliminated in full on consolidation.

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
C			
Current portion of long-term bank borrowings	25,521	40,501	142,489
Advances from banks on discounted notes receivables	35,830	15,360	90,323
	61,351	55,861	232,812
Short-term bank borrowings	78,074	512,628	1,142,972
Current portion of long-term bank borrowings	212,000	134,000	190,000
	290,074	646,628	1,332,972
	351,425	702,489	1,565,784
-			
Non-current portion of long-term bank borrowings	230,000	190,000	150,000
Non-current portion of long-term bank borrowings	80,000	279,000	872,500
	310,000	469,000	1,022,500

During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group's and the Company's borrowings were repayable as follows:

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Analysed as:			
— Within 1 year	2,598,947	4,105,067	5,748,288
— Over 1 year but within 2 years	650,096	1,642,017	2,187,443
— Over 2 years but within 3 years	747,375	1,717,634	2,041,593
— Over 3 years	2,014,165	2,919,336	2,132,409
	6,010,583	10,384,054	12,109,733

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	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Analysed as:			
— Within 1 year	351,425	702,489	1,565,784
— Over 1 year but within 2 years	120,000	182,000	692,500
— Over 2 years but within 3 years	40,000	177,000	260,000
— Over 3 years	150,000	110,000	70,000
	661,425	1,171,489	2,588,284

The Group's and the Company's borrowings that are denominated in currencies of the relevant group entities are set out below:

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Denominated in:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
RMB	6,010,583	9,326,845	11,080,295
EUR	—	1,057,209	1,029,438
	6,010,583	10,384,054	12,109,733

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Denominated in:

	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
RMB	661,425	1,171,489	2,588,284

Details of the Group’s borrowing with floating rate are disclosed in Note 42 to the Historical Financial Information.

31. HA E CA I AL A D EA HA E

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
Share capital	1,345,107	1,342,957	1,348,124
Treasury shares reserve	(89,122)	(62,765)	(350,758)
	1,255,985	1,280,192	997,366

The changes in the Company’s authorised, issued and fully paid share capital are as follows:

	’000	*B’000*
B1		
As at 1 January 2023	1,280,806	1,280,806
Issue of Shares under restricted shares incentive schemes *(, ( ))*	921	921
Repurchase and cancellation of shares under restricted shares incentive schemes *(, ( ))*	(44)	(44)
Private placement *(, ( ))*	63,424	63,424
As at 31 December 2023 and 1 January 2024	1,345,107	1,345,107
Repurchase and cancellation of shares under restricted shares incentive schemes *(, ( ))*	(2,150)	(2,150)
As at 31 December 2024 and 1 January 2025	1,342,957	1,342,957
Repurchase and cancellation of shares under restricted shares incentive schemes *(, ( ))*	(1,065)	(1,065)
Issue of Shares under restricted shares incentive schemes *(, ( ))*	6,232	6,232
As at 31 December 2025	1,348,124	1,348,124

The detail of the treasury shares reserve and number of treasury shares outstanding at the end of each year for the Track Record Period are as follows:

	31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
At the beginning of the year	100,566	89,122	62,765
Issue of shares under restricted shares incentive scheme *(. ( ))*	10,800	—	—
Repurchase and cancellation of shares under restricted shares incentive schemes *(. ( ))*	(535)	(25,660)	(11,989)
Revocable dividends attributable to restricted shareholders *(. ( ))*	(524)	(697)	—
Release of shares under restricted shares incentive schemes *(. ( ))*	(21,185)	—	—
Repurchase of shares *(. ( ))*	—	—	299,982
At the end of the year	89,122	62,765	350,758
Number of treasury shares (in thousands) at the end of the year	5,629	3,479	30,849

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(a) Pursuant to the approved restricted shares incentive plan in the year ended 31 December 2022 (the "**I 2022**"), 920,753 restricted shares were granted to the selected participants in the years ended 31 December 2023 respectively. Details of the Company's restricted shares incentive plans are disclosed in Note 32 to the Historical Financial Information.

In September 2025, pursuant to the approved type II restricted shares incentive plan in the year ended 31 December 2024 (the "**I 2024**"), 47 incentive participants met the conditions and exercised the option. The Company has received total proceeds of approximately RMB22,593,000 from these participants, all in cash. Of this amount, RMB6,232,500 was added to Share Capital, and approximately RMB16,360,976 was credited to Capital Reserve.

(b) On 17 May 2023, a total of 44,051 restricted shares granted in the Incentive Plan 2022 was cancelled, as participants have resigned. Therefore, a total of 44,051 number of shares under the scheme was cancelled and treasury shares reserve of approximately RMB535,000 were derecognised.

On 25 January 2024, a total of 47,559 restricted shares granted in the Incentive Plan 2022 was cancelled, as participants have resigned. Therefore, a total of 47,559 number of shares under the scheme was cancelled and treasury shares reserve of approximately RMB570,000 were derecognised.

On 13 August 2024, a total of 2,102,440 restricted shares granted in the Incentive Plan 2022 was cancelled, as participants did not meet the performance requirements. Therefore, a total of 2,102,440 number of shares under the scheme was cancelled and treasury shares reserve of approximately RMB25,090,000 were derecognised.

On 24 March 2025, a total of 54,892 restricted shares granted in the Incentive Plan 2022 was cancelled, as participants have resigned. Therefore, a total of 54,892 number of shares under the scheme was cancelled and treasury shares reserve of approximately RMB639,000 were derecognised.

On 21 August 2025, a total of 1,010,439 restricted shares granted in the Incentive Plan 2022 was cancelled, as participants have resigned or did not meet the performance requirements. Therefore, the share capital of 1,010,439 number of shares under the scheme was cancelled and treasury shares reserve of approximately RMB11,350,000 were derecognised.

(c) On 16 May 2023, a total of 1,529,718 restricted shares granted in the Incentive Plan 2022 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB18,347,000 were derecognised.

On 22 May 2023, a total of 461,074 restricted shares granted in the Incentive Plan 2020 met the conditions for relieving restriction were released and listed for circulation and the treasury shares reserve of approximately RMB2,838,000 were derecognised.

(d) On 18 December 2023, as approved by CSRC and decision made by Regulatory Authority of the SIX Swiss Exchange, the Company issued a total of 12,684,800 Global Depositary Receipts (GDRs) to 17 specific targeted objects. The newly added underlying securities, A-share stocks represented by these GDRs, amounted to 63,424,000 shares, which were listed on the SIX Swiss Exchange. Through this issuance, the company raised approximately US$120 million, after deducting the transaction fees of approximately US$1 million, the company received approximately US$119 million. According to the central parity rate of the exchange rate between the US dollar and the Chinese yuan published by the People's Bank of China on 12 December 2023, which is 7.1174, per the privato

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The Company granted both Type I and Type II restricted shares. The particulars of the Type I and Type II restricted shares are as follows:

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Type I restricted shares refer to ordinary shares issued to the participants with certain restrictions stipulated under the Restricted A-share Scheme. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company and were required to pay the purchase price upon accepting the Type I restricted shares.

Type I restricted shares shall be locked up immediately upon grant. The release of the restriction of the restricted shares granted to the participants shall be subject to performance

Set out below are details of the movements of the outstanding number of Type I restricted shares throughout the Track Record Period:

	31 D		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
As at beginning of the year	4,329	3,215	1,065
Granted	921	—	—
Lapsed	(44)	(2,150)	(1,065)
Released	(1,991)	—	—
As at end of the year	3,215	1,065	—
Exercisable at end of the year	—	—	—

Subsequent to 31 December 2025, pursuant to the "Proposal on the 2026 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**I 2026**") approved at the 2026 second extraordinary general meeting of the Company on 31 March 2026, the Company completed the registration of the grant of 8,580,200 type I restricted stock in treasury shares with lock-up period of 24 months to 63 incentive participants in April 2026 at a grant price of RMB7.50 per share. Pursuant to the Incentive Plan 2026, the restricted stock will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc..

( ) II r r r

Type II restricted shares refer to the ordinary shares that participants could be subscribed upon the satisfaction of both the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. Upon the satisfaction of the Group's and individuals' performance conditions under the Restricted A-share Scheme, the participants of Type II restricted shares have the right to subscribe ordinary shares.

Type II restricted shares shall be vested over a two-year or a three-year period, with shares vesting on each anniversary date after the vesting commencement date upon the satisfaction of the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. The shares before the participants' subscription do not give the participants the right to obtain dividends or the right to vote at the shareholders' meeting.

Pursuant to the proposals such as "Proposal on the 2023 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**I 2023**") approved at the 2023 third extraordinary general meeting of the Company on 11 November 2023, the Company completed the registration of the initial grant of 2,650,000 type II restricted stock with lock-up period to 49 incentive participants in December 2023 at a grant price of RMB7.16 per share. Pursuant to the Incentive Plan 2023, the restricted shares granted to participants will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc..

Pursuant to the proposals such as “Proposal on the 2024 Restricted Stock Incentive Plan (Draft) and its Summary of the Company” (the “**I 2024**”) approved at the 2024 first extraordinary general meeting of the Company on 27 September 2024, the Company completed the registration of the initial grant of 12,630,000 type II restricted stock with lock-up period to 50 incentive participants in October 2024 at a grant price of RMB3.75 per share and 370,000 type II restricted stock with lock-up period to 5 incentive participants in August 2025 at a grant price of RMB3.70 per share. Pursuant to the Incentive Plan 2024, the restricted shares granted to 5 incentive participants in September 2024 will be unlocked in three periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50%, 30% and 20%, respectively, according to the Group’s performance appraisal and individual performance appraisal, etc.. The restricted stock granted to 5 incentive participants in August 2025 will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group’s performance appraisal and individual performance appraisal, etc..

Set out below are details of the movements of the outstanding number of Type II restricted shares throughout the Track Record Period:

	31 D		
	2023	**2024**	**2025**
	’000	*’000*	*’000*
As at beginning of the year	—	2,650	15,280
Granted	2,650	12,630	370
Exercised	—	—	(6,232)
Forfeited	—	—	(1,570)
As at end of the year	2,650	15,280	7,848
Exercisable at end of the year	—	6,315	3,974

The fair value of the equity-settled equity incentive granted on the grant date is estimated using the Black-Scholes option pricing model, in combination with the terms and conditions of the equity incentive granted. The following table lists the inputs to the model used:

	I 2023	**I 2024**
Share price	RMB15.45	RMB10.75
Exercise price *( )*	RMB7.16	RMB3.75
Expected volatility	13.85%–18.56%	22.30%–28.19%
Expected life	2 years	3 years
Risk-free rate	2.38%–2.44%	1.50%–2.75%
Expected dividend yield	0.50%	—

: The exercise price of Type II restricted shares may be adjusted in case of any allotments of shares, payments of share dividends or other similar changes in the Company’s share capital.

33. E E E

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During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

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	C				
	B'000	*B'000*	*B'000*	*B'000*	*B'000*
As at 1 January 2023	5,666,315	97,712	—	384,245	6,148,272
Total comprehensive income for the year	—	—	—	117,818	117,818
Appropriation of statutory reserve	—	11,782	—	(11,782)	—
Dividends declared *(12)*	—	—	—	(127,931)	(127,931)
Revocable dividends attributable to restricted stockholders					
Share-based compensation expenses	4,712	—	—	—	4,712
Issue, repurchase and release of shares under restricted shares incentive schemes	9,389	—	—	—	9,389
Private placement	760,938	—	—	—	760,938
As at 31 December 2023 and 1 January 2024	6,441,354	109,494	—	362,350	6,913,198
Total comprehensive income for the year	—	—	—	280,994	280,994
Appropriation of statutory reserve	—	28,099	—	(28,099)	—
Dividends declared *(12)*	—	—	—	(295,382)	(295,382)
Share-based compensation expenses	11,982	—	—	—	11,982
Issue and repurchase of shares under restricted shares incentive schemes	(23,510)	—	—	—	(23,510)
As at 31 December 2024 and 1 January 2025	6,429,826	137,593	—	319,863	6,887,282

	C				
	B’000	B’000	B’000	B’000	B’000
Total comprehensive income/(loss) for the year	—	—	12,047	(22,217)	(10,170)
Dividends declared *(. 12)*	—	—	—	(66,595)	(66,595)
Share-based compensation expenses	39,906	—	—	—	39,906
Repurchase and cancelled of shares under restricted shares incentive schemes	(10,924)	—	—	—	(10,924)
Issue of shares under restricted shares incentive schemes *(. 32)*	16,361	—	—	—	16,361
As at 31 December 2025	6,475,169	137,593	12,047	231,051	6,855,860

34. A L - ED B IDIA IE I H A E IAL -C LLI G I E E

Details of the Group’s subsidiary that have material non-controlling interests are set out below:

	A 31 D		
	2023	**2024**	**2025**
	B’000	B’000	B’000
Percentage of equity interest held by non-controlling interests:			
Hefei senior new energy materials Co., Ltd.	40%	40%	40%
Accumulated balances of non-controlling interests:			
Hefei senior new energy materials Co., Ltd.	164,942	171,839	209,313

	31 D		
	2023	**2024**	**2025**
	B’000	B’000	B’000
Profit for the year allocated to non-controlling interests:			
Hefei senior new energy materials Co., Ltd.	17,383	6,897	37,474

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any intra-group eliminations:

	A 31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
Current assets	472,766	599,505	719,471
Non-current assets	723,291	605,277	556,230
Current liabilities	315,635	374,072	483,552
Non-current liabilities	246,752	177,652	144,049
Net assets	633,670	653,058	648,100

	31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
Revenue	282,028	354,672	437,540
Total costs and expenses	(236,425)	(335,284)	(342,499)
Profit for the year	45,603	19,388	95,041
Total comprehensive income for the year	45,603	19,388	95,041
Net cash flows generated from operating activities	121,781	40,712	138,991
Net cash flows used in investing activities	(132,120)	(3,065)	(14,826)
Net cash flows generated from/(used in) financing activities	10,434	(99,739)	(106,057)
Net increase/(decrease) in cash and cash equivalents	95	(62,092)	18,108

35. LEDGED A E

G

At the end of each year for the Track Record Period, the Group's certain assets have been pledged to secure notes payables, borrowings and banking facilities granted to the Group. The carrying amounts of the pledged assets of the Group at the end of each year for the Track Record Period are as follows:

	A 31 D		
	2023	2024	2025
	B'000	*B'000*	*B'000*
Property, plant and equipment *(14)*	2,368,770	1,923,049	4,816,201
Restricted bank deposits and time deposits	2,128,940	1,078,693	856,764
Prepaid land lease payments	285,267	465,122	453,896
Trade and notes receivables	—	—	285,722
	4,782,977	3,466,864	6,412,583

: As at 31 December 2023, 2024 and 2025, certain investments in subsidiaries with carrying amount of approximately nil, RMB576,966,000 and RMB829,855,000, respectively, were pledged for bank borrowings of the Group.

36. E HE C ĽIDA ED A E E F CA H FĽ

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Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	B		Ľ	D
	B'000	*B'000*	*B'000*	*B'000*
	30	*30*	*15( )*	
As at 1 January 2023	2,651,934	798,107	41,771	—
Cash flows	1,437,840	1,114,115	(2,402)	(127,931)
Interest paid	(112,158)	(39,281)	(2,840)	—
Interest expense	126,825	33,201	2,840	—
Dividends declared *(12)*	—	—	—	127,931
Exchange realignment	—	—	1,627	—
As at 31 December 2023 and 1 January 2024	4,104,441	1,906,142	40,996	—
Cash flows	3,183,533	1,174,760	(7,494)	(295,382)
Interest paid	(217,599)	(22,874)	(5,019)	—
Interest expense	223,172	34,017	5,019	—
Dividends declared *(12)*	—	—	—	295,382
New leases	—	—	288,083	—
Exchange realignment	(1,539)	—	(3,080)	—
As at 31 December 2024 and 1 January 2025	7,292,008	3,092,045	318,505	—
Cash flows	1,086,554	534,116	(69,464)	(66,595)
Interest paid	(196,210)	(53,335)	(15,236)	—
Interest expense	248,061	53,335	15,236	—
Dividends declared *(12)*	—	—	—	66,595
New leases	—	—	57,998	—
Exchange realignment	53,159	—	(1,169)	—
As at 31 December 2025	8,483,572	3,626,161	305,870	—

( ) -

Major non-cash investing and financing activities disclosed in other notes are as follows:

- additions to right-of-use assets in respect of leased buildings — Note 15.

37. A IC ĽA F I CI AĽ B IDIA IE F HE C A

C

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Unlisted inves346.3(inves36.35TD[he)-348e.4(—)nts,d			

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At the end of each year for the Track Record Period and the date of this report, the Company's principal subsidiaries are as follows:

	/		E			C	
			A 31 D			A	
			2023	2024	2025		
D :							
Hefei Senior New Energy Materials Co., Ltd. (合 . 源新 源材料有限公司) (. ( ))	The PRC	RMB650,000,000	60%	60%	60%	60%	Manufacturing industry
Changzhou Senior New Energy Materials Co., Ltd. (常 . 源新源材料有限公司) (. ( ))	The PRC	RMB300,000,000	100%	100%	100%	100%	Manufacturing industry
Jiangsu Senior New Material Technology Co., Ltd. (蘇. 源新材料科 有限公司) (. ( ))	The PRC	RMB300,000,000	100%	100%	100%	100%	Manufacturing industry
Senior Material (Nantong) New Materials Technology Co., Ltd. (. 源材質(南通)新材料科 有限公司) (. ( ))	The PRC	RMB1,000,000,000	100%	100%	100%	100%	Manufacturing industry
Senior Material (Foshan) New Materials Technology Co., Ltd. (. 源材質(佛山)新材料科 有限公司) (. ( ))	The PRC	RMB1,000,000,000	100%	100%	100%	100%	Manufacturing industry
Senior International Holding (Singapore) Pte. Ltd. (. ( ))	Singapore	SGD2,500,000	100%	100%	100%	100%	Research and Development, trading, investment
Senior Material Properties AB (. ( )( ))	Sweden	SEK25,000	100%	N/A	N/A	N/A	Manufacturing industry
Senior Material (Europe) AB (. ( )( ))	Sweden	SEK20,000,000	100%	N/A	N/A	N/A	Manufacturing industry
Innovay New Material Technology (Malaysia) Co., Ltd. (. ( ))	Malaysia	MYR2,500,000	100%	100%	100%	100%	Manufacturing industry
I :							
Senior Material (Europe) AB (. ( )( ))	Sweden	SEK20,000,000	N/A	100%	100%	100%	Manufacturing industry
Senior Material Properties AB (. ( )( ))	Sweden	SEK25,000	N/A	100%	100%	100%	Manufacturing industry
Green New Energy Materials, Inc.	United States	USD10,000	N/A	100%	100%	100%	Manufacturing industry

. :

(a) The English name of the subsidiaries with Chinese names represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(b) The financial statements of the entity for the years ended 31 December 2023 and 2024 were audited by Huaxing Certified Public Accountants (Special General Partnership), Certified Public Accountants, the PRC. The financial statements of the entity for the year ended 31 December 2025 were audited by RSM China CPA LLP.

(c) The financial statements of the entity for the years ended 31 December 2023 and 2024 were audited by Huaxing Certified Public Accountants (Special General Partnership), Certified Public Accountants, the PRC. The financial statements of the entity for the year ended 31 December 2025 were audited by RSM China CPA LLP.

(d) The financial statements of the entity for the years ended 31 December 2023 and 2024 were audited by SC TEO & CO, Public Accountants & Chartered Accountants. At the date of this report, the audited financial statements of this subsidiary for the year ended 31 December 2025 are not yet issued.

(e) The financial statements of the entity for the years ended 31 December 2023 and 2024 were audited by KPMG AB. At the date of this report, the audited financial statements of this subsidiary for the year ended 31 December 2025 are not yet issued.

(f) No audited financial statements of this subsidiary for the year ended 31 December 2023 as it's newly incorporated and not required to issue audited financial statements under the statutory requirements. The financial statements of the entity for the years ended 31 December 2024 were audited by RSM Malaysia PLT. At the date of this report, the audited financial statements of these subsidiaries for the year ended 31 December 2025 are not yet issued.

(g) The ownership structure underwent a transformation whereby the equity interests of Senior Material Properties AB and Senior Material (Europe) AB were transferred to a subsidiary entity under the Company's corporate structure. This transaction resulted in the conversion of the ownership from a direct holding arrangement to an indirect ownership model through the subsidiary.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted 31 December as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

38. C I E

At the end of each year for the Track Record Period, the Group's capital commitments contracted but not provided for in the Historical Financial Information were as follows:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Contracted, but not provided for, net of deposits paid and prepayments			
— Property, plant and equipment	3,516,998	4,780,580	2,169,527

39. ELA ED A A AC I

The Group entered into the following related party transactions during the Track Record Period.

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	G
Shenzhen Qianhai Runmu Investment Partnership Enterprise (Limited Partnership)* (圳市 木 資合 企 (有限合)) (( ))	An associate of the Group
Shenzhen Qianhai Runmu Management Co., Ltd. (圳市 木 理有限公司)	A company controlled by the former company secretary Shen Xiwen (文)
Shenzhen Cotran New Material Co., Ltd. (Former name: Shenzhen Kexin Hydrogen Materials Co., Ltd.)* 圳市科新 新材料有限公司(名: 圳市科新 材有限公司)	A company in which the ultimate controller holds a 30% (25.61% as at 31 December 2025) equity interest
Shenzhen Youte Qingxin Filter Material Technology Co., Ltd*. (圳優 新 材科 有限公司)	A company controlled by the son of the ultimate controller
Shenzhen Xinyuanbang Technology Co., Ltd.* (圳新源邦科 有限公司)	An associate of the Group from October 2022
N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.* (恩 環保科 (常)有限公司) (( ))	An associate of the Group before December 2023 and a company controlled by the brother of the ultimate controller
Shenzhen Xinglanxin New Material Technology Co., Ltd. (圳市 藍 新材料科 有限公司)	An associate of the Group

* *F I*

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(i) In November 2023, the Company partnered with Shenzhen Qianhai Runmu Management Co., Ltd. to form Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership), subscribing RMB40 million (40% interest) as a limited partner. The capital was fully paid in January 2024 and was repaid in March 2025.

(ii) In December 2023, the N-Tech introduced a new investor and the Company's percentage of ownership decrease to 10.11% and lost the seat on the board of directors of the N-Tech. the Company no longer has a significant influence on N-Tech and accounted for the investment as FVTPL based on the investment strategy.

( )

	31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
:			
— Shenzhen Youte Qingxin Filter Material Technology Co., Ltd.	—	6	431
— Shenzhen Xinglanxin New Material Technology Co., Ltd.	—	—	1,158
	—	6	1,589
:			
— Shenzhen Cotran New Material Co., Ltd.	—	—	666
— Shenzhen Xinglanxin New Material Technology Co., Ltd.	—	—	1,675
	—	—	2,341
:			
— Shenzhen Xinyuanbang Technology Co., Ltd.	398	1,042	6,028
— N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.	—	195	140
— Shenzhen Cotran New Material Co., Ltd.	—	189	—
	398	1,426	6,168

A

In December 2024, the Group acquired 4.5373% of the equity of Guangdong Tanyu New Materials Co., Ltd. held by Shenzhen Qianhai Runmu Investment Partnership (Limited Partnership) through a share transfer payment of RMB13,816,000. In March 2025, the equity registration change was completed.

( ) B

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	A 31 D		
	2023	**2024**	**2025**
	B’000	*B’000*	*B’000*
A			
( ):			
— Shenzhen Youte Qingxin Filter Material Technology Co., Ltd.	—	6	207
— Shenzhen Cotran New Material Co., Ltd.	—	—	722
— Shenzhen Xinglanxin New Material Technology Co., Ltd.	—	—	2,717
	—	6	3,646

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
A			
( ):			
— Shenzhen Xinyuanbang Technology Co., Ltd.	119	518	905
— N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.	—	117	89
	119	635	994

: The amounts are unsecured, interest-free and recoverable or repayable on demand.

C

( ) A

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Amounts due from subsidiaries	1,160,218	4,241,544	3,110,104
Amounts due from related parties	—	6	3,646
	1,160,218	4,241,550	3,113,750

( ) A

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Amounts due to subsidiaries	2,474,151	4,404,017	4,239,246
Amounts due to related parties	119	421	406
	2,474,270	4,404,438	4,239,652

The balance of amounts due from/to related parties are in trade nature, unsecured, interest-free and recoverable or repayable on demand.

( ) K

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Fees	240	234	240
Salaries, allowances, discretionary bonuses and benefits in kind	7,787	12,035	6,550
Retirement scheme contributions	180	293	199
Share-based compensation expenses	184	2,719	1,884
Total compensation paid to key management personnel	8,391	15,281	8,873

40. FI A CIAL I E B CA EG

The carrying amounts of each financial instrument as at the end of each year for the reporting period are as follows:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
F			
Financial assets at amortised cost			
— Trade and notes receivables	1,773,249	2,376,056	2,480,060
— Other receivables	8,256	17,862	31,599
— Bank balances, deposits and cash	3,873,349	3,729,447	2,044,435
— Amounts due from related parties	—	6	3,646
Financial assets at FVTPL			
— Bank WMPs and structured deposits	618,835	260,564	—
— Fund products	251,803	38,803	30,001
— Unlisted equity instruments	64,212	76,982	94,598
Financial assets at FVTOCI			
— Notes receivables measured at FVTOCI	79,585	292,318	369,753
— Unlisted equity investments	—	—	30,863
	6,669,289	6,792,038	5,084,955
F			
Financial liabilities measured at amortised cost			
— Trade and notes payables	478,454	532,281	669,699
— Other payables and accruals	838,167	1,327,396	915,015
— Amounts due to related parties	119	635	994
— Borrowings	6,010,583	10,384,054	12,109,733
— Lease liabilities	40,996	318,504	305,870
Financial liabilities at FVTPL			
— Foreign exchange forward contracts and options	—	—	12,620
	7,368,319	12,562,870	14,013,931

	L 1	L 2	L 3	
	B'000	*B'000*	*B'000*	*B'000*
A 31 D 2024				
Financial assets at FVTPL				
— Fund products	38,803	—	—	38,803
— Bank WMPs and structured deposits	—	—	260,564	260,564
— Unlisted equity instruments	—	—	76,982	76,982
Financial assets at FVTOCI				
— Notes receivables measured at FVTOCI	—	—	292,318	292,318
	38,803	—	629,864	668,667
A 31 D 2025				
Financial assets at FVTPL				
— Fund products	—	30,001	—	30,001
— Unlisted equity instruments	—	—	94,598	94,598
Financial assets at FVTOCI				
— Unlisted equity instruments	—	—	30,863	30,863
— Notes receivables measured at FVTOCI	—	—	369,753	369,753
	—	30,001	495,214	525,215
Financial liabilities at FVTPL				
— Foreign exchange forward contract and options	—	12,620	—	12,620

( )

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 3 fair value measurement were mainly included wealth management products and structured deposits, notes receivables measured at FVTOCI, equity investments in unlisted entities at FVTPL and at FVTOCI. These assets and liabilities were measured mainly using discounted cash flow approach and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the Track Record Period, there was no transfer between Level 1 and Level 2 into or out of Level 3.

The quantitative information of fair value measurements as at 31 December 2023, 2024 and 2025 for Level 2 and 3 is as follows:

	F	A 31 D			( )	( )
		2023	2024	2025		
		B'000	*B'000*	*B'000*		
F						
F Ł						
Fund product	Level 2	—	—	30,001	Quoted prices in the over-the-counter market	N/A
Bank WMPs and structured deposits	Level 3	618,835	260,564	—	Expected rate of return	The higher the expected rate of return, the higher the fair value
Unlisted equity investments	Level 3	6,300	16,300	19,028	Market approach, Recent transaction price	The higher the recent transaction price, the higher the fair value
Unlisted equity investments	Level 3	57,912	60,682	75,570	As at 31 December 2023 and 2024: Discounted cash flow approach and market approach, Discount rate As at 31 December 2025: Market approach, Discount for lack of marketability ("DLOM") and Enterprise Value to Sales ("EV/S") multiples202	The higher the value of comparable companies, the higher the fair value; the higher the discount rate, the lower the fair value The higher the value of DLOM, the lower the fair value; the higher the EV/S multiples, the higher the fair value
F						
F CI						
Unlisted equity investments	Level 3	—	—	30,863	Market approach, Recent transaction price	The higher the recent transaction price, the higher the fair value
Notes receivables measured at FVTOCI	Level 3	79,585	292,318	369,753	Discount rate	The higher the discount rate, the lower the fair value
		762,632	629,864	525,215		
F						
F Ł						
Foreign exchange forward contracts and options	Level 2	—	—	12,620	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A

Below is a summary of quantitative sensitivity analysis disclosed for the financial assets subject to Level 3 fair value measurement at the end of each of the reporting period:

	( )	A 31 D 2023	2024	2025	
F F Ⱡ					
Bank WMPs and structured deposits	Expected rate of return	2.02%–3.57%	1.44%–2.4%	N/A	As at 31 December 2023, 2024 and 2025, if expected rate of return were increased/decreased by 0.5%, the fair value of Bank WMPs and structured deposits at FVTPL would have been approximately RMB470,000, RMB209,000 and nil higher/lower respectively.
Unlisted equity investments	Market approach, Recent transaction price	N/A	N/A	N/A	As at 31 December 2023, 2024, and 2025, if the recent transaction price were increased/decreased by 5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB315,000, RMB815,000 and RMB951,000 higher/lower respectively.
Unlisted equity investments	Discounted cash flow approach and market approach, Discount rate	12.50%	12.50%	N/A	As at 31 December 2023 and 2024, if the discount rate had been higher/lower by 0.5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB5,646,000 and RMB5,646,000 lower/higher respectively.
	Market approach, DLOM	N/A	N/A	16.55%	As at 31 December 2025, if the DLOM had been higher/lower by 5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB5,318,000 lower/higher respectively.
	Market approach, EV/S multiples	N/A	N/A	4.46	As at 31 December 2025, if the EV/S multiples was increased/decreased by 5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB4,438,000 higher/lower respectively.
F F CI					
Notes receivables measured at FVTOCI	Discount rate	0.75%–2.37%	1.03%–2.3%	0.5%–1.99%	As at 31 December 2023, 2024, and 2025, if the discount rate had been higher/lower by 0.5%, the fair value of notes receivables at FVTOCI would have been approximately RMB383,000, RMB1,423,000 and RMB1,795,000 lower/higher respectively.
Unlisted equity investments	Market approach, Recent transaction price	N/A	N/A	N/A	As at 31 December 2025, if the recent transaction price were increased/decreased by 5%, the fair value of unlisted equity investments at FVTOCI would have been approximately RMB1,543,000 higher/lower.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

( ) L 3

The following tables present the changes in level 3 financial instruments during the Track Record Period:

( ) F F PL

	B	
	B'000	*B'000*
As at 1 January 2023	1,505,870	300
Additions	4,387,000	63,912
Disposals	(5,312,755)	—
Fair value gains	38,720	—
As at 31 December 2023 and 1 January 2024	618,835	64,212
Additions	4,914,000	10,000
Disposals	(5,292,446)	—
Fair value gains	20,175	2,770
As at 31 December 2024 and 1 January 2025	260,564	76,982
Additions	750,000	—
Disposals	(1,011,863)	—
Fair value gains	1,299	17,616
As at 31 December 2025	—	94,598

( ) F F OCI

	F CI	
	B'000	*B'000*
As at 1 January 2023	87,503	—
Additions	392,098	—
Disposals	(400,016)	—
As at 31 December 2023 and 1 January 2024	79,585	—
Additions	657,528	—
Disposals	(444,795)	—
As at 31 December 2024 and 1 January 2025	292,318	—
Additions	2,069,441	18,816
Disposals	(1,992,006)	—
Fair value gains	—	12,047
As at 31 December 2025	369,753	30,863

42. FI A CIAL I K A AGE E BJEC I E A D LICIE

The financial instruments of the Group mainly comprise cash and cash equivalents, time deposits, restricted bank deposits, trade and notes receivables and other receivables, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade and notes receivables and trade and notes payables, which arise directly from its operations.

The risks of the Group's financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarised below.

F

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2023, 2024 and 2025, the Group's major monetary assets and liabilities exposed to foreign currency risk are listed below:

	D	E
	B'000	*B'000*
A 31 D 2023		
Assets	1,217,265	31,977
Liabilities	(120,975)	(12,206)
Net exposure	1,096,290	19,771
A 31 D 2024		
Assets	1,156,905	390,164
Liabilities	(20,711)	(1,055,080)
Net exposure	1,136,194	(664,916)
A 31 D 2025		
Assets	664,426	83,705
Liabilities	(48,378)	(1,039,196)
Net exposure	616,048	(955,491)

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against USD 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding USD denominate monetary items and adjusts their translation at the end of each year for the Track Record Period for a 5% change in foreign currency rates. A negative number below indicates a decrease in profit before income tax where RMB strengthen 5% against USD. For a 5% weakening of RMB against USD, there would be an equal and opposite impact on the profit before income tax and the amounts below would be positive.

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
USD	(54,815)	(56,810)	(30,802)

Other change in foreign exchange rates have no significant impact on foreign currency risk.

To manage its price risk arising from investments, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. Each investment is managed by senior management on a case-by-case basis. The Group is exposed to price risk mainly arising from investments in fund products and unlisted equity instruments, See Note 41 (b) for details.

The Group is not exposed to commodity price risk.

I

The Group's interest rate risk primarily arises from long-term interest-bearing borrowings, and lease liabilities. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk. Long-term borrowings issued at fixed rates, and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group.

The following tables list out the interest rate profiles of the Group's variables interest-bearing financial instruments as at 31 December 2023, 2024 and 2025:

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Floating rate instruments			
— Borrowings	3,771,690	6,473,209	7,941,307

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher approximately RMB18,858,000, RMB32,366,000 and RMB39,707,000, for the years ended 31 December 2023, 2024 and 2025, respectively.

C

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and trade and notes receivables measured at FVTOCI as disclosed in Note 40 to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at 31 December 2023, 2024 and 2025, The Group have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

( ) C , r r

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash and cash equivalents, time deposits and restricted bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

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The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables. To measure the expected credit losses, trade and notes receivables have been grouped based on shared credit risk characteristics and ageing.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each year for the Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (“**GD** ”) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Individually impaired trade and notes receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognised impairment losses.

The Group’s trade receivables as described in Note 22 mainly represented receivables received from the sales of products to customers.

Except for receivables assessed for credit risk on an individual basis, the Group groups its receivables into different portfolios based on common credit risk characteristics as below:

Group 1: trade receivables from overseas customers

Group 2: trade receivables from domestic customer

As of 31 December 2023, 2024 and 2025, the allowance for impairment for the trade receivables were determined as follows.

	G	A	E
	B'000	*B'000*	*%*
A 31 D 2023			
Assessed based on group 1	164,933	2,946	1.79%
Assessed based on group 2	1,465,107	33,346	2.28%
Assessed individually	6,239	6,239	100.00%
	1,636,279	42,531	2.60%
A 31 D 2024			
Assessed based on group 1	67,706	1,718	2.54%
Assessed based on group 2	1,994,713	41,632	2.09%
Assessed individually	57,952	57,952	100.00%
	2,120,371	101,302	4.78%
A 31 D 2025			
Assessed based on group 1	171,110	2,547	1.49%
Assessed based on group 2	1,750,810	29,782	1.70%
Assessed individually	10,129	10,129	100%
	1,932,049	42,458	2.20%

Except for notes receivables assessed for credit risk on an individual basis, the Group groups its notes receivables into different portfolios based on common credit risk characteristics as below:

Group 1: management assesses banker's acceptances (BACs) as generally exhibiting low credit risk. Consequently, an allowance for expected credit losses is typically not recognised for these instruments.

Group 2: the classification of commercial notes not issued or guaranteed by bank are determined by the credit risk profile of the issuers.

As of 31 December 2023, 2024 and 2025, the allowance for impairment for the notes receivables were determined as follows.

	G	A	E
	B'000	*B'000*	*%*
A 31 D 2023			
Assessed based on group 1	133,616	—	—
Assessed based on group 2	46,527	642	1.38%
	180,143	642	0.36%

	G	A	E
	B'000	*B'000*	*%*
A 31 D 2024			
Assessed based on group 1	204,384	—	—
Assessed based on group 2	154,770	2,167	1.40%
	359,154	2,167	0.60%
A 31 D 2025			
Assessed based on group 1	260,180	—	—
Assessed based on group 2	333,423	3,134	0.94%
	593,603	3,134	0.53%

F CI

All of notes receivables measured at FVTOCI were BACs and the management assesses BACs as generally exhibiting low credit risk. Consequently, an allowance for expected credit losses is typically not recognised for these instruments.

Over the term of other receivables, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. To assess whether there is a significant increase in credit risk in other receivables, the Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default at the date of initial recognition. It considers available, reasonable, supportive forward-looking information. Especially, the following indicators are incorporated:

- external credit rating of the counterparty (as far as available).
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- actual or expected significant changes in the operating results of the counterparty; and
- significant expected changes in the performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

Based on historical experiences and consideration of forward-looking information, other receivables from related parties were settled within 12 months after upon maturity hence the ECL is minimal. The impairment on other receivables as stated in Note 23 to the Historical Financial Information were accounted as amortised cost is measured as either 12-month ECL or lifetime ECL. On such basis, the following table sets forth the impairment for other receivables as at 31 December 2023, 2024 and 2025:

	1 12- ECȽ	2 Ƚ ECȽ	3 Ƚ ECȽ	
A 31 D 2023				
Expected loss rate	5.34%	—	—	5.34%
Gross carrying amount *(B'000)*	8,722	—	—	8,722
Allowance for impairment *(B'000)*	466	—	—	466
A 31 D 2024				
Expected loss rate	4.91%	—	—	4.91%
Gross carrying amount *(B'000)*	18,784	—	—	18,784
Allowance for impairment *(B'000)*	922	—	—	922
A 31 D 2025				
Expected loss rate	5.02%	—	—	5.02%
Gross carrying amount *(B'000)*	33,270	—	—	33,270
Allowance for impairment *(B'000)*	1,671	—	—	1,671

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The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of each year for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	1	1 3	3	
	B'000	*B'000*	*B'000*	*B'000*
A 31 D 2023				
Trade and notes payables	478,454	—	—	478,454
Other payables and accruals	815,567	22,600	—	838,167
Amount due to related parties	119	—	—	119
Borrowings	2,720,019	1,544,939	2,101,470	6,366,428
Lease liabilities	5,576	11,152	32,429	49,157
	4,019,735	1,578,691	2,133,899	7,732,325
A 31 D 2024				
Trade and notes payables	532,281	—	—	532,281
Other payables and accruals	1,304,796	22,600	—	1,327,396
Amount due to related parties	635	—	—	635
Borrowings	4,196,537	3,479,867	2,966,034	10,642,438
Lease liabilities	32,649	73,827	298,699	405,175
	6,066,898	3,576,294	3,264,733	12,907,925
A 31 D 2025				
Trade and notes payables	669,699	—	—	669,699
Financial liability at FVTPL	12,620	—	—	12,620
Other payables and accruals	915,015	—	—	915,015
Amount due to related parties	994	—	—	994
Borrowings	5,918,670	4,502,006	2,280,047	12,700,723
Lease liabilities	37,471	77,026	264,852	379,349
	7,554,469	4,579,032	2,544,899	14,678,400

C

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	A 31 D		
	2023	**2024**	**2025**
	B'000	*B'000*	*B'000*
Total assets	17,945,462	23,145,535	24,793,110
Total liabilities	7,986,685	13,174,413	14,652,358
Liability-to-asset ratio	44.51%	56.92%	59.10%

43. C I GE LIABILI

Saved as disclosed in Note 7 to the Historical Financial Information, as of 31 December 2023, 2024 and 2025, the Group has no other outstanding litigation or contingent liability that in the opinion of the directors of the Company would have material impact to the Group's financial position.

44. E E AF E HE E D F HE E I G E I D

[At the 23rd meeting of the Board of Directors held on 24 March 2026, the Company approved the proposal on the registration and issuance of Science and Technology Innovation Bonds. The Company intends to apply to the National Association of Financial Market Institutional Investors (NAFMII) for registration to issue Science and Technology Innovation Bonds with an aggregate principal amount not exceeding RMB1.5 billion. The Company will determine the timing and frequency of issuance (whether in a single tranche or multiple tranches) within the registered amount and validity period based on its actual funding requirements and prevailing market conditions. The final registered amount shall be as specified in the registration notice issued by NAFMII.

Other than those disclosed above and Note 12, 31 and 32 in the Historical Financial Information, the Group has no other significant event subsequent to 31 December 2025.]

III. B E E FI A CIAL A E E

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2025.]

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I

We have reviewed the interim financial information of Shenzhen Senior Technology Material Co., Ltd. (the "**C**") and its subsidiaries (collectively referred to as the "**G**") set out on pages IA-[•] to IA-[•], which comprise the condensed consolidated statement of financial position as of 31 March 2026 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months ended 31 March 2026, and related explanatory notes (the "**I F I**"). The directors of the Company are responsible for the preparation and presentation of these Interim Financial Information in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IA 34**") issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these Interim Financial Information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("

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Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with IAS 34.

The comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months ended 31 March 2025 and related explanatory notes disclosed in the Interim Financial Information have not been reviewed in accordance with ISRE 2410.

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Practising Certificate Number: [•]
Hong Kong
[Date]

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		31	
		2026	**2025**
		B'000	*B'000*
		(unaudited)	(unaudited)
Revenue	5	1,071,337	881,358
Cost of sales	8	(801,783)	(673,587)
G		269,554	207,771
Other income	6	25,314	33,676
Net impairment losses reversed on financial assets		3,911	728
Other (losses) and gains, net	7	(25,835)	11,582
Research and development expenses	8	(69,261)	(56,098)
General and administrative expenses	8	(111,930)	(84,329)
Selling expenses	8	(8,094)	(7,343)
Share of results of associates and joint venture, net		(545)	1,378
Finance costs	9	(65,263)	(54,303)
		17,851	53,062
Income tax credit/(expense)	10	2,791	(2,551)
		20,642	50,511
:			
Owners of the Company		11,029	46,827
Non-controlling interests		9,613	3,684
		20,642	50,511
( )/ ,			
I			
Translation of financial statements of foreign operations, net of tax		(138,904)	138,158
( )/		(118,262)	188,669
( )/ :			
Owners of the Company		(127,875)	184,985
Non-controlling interests		9,613	3,684
		(118,262)	188,669
E (E ")			
C	12		
Basic (in RMB per share)		0.01	0.03
Diluted (in RMB per share)		0.01	0.03

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		A	A
		31	31 D
		2026	**2025**
		B'000	*B'000*
		(unaudited)	
A E A D ⱢIABIⱢI IE			
-			
Property, plant and equipment	13	16,911,155	16,932,017
Right-of-use assets	13	868,026	886,508
Intangible assets	13	22,540	20,936
Investment properties		134,330	135,551
Investments in associates and joint venture		22,026	22,571
Financial assets at fair value through profit or loss	14	94,598	94,598
Financial assets at fair value through other comprehensive income	15	36,863	30,863
Time deposits		52,832	52,525
Prepayments, other receivables and other assets	18	532,329	467,090
Deferred income tax assets		68,834	66,742
		18,743,533	18,709,401
C			
Inventories	16	927,265	762,381
Trade and notes receivables	17	2,343,503	2,480,060
Prepayments, other receivables and other assets	18	456,285	440,517
Amounts due from related parties	26(c)	4,990	3,646
Prepaid income tax		9,520	5,441
Financial assets at fair value through profit or loss	14	81,680	30,001
Financial assets at fair value through other comprehensive income	15	432,623	369,753
Restricted bank deposits	19	521,158	571,202
Time deposits		158,592	233,037
Cash and cash equivalents		2,259,139	1,187,671

		A 31 2026	A 31 D 2025
		B'000	*B'000*
		(unaudited)	
-			
Other payables and accruals	21	465,198	472,202
Borrowings	22	7,650,319	6,361,445
Lease liabilities		270,059	281,768
Deferred income tax liabilities		15,756	17,810
		8,401,332	7,133,225
		10,025,981	10,140,752
E I			
Share capital and treasury shares	23	1,045,717	997,366
Reserves		8,761,209	8,933,944
Equity attributable to owners of the Company		9,806,926	9,931,310
Non-controlling interests		219,055	209,442
		10,025,981	10,140,752

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	A		C					-	
			C				-		
	B'000	B'000	B'000	B'000	B'000	B'000	B'000	B'000	B'000
	23	23	(( ))	(( ))	(( ))				
A 1 J 2026	1,348,124	(350,758)	6,472,064	313,509	137,593	2,010,778	9,931,310	209,442	10,140,752
Profit for the period (unaudited)	—	—	—	—	—	11,029	11,029	9,613	20,642
Other comprehensive loss for the period (unaudited)	—	—	—	(138,904)	—	—	(138,904)	—	(138,904)
Total comprehensive (loss) income for the period (unaudited)	—	—	—	(138,904)	—	11,029	(127,875)	9,613	(118,262)
Share-based compensation expenses (24) (unaudited)	—	—	3,491	—	—	—	3,491	—	3,491
Cancellation of treasury shares (23) (unaudited)	(2,413)	50,764	(48,351)	—	—	—	—	—	—
A 31 2026 ( )	1,345,711	(299,994)	6,427,204	174,605	137,593	2,021,807	9,806,926	219,055	10,025,981
A 1 J 2025	1,342,957	(62,765)	6,426,721	(17,089)	137,593	1,971,721	9,799,138	171,984	9,971,122
Profit for the period (unaudited)	—	—	—	—	—	46,827	46,827	3,684	50,511
Other comprehensive income for the period (unaudited)	—	—	—	138,158	—	—	138,158	—	138,158
Total comprehensive income for the period (unaudited)	—	—	—	138,158	—	46,827	184,985	3,684	188,669
Share-based compensation expenses (24) (unaudited)	—	—	11,383	—	—	—	11,383	—	11,383
Repurchase and cancellation of shares under restricted shares incentive schemes (unaudited)	(55)	639	(584)	—	—	—	—	—	—
Repurchase of shares (unaudited)	—	(99,998)	—	—	—	—	(99,998)	—	(99,998)
A 31 2025 ( )	1,342,902	(162,124)	6,437,520	121,069	137,593	2,018,548	9,895,508	175,668	10,071,176

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(a) Capital reserve mainly includes share premium and other reserve recognised under the share-based payment.

(b) Other comprehensive income reserve is the reserve due to the translation of financial statements of foreign operations and fair value changes of equity investments designated at fair value through other comprehensive income.

(c) It represents the statutory reserve of the company in the People's Republic of China (the " **C**").

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	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Profit before income tax	17,851	53,062
Adjustments for:		
Share of results of associates and joint venture, net	545	(1,378)
Depreciation of property, plant and equipment *(, 13)*	246,856	190,665
Depreciation of right-of-use assets	5,852	3,902
Amortisation of intangible assets	876	563
Depreciation of investment properties	1,221	—
Investment losses/(income) from financial assets and liabilities at fair value through profit or loss *(, 7)*	9,597	(11,030)
Net fair value gains on financial assets at fair value through profit or loss *(, 7)*	(6,873)	(1,107)
Net losses on disposal of property, plant and equipment *(, 7)*	26	65
Net impairment losses recognised/(reversed) on inventories *(, 8)*	(18,663)	15,147
Finance costs *(, 9)*	65,263	54,303
Net impairment losses reversed on trade and notes receivables and other receivables	(3,911)	(728)
Share-based payment expenses *(, 24)*	3,491	11,383
Amortisation of deferred government grants *(, 6)*	(12,704)	(9,864)
Net foreign exchange losses *(, 7)*	22,978	3,104
Operating profit before working capital change	332,405	308,087
Decrease in trade and notes receivables	77,447	203,699
Increase in prepayments and other receivables	(91,653)	(158,684)
Increase in inventories	(145,331)	(93,421)
(Decrease)/increase in trade and notes payables	(57,787)	5,415
Decrease in other payables and accruals	(33,613)	(50,468)
Decrease in contract liabilities	(4,864)	(1,194)
C	76,604	213,434
Income tax paid	(8,578)	(13,631)
	68,026	199,803

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
I		
Payment and prepayment for purchase of property, plant and equipment	(345,718)	(1,416,394)
Proceeds from disposal of property, plant and equipment — net	161	—
Purchase of intangible assets	(2,482)	(2,846)
Investment income received from wealth management products and structured deposit	180	1,549
Investments in associates and joint venture	—	(1,250)
Proceeds from liquidation of an associate	—	42,398
Receipt from maturity of time deposits	94,989	1,393,306
Placement of time deposits	(22,380)	(1,245,865)
Proceeds from sale of financial assets at fair value through profit or loss	60,007	621,038
Purchase of financial assets at fair value through profit or loss	(77,517)	(824,582)
Prepayment and payment for equity instruments investment	(81,257)	—
Placement of deposits for financial liabilities at fair value through profit or loss	(1,757)	—
	(375,774)	(1,432,646)
F		
Repurchase of restricted shares	—	(639)
Proceeds from bank borrowings	2,724,410	1,430,281
Repayment of bank borrowings	(657,441)	(464,000)
Interest paid	(56,321)	(67,207)
Proceeds from other borrowings	695,539	457,800
Repayment of other borrowings	(1,331,489)	(593,584)
Principal portion of lease payments	(3,365)	(4,619)
Payment on repurchase of shares	—	(99,998)
Receipt from maturity of pledged bank deposits	143,948	351,816
Placement of pledged bank deposits	(138,748)	(179,555)
	1,376,533	830,295
/( )	1,068,785	(402,548)
Cash and cash equivalents at beginning of period	1,187,671	2,650,754
Effect of foreign exchange rate changes, net	2,683	(3,103)
C	2,259,139	2,245,103

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E HE I E I FI A CIAL I F A I

1. GE E AL I F A I

The Company was a limited liability company incorporated in the PRC on 17 September 2003 and changed to a joint stock limited company on 3 September 2008. The Company’s A shares are listed on Shenzhen Stock Exchange on 1 November 2016. The address of the Company’s registered office and its principal place of business is Gongming office, Guangming District, Shenzhen City, Guangdong Province, Tianyuan Road North, the PRC.

During the three months ended 31 March 2026, the Company and its subsidiaries (the “**G** ”) are principally engaged in the research and development, production and sales of lithium-ion battery separators applied in the field of new energy, new materials and new energy vehicles.

The Company has a diversified shareholder structure. Among them, as a natural person shareholder, Chen Xiufeng holds 12.65% of the Company’s shares and is the largest individual shareholder of the Company.

In this Interim Financial Information, certain English name of the companies referred herein represent the management’s best effort to translate the Chinese name of the companies as no English name has been registered.

The Interim Financial Information is presented in Renminbi (“ **B**”) and all values are rounded to the nearest thousand except when otherwise indicated.

2. BA I F E E A I A D E A A I

The Interim Financial Information have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board (the “**IA B**”).

As at 31 March 2026, the Group had net current liabilities of approximately RMB316,220,000. Based on the working capital forecast of the Group for the next twelve months, taking into account the financial resources available to the Group, including existing cash and cash equivalents, unutilised bank credits (Note 22), the directors of the Company are of the opinion that the Group will have sufficient cash resources to satisfy its future working capital in the next twelve months from the date of this report. Accordingly, the Directors consider that it is appropriate that the Interim Financial Information is prepared on a going concern basis.

The Interim Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

3. A LICA I F IF ACC I G A DA D

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's Interim Financial Information:

Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards — Volume 11

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

4 A E IAL ACC I G LIC I F A I

Other than additional accounting policies resulting from the application of amendments to IFRS Accounting Standards, the accounting policies used in the Interim Financial Information are the same as those followed in the preparation of the Group's historical financial information for the three years ended 31 December 2025 included in the accountants' report as set out in Appendix I to the document dated [•] 2026.

This Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The condensed consolidated financial statements and the selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest consolidated financial statements as at and for the year ended 31 December 2025. The Interim Financial Information do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

5. E E EA D EG E I F A I

The Group's principal activities are disclosed in Note 1 to the Interim Financial Information.

The Group derives revenue from the transfer of goods at a point in time were analysed as follows:

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
— Sale of lithium-ion battery separators	1,071,337	881,358

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time.

The Group's management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group's result and financial position as a whole, major customers and geographic information are presented.

G

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
— Mainland China	838,281	776,047
— Other countries/regions	233,056	105,311
	1,071,337	881,358

The geographical location of the Group's non-current assets (excluding deferred income tax assets and financial assets), mainly comprised of the property, plant and equipment, is based on the physical location of these assets. As at 31 March 2026 and 31 December 2025, the geographical location of the Group's non-current assets are as follows.

	A	**A**
	31	**31 D**
	2026	**2025**
	B'000	*B'000*
	(unaudited)	
- (		
)		
— Mainland China	10,971,309	10,903,647
— Sweden	2,594,399	2,700,168
— Malaysia	3,942,451	3,879,108
— the United States	888,119	864,138
— Other countries/regions	94,128	117,612
	18,490,406	18,464,673

I

Revenue derived from customers individually contributed over 10% of the Group's revenue during the three months ended 31 March 2026 and 2025 is as follows:

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Customer A	199,378	105,645
Customer B	226,287	105,130
Customer C	N/A*	156,877
Customer D	110,152	N/A*
Customer E	N/A*	93,124
	535,817	460,776

* The corresponding revenue for the customer didn't contribute over 10% of the total revenue of the Group during the period.

6. HE I C E

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Government grants *(,)*	13,283	18,625
Value-added tax (VAT) reduction	1,455	637
Interest income	5,330	10,306
Rental income	4,132	2,852
Others	1,114	1,256
	25,314	33,676

, :

During the three months ended 31 March 2026, government grants without unfulfilled condition or contingencies were approximately RMB579,000 (three months ended 31 March 2025: RMB8,761,000).

During the three months ended 31 March 2026, the amount of amortisation of deferred government grants were approximately RMB12,704,000 (three months ended 31 March 2025: RMB9,864,000).

7. HE (L E) A D GAI , E

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Investment (losses)/income of financial assets at FVTPL	(9,597)	11,030
Net foreign exchange losses	(22,978)	(3,104)
Net fair value gains on financial assets and liabilities at FVTPL	6,873	1,107
Net losses on disposal of property, plant and equipment	(26)	(65)
Others	(107)	2,614
	(25,835)	11,582

8. E E E B A E

Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses are analysed as follows:

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Raw materials consumed and sales/consumption of finished goods and semi-finished goods	349,005	269,631
Depreciation of property, plant and equipment *(, 13)*	246,856	190,665
Depreciation of right-of-use assets	5,852	3,902
Depreciation of investment properties	1,221	—
Amortisation of intangible assets	876	563
Net impairment losses (reversed)/recognised on inventories	(18,663)	15,147
Employee benefit expenses	200,360	159,633
Share-based payment expenses *(, 24)*	3,491	11,383
Energy and fuel costs	125,547	100,359
Logistics fees	16,961	17,353
Official and travel expenses	11,664	9,963
Tax and surcharges	13,176	9,834
Legal and professional fees	4,279	4,843
[REDACTED] expenses	[REDACTED]	[REDACTED]
Auditor's remuneration	450	450
Others	29,063	27,631
	991,068	821,357

9. FI A CE C

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Interest expense on bank borrowings	47,942	46,613
Interest expense on other borrowings	16,928	7,229
Interest expense on lease liabilities	393	461
	65,263	54,303

:

During the three months ended 31 March 2026, the amount of approximately RMB14,632,000 (three months ended 31 March 2025: RMB25,566,000) finance costs on borrowings and lease liabilities, which funds were specifically invested in construction in progress, have been capitalised.

10. I C E A (C EDI)/E E E

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Current income tax	1,438	11,735
Deferred income tax credit	(4,229)	(9,184)
	(2,791)	2,551

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

( ) C E I (EI ")

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries are calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the period based on the existing legislations, interpretations and practices in respect thereof.

In 2020, the Company was recognised as a "High and New Technology Enterprise" ("**H E**"), and renewed its HNTE recognition in 2023 and enjoyed the 15% preferential income tax rate in 2023 to 2025.

In 2021, subsidiaries of the Group Hefei Senior New Energy Materials Co., Ltd, Changzhou Senior New Energy Materials Co., Ltd and Jiangsu Senior New Material Technology Co., Ltd were recognised as "HNTE", therefore enjoyed a preferential income tax rate of 15% in 2021 to 2023. The subsidiaries of the Group renewed HNTE recognition in 2024 and can enjoy the 15% preferential income tax rate in 2024 to 2026.

In 2023, the subsidiary of the Group, Senior Material (Nantong) New Materials Technology Co., Ltd was recognised as a "HNTE", therefore enjoyed a preferential income tax rate of 15% in 2023 to 2025.

In December 2025, the subsidiary of the Group, Senior Material (Foshan) New Materials Technology Co., Ltd was recognised as a “HNTE”, therefore enjoyed a preferential income tax rate of 15% in 2025 to 2027.

( ) H K

The Company’s subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

( ) C

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

11. DI IDE D

A final dividend in respect of the year ended 31 December 2025 of RMB0.10 per 10 shares (tax inclusive), in aggregate of approximately RMB13,259,000, was approved by the shareholders in the 2025 Annual General Meeting of the Company on 22 April 2026 and paid in May 2026. The Group did not recognise this as a liability as at 31 December 2025 and 31 March 2026.

A final dividend in respect of the year ended 31 December 2024 of RMB0.50 per 10 shares (tax inclusive), in aggregate of approximately RMB66,595,000, has been proposed by the directors of the Company and were approved by the shareholders in the 2024 Annual General Meeting of the Company on 21 May 2025. The Group did not recognise this as a liability as at 31 March 2025.

12. E

( ) B E

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the three months ended 31 March 2026 and 2025, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	31	
	2026	**2025**
	(unaudited)	(unaudited)
Profit attributable to owners of the Company used in calculating basic EPS *(B’000)*	11,029	46,827
Weighted average number of ordinary shares in issue (thousand shares)	1,344,365	1,338,942
Basic EPS (RMB per share)	0.01	0.03

( ) D E

The share schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of

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14. FI A CIAL A E A F L

	A 31 2026	A 31 D 2025
	B'000	*B'000*
	(unaudited)	
C :		
— Fund products	48,863	30,001
— Listed equity instrument	32,107	—
— Foreign exchange forward contracts and options	710	—
	81,680	30,001
- :		
— Unlisted equity instruments	94,598	94,598

15. FI A CIAL A E A F CI

	A 31 2026	A 31 D 2025
	B'000	*B'000*
	(unaudited)	
C :		
— Notes receivables measured at FVTOCI *( )*	432,623	369,753
- :		
— Unlisted equity investments	36,863	30,863

The notes receivables had a maturity of within six months at 31 March 2026 and 31 December 2025. The notes receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

In addition, the Group has discounted certain notes receivables to banks and endorsed certain notes receivables to its suppliers to settle its payables. The maximum exposure to the Group that may result from the default of these endorsed and discounted notes receivables, which are derecognised in full of the carrying amount, as at 31 March 2026 are approximately RMB283,743,000 (31 December 2025: RMB888,416,000).

16. I E IE

	A 31 2026	A 31 D 2025
	B'000	*B'000*
	(unaudited)	
Raw materials	318,462	322,177
Semi-finished goods	183,312	168,794
Finished goods	471,169	336,641
	972,943	827,612
Less: provision for impairment	(45,678)	(65,231)
	927,265	762,381

17. ADE A D E ECEI ABLE

	A 31 2026	A 31 D 2025
	B'000	*B'000*
	(unaudited)	
Trade receivables	1,783,587	1,932,049
Notes receivables *( )*	601,474	593,603
	2,385,061	2,525,652
Less: allowance for impairment	(41,558)	(45,592)
	2,343,503	2,480,060

: The amount of the Group's endorsed and discounted notes receivables which are not derecognised as at 31 March 2026 are approximately RMB316,362,000 (31 December 2025: RMB285,722,000).

The credit period granted to customers is generally within 180 days.

The ageing analysis of trade receivables based on recognition date is as follows:

	A 31 2026	A 31 D 2025
	B'000	*B'000*
	(unaudited)	
Within 1 year	1,755,911	1,898,142
Over 1 year but within 2 years	7,459	8,624
Over 2 years but within 3 years	1,777	7,325
Over 3 years	18,440	17,958
	1,783,587	1,932,049

18. E A E , HE ECEI ABLE A D HE A E

	A 31 2026	A 31 D 2025
	B'000 (unaudited)	*B'000*
Other receivables	31,424	33,270
Less: allowance for impairment	(1,582)	(1,671)
	29,842	31,599
Prepayment for acquisition of non-current assets	202,818	147,205
VAT recoverable	645,264	651,205
Prepayments for materials and others	85,276	58,351
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]
	988,614	907,607
Analysed for reporting purposes as:		
Current assets	456,285	440,517
Non-current assets	532,329	467,090
	988,614	907,607

19. E IC ED BA K DE I

	A 31 2026	A 31 D 2025
	B'000 (unaudited)	*B'000*
Restricted bank deposits	521,158	571,202
Pledged bank deposits for notes payables	213,269	286,850
Pledged bank deposits for bank borrowings	112,111	43,706
Pledged bank deposits for other purposes *( )*	195,778	240,646
	521,158	571,202

: As at 31 March 2026, other restricted deposits amounted to approximately RMB172,427,000 (31 December 2025: RMB219,042,000), representing funds placed in a designated securities investment account under an Entrusted Asset Management Contract with an independent third party.

As at 31 March 2026, the Group's restricted bank deposits, other than those held in designated securities investment accounts amounting to approximately RMB172,427,000 (31 December 2025: RMB219,042,000) which are denominated in USD, are primarily denominated in RMB.

20. ADE A D E A ABLE

	A 31 2026	A 31 D 2025
	B'000	*B'000*
	(unaudited)	
Trade payables	448,093	452,501
Notes payables	164,817	217,198
	612,910	669,699

The changes in the Company's authorised, issued and fully paid share capital are as follows:

	'000	B'000
B1		
As at 1 January 2026	1,348,124	1,348,124
Cancellation of treasury shares *(. ,)*	(2,413)	(2,413)
As at 31 March 2026 *(. ,)*	1,345,711	1,345,711
As at 1 January 2025	1,342,957	1,342,957
Repurchase and cancellation of shares under restricted shares incentive schemes	(1,065)	(1,065)
Issue of shares under restricted shares incentive schemes	6,232	6,232
As at 31 December 2025	1,348,124	1,348,124

The detail of the treasury shares reserve and number of treasury shares outstanding at 31 March 2026 and 31 December 2025 are as follows:

	31 2026	**31 D 2025**
	B'000 (unaudited)	*B'000*
At the beginning of the period/year	350,758	62,765
Repurchase and cancellation of shares under restricted shares incentive schemes	—	(11,989)
(Cancellation)/repurchase of shares	(50,764)	299,982
At the end of the period/year	299,994	350,758
Number of treasury shares (in thousands)	28,436	30,849

24. HA E-BA ED E Ł EE C E A I

( ) - : 31 2026 2025

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
Equity settled share-based compensation	3,491	11,383

( ) I A

The Company granted both Type I and Type II restricted shares. The particulars of the Type I and Type II restricted shares are as follows:

( ) I r r r

Type I restricted shares refer to ordinary shares issued to the participants with certain restrictions stipulated under the Restricted A-share Scheme. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company and were required to pay the purchase price upon accepting the Type I restricted shares.

Type I restricted shares shall be locked up immediately upon grant. The release of the restriction of the restricted shares granted to the participants shall be subject to performance conditions and a lock-up period after the date of registration. The restricted shares held by the participants shall be unlocked in two or three tranches of the total number of the restricted shares granted upon the expiry of each lock-up period. The restriction on the restricted share would only be released upon both the performance condition of the Group and the performance condition of the individuals are met.

If the either of the performance conditions are not met, the Company will repurchase the Type I restricted shares from the employee at purchase price. The total consideration paid by the participants are recognised as liabilities and will only be reversed by portion to other reserve when the shares are vested each year.

Pursuant to the "Proposal on the 2022 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**I 2022**") approved at the 2022 second extraordinary general meeting of the Company on 21 February 2022, the Company completed the registration of the initial grant of 2,590,100 type I restricted stock with lock-up period of 36 months to 289 incentive participants in April 2022 at a grant price of RMB18.25 per share and 920,753 type I restricted stock with lock-up period of 24 months to 89 incentive participants which in reserved grant portion in February 2023 at a grant price of RMB11.73. Pursuant to the Incentive Plan 2022, the restricted stock initial granted to 289 incentive participants in April 2022 will be unlocked in three periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 40%, 40% and 20%, respectively, according to the Group's performance appraisal and individual performance appraisal, etc. The restricted stock granted to 89 incentive participants in February 2023 will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc.

Set out below are details of the movements of the outstanding number of Type I restricted shares throughout the three months ended 31 March 2025 and 2026:

	31	
	2026	**2025**
	'000	*'000*
	(unaudited)	(unaudited)
As at beginning of the period	—	1,065
Lapsed	—	(55)
As at end of the period	—	1,010
Exercisable at end of the period	—	—

( ) II r r r

Type II restricted shares refer to the ordinary shares that participants could be subscribed upon the satisfaction of both the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. Upon the satisfaction of the Group's and individuals' performance conditions under the Restricted A-share Scheme, the participants of Type II restricted shares have the right to subscribe ordinary shares.

Type II restricted shares shall be vested over a two-year or a three-year period, with shares vesting on each anniversary date after the vesting commencement date upon the satisfaction of the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. The shares before the participants' subscription do not give the participants the right to obtain dividends or the right to vote at the shareholders' meeting.

Pursuant to the proposals such as "Proposal on the 2023 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**I 2023**") approved at the 2023 third extraordinary general meeting of the Company on 11 November 2023, the Company completed the registration of the initial grant of 2,650,000 type II restricted stock with lock-up period to 49 incentive participants in December 2023 at a grant price of RMB7.16 per share. Pursuant to the Incentive Plan 2023, the restricted shares granted to participants will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc.

Pursuant to the proposals such as "Proposal on the 2024 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**I 2024**") approved at the 2024 first extraordinary general meeting of the Company on 27 September 2024, the Company completed the registration of the initial grant of 12,630,000 type II restricted stock with lock-up period to 50 incentive participants in October 2024 at a grant price of RMB3.75 per share and 370,000 type II restricted stock with lock-up period to 5 incentive participants in August 2025 at a grant price of RMB3.70 per share. Pursuant to the Incentive Plan 2024, the restricted shares granted to 5 incentive participants in September 2024 will be unlocked in three periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50%, 30% and 20%, respectively, according to the Group's performance appraisal and individual performance appraisal, etc. The restricted stock granted to 5 incentive participants in August 2025 will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc.

Set out below are details of the movements of the outstanding number of Type II restricted shares throughout the three months ended 31 March 2026 and 2025:

	31	
	2026	**2025**
	'000	*'000*
	(unaudited)	(unaudited)
As at beginning of the period	7,848	15,280
Forfeited	(1,245)	—
As at end of the period	6,603	15,280
Exercisable at end of the period	2,729	6,315

Subsequent to 31 March 2026, pursuant to the "Proposal on the 2026 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**I 2026**") approved at the 2026 second extraordinary general meeting of the Company on 31 March 2026, the Company completed the registration of the grant of 8,580,200 type I restricted stock in treasury shares with lock-up period of 24 months to 63 incentive participants in April 2026 at a grant price of RMB7.50 per share. Pursuant to the Incentive Plan 2026, the restricted stock will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc.

25. C I E

The Group's capital commitments contracted but not provided for in the Interim Financial Information were as follows:

	A 31 2026	**A 31 D 2025**
	B'000	*B'000*
	(unaudited)	
Contracted, but not provided for, net of deposits paid and prepayments		
— Property, plant and equipment	2,120,678	2,169,527

26. ELA ED A A AC I

The Group entered into the following related party transactions during the three months ended 31 March 2026 and 2025.

( )

	G
Shenzhen Cotran New Material Co., Ltd. (Former name: Shenzhen Kexin Hydrogen Materials Co., Ltd.)* 圳市科新新材料有限公司 (名:圳市科新材有限公司)	A company in which the ultimate controller holds a 30% equity interest
Shenzhen Youte Qingxin Filter Material Technology Co., Ltd*. (圳優 新材科技有限公司)	A company controlled by the son of the ultimate controller
Shenzhen Xinyuanbang Technology Co., Ltd.* (圳新 邦科技有限公司)	An associate of the Group from October 2022
N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.* (恩環保科技(常)有限公司)	A company controlled by the brother of the ultimate controller
Shenzhen Xinglanxin New Material Technology Co., Ltd. (圳市藍 新材料科技有限公司)	A company in which the ultimate controller holds a 31% equity interest

* *F*

( )

	31	
	2026	**2025**
	B'000	*B'000*
	(unaudited)	(unaudited)
:		
— Shenzhen Youte Qingxin Filter Material Technology Co., Ltd.	193	110
— Shenzhen Xinglanxin New Material Technology Co., Ltd.	121	—
	314	110
:		
— Shenzhen Cotran New Material Co., Ltd.	198	—
— Shenzhen Xinglanxin New Material Technology Co., Ltd.	890	—
	1,088	—
:		
— Shenzhen Xinyuanbang Technology Co., Ltd.	6,153	301
— N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.	28	—
	6,181	301

( ) B

	A 31 2026	**A 31 D 2025**
	B'000	*B'000*
	(unaudited)	
A ( ):		
— Shenzhen Youte Qingxin Filter Material Co., Ltd.	199	207
— Shenzhen Cotran New Material Co., Ltd.	1,003	722
— Shenzhen Xinglanxin New Material Technology Co., Ltd.	3,788	2,717
	4,990	3,646

	A 31 2026	A 31 D 2025
	B'000 (unaudited)	B'000
A ( ):		
— Shenzhen Xinyuanbang Technology Co., Ltd.	5,070	905
— N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.	117	89
	5,187	994

: The amounts are unsecured, interest-free and recoverable or repayable on demand.

( ) K

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	31 2026	 2025
	B'000 (unaudited)	B'000 (unaudited)
Fees	80	60
Salaries, allowances, discretionary bonuses and benefits in kind	1,340	1,574
Retirement scheme contributions	49	46
Share-based compensation expenses	137	1,686
Total compensation paid to key management personnel	1,606	3,366

27. FAI AL E EA E E F FI A CIAL I E

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Group's financial instruments carried at fair value as at 31 March 2026 and 31 December 2025 by level of the inputs to valuation techniques used to measure fair

— Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

— Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

( ) F

As at 31 March 2026 and 31 December 2025, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	L 1	L 2	L 3	
	B'000	*B'000*	*B'000*	*B'000*
A 31 2026 ( )				
Financial assets at FVTPL				
— Fund products	—	—	48,863	48,863
— Listed equity instruments	32,107	—	—	32,107
— Foreign exchange forward contracts and options	—	710	—	710
— Unlisted equity instruments	—	—	94,598	94,598
Financial assets at FVTOCI				
— Unlisted equity instruments	—	—	36,863	36,863
— Notes receivables measured at FVTOCI	—	—	432,623	432,623
	32,107	710	612,947	645,764
Financial liabilities at FVTPL				
— Foreign exchange forward contract and options	—	3,210	—	3,210
A 31 D 2025				
Financial assets at FVTPL				
— Fund products	—	30,001	—	30,001
— Unlisted equity instruments	—	—	94,598	94,598
Financial assets at FVTOCI				
— Unlisted equity instruments	—	—	30,863	30,863
— Notes receivables measured at FVTOCI	—	—	369,753	369,753
	—	30,001	495,214	525,215
Financial liabilities at FVTPL				
— Foreign exchange forward contract and options	—	12,620	—	12,620

( )

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 3 fair value measurement were mainly included fund products, notes receivables measured at FVTOCI, equity investments in unlisted entities at FVTPL and at FVTOCI. These assets and liabilities were measured mainly using discounted cash flow approach and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the three months ended 31 March 2026 and 2025, there was no transfer between Level 1 and Level 2 into or out of Level 3.

The quantitative information of fair value measurements as at 31 March 2026 and 31 December 2025 for Level 2 and level 3 is as follows:

	F	A 31 2026	A 31 D 2025	( )	( )
		B'000 (unaudited)	B'000		
F F Ł					
Fund products	Level 2		30,001	Quoted prices in the over-the-counter market	N/A
	Level 3	48,863	—	Net assets value of unlisted funds	The higher the net assets value of unlisted funds, the higher the fair value
Foreign exchange forward contracts and options	Level 2	710	—	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A
Unlisted equity investments	Level 3	19,028	19,028	Market approach, Recent transaction price	The higher the recent transaction price, the higher the fair value
Unlisted equity investments	Level 3	75,570	75,570	Market approach, Discount for lack of marketability (“**DŁ**”) and Enterprise Value to Sales (“**E /**”) multiples	The higher the value of DLOM, the lower the fair value; the higher the EV/S multiples, the higher the fair value
F F CI					
Unlisted equity investments	Level 3	36,863	30,863	Market approach, Recent transaction price	The higher the recent transaction price, the higher the fair value
Notes receivables measured at FVTOCI	Level 3	432,623	369,753	Discount rate	The higher the discount rate, the lower the fair value
		613,657	525,215		

F		A 31 2026	A 31 D 2025	( )	( )
		B'000 (unaudited)	*B'000*		
F F Ł					
Foreign exchange forward contracts and options	Level 2	3,210	12,620	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the en Fney8	

	( )	A 31 2026 (unaudited)	A 31 D 2025	
F F CI				
Notes receivables measured at FVTOCI	Discount rate	0.88%–1.55%	0.5%–1.99%	As at 31 March 2026, if the discount rate had been higher/lower by 0.5%, the fair value of notes receivables at FVTOCI would have been approximately RMB2,101,000 (31 December 2025: RMB1,795,000) lower/higher respectively.
Unlisted equity investments	Market approach, Recent transaction price	N/A	N/A	As at 31 March 2026, if the recent transaction price were increased/decreased by 5%, the fair value of unlisted equity investments at FVTOCI would have been approximately RMB1,843,000 (31 December 2025: RMB1,543,000) higher/lower.

( ) L 3

The following tables present the changes in level 3 financial instruments during the three months ended 31 March 2026 and 2025:

( ) F F PL

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		F	
	B'000	*B'000*	*B'000*
As at 1 January 2026	—	—	94,598
Additions *(.)*	30,000	47,517	—
Disposals *(.)*	(30,007)	—	—
Fair value gains *(.)*	7	1,346	—
As at 31 March 2026 *(.)*	—	48,863	94,598
As at 1 January 2025	260,564	—	76,982
Additions *(.)*	643,000	—	—
Disposals *(.)*	(554,571)	—	—
Fair value gains *(.)*	1,106	—	—
As at 31 March 2025 *(.)*	350,099	—	76,982

( ) F F OCI

	F CI	
	B'000	*B'000*
As at 1 January 2026	369,753	30,863
Additions *(.)*	257,197	6,000
Disposals *(.)*	(194,327)	—
As at 31 March 2026 *(.)*	432,623	36,863
As at 1 January 2025	292,318	—
Additions *(.)*	607,831	13,816
Disposals *(.)*	(700,926)	—
As at 31 March 2025 *(.)*	199,223	13,816

28. C I GE LIABILI

As of 31 March 2026, the Group has no other outstanding litigation or contingent liability that in the opinion of the directors of the Company would have material impact to the Group's financial position.

29. E E AF E HE E D F HE E I G E I D

[According to the 23rd meeting of the Board of Directors held on 24 March 2026, the Company approved the proposal on the registration and issuance of Science and Technology Innovation Bonds. The Company intends to apply to the National Association of Financial Market Institutional Investors (NAFMII) for registration to issue Science and Technology Innovation Bonds with an aggregate principal amount not exceeding RMB1.5 billion (inclusive). The Company will determine the timing and frequency of issuance (whether in a single tranche or multiple tranches) within the registered amount and validity period based on its actual funding requirements and prevailing market conditions. The final registered amount shall be as specified in the registration notice issued by NAFMII.

Other than those disclosed above and Note 24 in the Interim Financial Information, the Group has no other significant event subsequent to 31 March 2026.]

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The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 is extracted from the Accountants' Report as set out in Appendix I to this document, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2025 of approximately RMB9,931,310,000 with an adjustment for the intangible assets as of 31 December 2025 of approximately RMB20,936,000.

2. The estimated net [REDACTED] from the [REDACTED] are based on [REDACTED] new [REDACTED] and the indicative [REDACTED] of HK$[REDACTED] per [REDACTED] or HK$[REDACTED] per [REDACTED], being the lower end of the indicative [REDACTED] and the upper end of the indicative [REDACTED], respectively, after deduction of the estimated [REDACTED] and fees and other related expenses (excluding the [REDACTED] expense that have been charged to profit or loss during the track record period).

3. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 December 2025 is arrived at after adjustments referred to in the preceding paragraphs and on the basis that a total of [REDACTED] Shares (representing 1,348,124,139 Shares as at 31 December 2025, [REDACTED] [REDACTED] and excluding 30,849,340 repurchased shares as at 8(es)-5(onsolide)-74i21.188(25)-348.-663.1(of)-320.7(apde)-74-275(ons5)apd

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[REDACTED]

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[REDACTED]

[REDACTED]

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C 30 A 2026.

[•] 2026

Shenzhen Senior Technology Material Co., Ltd.
Gongming Office
Tianyuan Road North
Guangming District
Shenzhen
the PRC

The Directors

Dear Sirs

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' C (")

In accordance with the instructions of Shenzhen Senior Technology Material Co., Ltd. (hereinafter referred to as “the **C** ”) for us to value the Property in the People’s Republic of China (the “ **C**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 April 2026 (the “ **D** ”).

B

Our valuation is our opinion of the market value of the Property, which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market value is understood as the value of an asset or liability estimated without regard to the seller ’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

Market value is the most probable price reasonably obtainable in the market on the Valuation Date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In preparing our valuation report, we have complied with “The HKIS Valuation Standards 2024” issued by the Hong Kong Institute of Surveyors and “The RICS Valuation — Global Standards” issued by the Royal Institution of Chartered Surveyors and the requirements contained in the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

In undertaking our valuation of the Property in existing state by Income Approach — Term & Reversion, we have valued the Property by capitalising the amount of net income receivable under the current terms of tenancies. Reference would then be made to any potential changes in rental income on reversion. Both the term and reversion are capitalised by the market capitalisation rates, which reflect the rate of investment return, effect of inflation and prospect of rental growth, if any.

D E

We have been provided by the Company with extracts of title documents relating to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us by the Company. In the course of our valuation, we have relied on the information given by the Company and its PRC legal adviser, King & Wood, regarding the title and other legal matters relating to the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restriction and outgoings of an onerous nature which could affect its value.

I

We have relied to a very considerable extent on the information given by the Company and the legal opinion of the Company's PRC legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Company and/or its PRC legal adviser which is material to the valuation. We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, ownership, completion dates of buildings, particulars of occupancy, tenancy summaries, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the Property and we have assumed that the site and the floor areas shown on the documents handed to us are correct. We were also advised by the Company that no material facts have been omitted from the information provided.

I C

We have carried out exterior and, where possible, the interior inspection of the Property and the inspection was carried out by our Assistant Manager, Wayne Luo, on 23 March 2026. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

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We exercised reasonable care and skill (but will not have an absolute obligation to the Company) to ensure that the Property, identified by the property address in the instructions, is the Property inspected by us and contained within our valuation report.

E I

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

C

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licenses, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

Knight Frank has prepared the valuation based on the information and data available to us as at the Valuation Date. While the current market is influenced by various policies and regulations, increased global conflicts could add further fluctuations in real estate market. It must be recognised that enactment of emergency measures, changes in mortgage requirements or international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property.

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All money amounts stated are in Renminbi (RMB).

Our valuation report is attached.

Yours faithfully
For and on behalf of
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I **C** **C**

	D		**30 A 2026**
Portion of Shenzhen Manufacturing Base located on the north of Minsheng Boulevard and the west of Tianyuan Road, Matian Jiedao, Guangming District, Shenzhen, the People's Republic of China	The Property is an industrial complex located on the north of Minshi Boulevard and the west of Tianyuan Road within Matian Jiedao, Guangming District, Shenzhen. The Property is located within the Shenzhen Manufacturing Base and is surrounded by industrial developments and supporting facilities. The Shenzhen Manufacturing Base was completed in between 2011 and 2023. The Property is erected on two parcels of land with a total site area of approximately 51,864.62 sq m and a total gross floor area (the "**GFA**") of 103,174.46 sq m. Details of the area are summarized as follows:	Portion of the Property with a total gross floor area of approximately 44,688.42 sq m is subject to various tenancies, yielding a total monthly rent of approximately RMB1,060,000, exclusive of VAT. Portion of the Property with a total gross floor area of approximately 7,077.20 sq m is owner-occupied. The remaining portion of the Property remains vacant.	RMB419,000,000 (RENMINBI FOUR HUNDRED AND NINETEEN MILLION ONLY)

	A GFA ( )
1	
Block 1	39,764.53
Block 2	3,312.40
Block 3	8,828.11
R&D Factory	13,963.00
-	**65,868.04**
2	
Block 3	15,617.22
Block 4	21,689.20
-	**37,306.42**
G :	**103,174.46**

The land use rights of the Phase 1 and Phase 2 of the Property have been granted for land use rights terms for a term of 50 years commencing from 1 January 2010 for industrial use and a term of 30 years commencing from 22 October 2015 for general industrial use respectively.

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1. Pursuant to the Real Estate Title Certificate no. Shen Fang Di Zi No. 8000105985 issued by Shenzhen Real Estate Registration Center dated 4 March 2014, the land use rights of the Property with a site area of approximately 29,864.39 sq m, and the building ownership of the Property with a GFA of approximately 65,868.04 sq m, were vested in Shenzhen Senior Technology Material Co., Ltd. (□圳市, 源材質科技股 有限公司) for a term of 50 years commencing from 1 January 2010 for industrial use. The land use rights of the Property can only be transferred as a whole and cannot be transferred on a strata-titled basis.

2. Pursuant to two Real Estate Title Certificates nos. Yue (2023) Shen Zhen Shi Bu Dong Chan Quan Di Nos. 0565153 and 0565154 both issued by Shenzhen Real Estate Registration Center dated 2 August 2023, the land use rights of the Property with a total site area of approximately 22,000.23 sq m, and the building ownership of the Property with GFA of approximately 15,617.22 sq m and 21,689.20 sq m respectively, were vested in Shenzhen Senior Technology Material Co., Ltd. (□圳市, 源材質科技股 有限公司) for a term of 30 years commencing from 22 October 2015 for general industrial use. The land use rights of the Property can only be transferred as a whole and cannot be transferred on a strata-titled basis.

3. According to the information provided by the Company, Phase 2 of the Property is subject to mortgage.

4. We have been provided with the Company's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) as of the latest practicable date, the Company has lawfully obtained the Real Estate Title Certificates and legally holds the relevant property rights;

   (ii) as of the Latest Practicable Date apart from the mortgage as mentioned in Note 3, the Property is free from any other mortgages or encumbrances; and;

   (iii) as of the Latest Practicable Date there are no title disputes or potential disputes.

This appendix contains a summary of the principal provisions of the Articles of Association of the Company adopted on 19 June 2025, which will take effect upon the [REDACTED] of H Shares on the Hong Kong Stock Exchange. The primary purpose of this appendix is to provide potential investors with an overview of the Articles of Association of the Company. Accordingly, it may not contain all the information that may be considered material or relevant by potential investors.

HA E A D EGI E ED CA I A

The issuance of shares by the Company shall follow the principles of openness, fairness, and impartiality. Each share of the same class shall carry equal rights. Shares of the same class issued at the same time shall be issued under the same conditions and at the same price. All entities or individuals subscribing for such shares shall pay the same consideration for each share.

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The Company may, in accordance with applicable laws and regulations and subject to a resolution adopted by the General Meeting, increase its share capital as required for its business operations and development by one or more of the following means:

(i) issuing shares to unspecified investors;

(ii) issuing shares to specific investors;

(iii) distributing bonus shares to existing shareholders;

(iv) converting capital reserves into share capital; and/or

(v) any other methods permitted by law, administrative regulations, and the rules of the China Securities Regulatory Commission (CSRC).

C

The Company may reduce its registered capital. Any reduction of registered capital shall be carried out in accordance with the procedures prescribed by the PRC Company Law, other applicable laws and regulations, and the Articles of Association.

The Company shall notify its creditors within ten (10) days from the date on which the resolution for the reduction of registered capital is passed by the General Meeting, and shall make a public announcement within thirty (30) days after the resolution approving the reduction has been adopted. Creditors shall have the right, within thirty (30) days from the date of receipt of the notice or, if no such notice is received, within forty-five (45) days from the date of the public announcement, to require the Company to settle its debts or provide a corresponding guarantee.

The Company may repurchase its own shares in accordance with applicable laws, administrative regulations, departmental rules and the Articles of Association under any of the following circumstances:

(i) for the purpose of reducing the Company's registered capital;

(ii) in connection with a merge with another company that holds shares in the Company;

(iii) for use in employee stock ownership plans or equity incentive schemes;

(iv) upon request by shareholders who object to resolutions adopted at a general meeting regarding the merger or division of the Company, requiring the Company to repurchase their shares;

(v) for conversion into shares of the Company of convertible corporate bonds issued by the Company; or

(vi) where necessary for the Company to protect its value and the shareholders' equity interest.

The Company shall not engage in the trading of its own shares except in the circumstances set out above.

Where the Company repurchases its own shares pursuant to items (i) and (ii) of paragraph 1, such repurchase shall be subject to a resolution of the general meeting. Where the repurchase is conducted pursuant to items (iii), (v) and (vi) of paragraph 1, it shall be approved by a resolution of the Board of Directors passed at a meeting attended by more than two-thirds (2/3) of the directors.

Where the Company repurchases its own shares in accordance with the provisions of paragraph 1, the following requirements shall apply: in the case of a repurchase under item (i), the shares shall be cancelled within ten (10) days from the date of repurchase; in the case of a repurchase under items (ii) or (iv), the shares shall be transferred or cancelled within six (6) months from the date of repurchase; and in the case of a repurchase under items (iii), (v), or (vi), the aggregate number of shares held by the Company shall not exceed ten percent (10%) of the total issued share capital of the Company, and such shares shall be transferred or cancelled within three (3) years from the date of repurchase.

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Shares issued by the Company prior to its public offering of A shares shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded on the Shenzhen Stock Exchange.

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Directors and senior management personnel shall declare to the Company their shareholdings in the Company and any changes thereto. During their term of office, the annual transfer of their shares of the same class shall not exceed 25% of their total holdings of such class of shares in the Company. The shares held by such persons shall not be transferred within one (1) year from the date on which the Company's shares are listed and traded. Within six (6) months after their resignation, such persons shall not transfer the shares they hold in the Company.

Where laws, administrative regulations or the listing rules of the stock exchange at the place where the Company's shares are listed impose additional restrictions on the transfer of the Company's shares, such provisions shall prevail.

The Company shall not accept its shares as the subject matter of a pledge.

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The Company shall establish a register of shareholders based on the records provided by the securities registration and clearing institution. The register of shareholders shall serve as conclusive evidence of shareholders' shareholdings in the Company. Shareholders shall enjoy rights and assume obligations in accordance with the class of shares they hold. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

The shareholders of the Company shall be entitled to the following rights:

(i) to receive dividends and other forms of distribution in proportion to their shareholdings;

(ii) to request the convening of, convene, preside over, attend, or appoint proxies to attend shareholders' general meetings and exercise voting rights accordingly;

(iii) to supervise the Company's operations and submit suggestions or inquiries;

(iv) to transfer, donate, or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association;

(v) shareholders shall have the right to inspect and make copies of Articles of Association, the register of shareholders, minutes of general meetings, resolutions of the Board of Directors, and financial accounting reports. Shareholders who meet the prescribed requirements may also inspect the Company's accounting books and accounting vouchers;

(vi) to participate in the distribution of the Company's remaining assets in proportion to their shareholdings upon termination or liquidation of the Company;

(vii) to request the Company to repurchase their shares if they object to resolutions of the shareholders' general meeting regarding mergers or divisions of the Company; and

(viii) other rights provided by laws, administrative regulations, departmental rules, securities regulatory rules at the place where the Company's shares are listed, or the Articles of Association.

Shareholders' requesting to inspect or make copies of relevant documents of the Company shall comply with the PRC Company Law, Securities Law of the People's Republic of China, and other applicable laws, administrative regulations, and securities regulatory rules where the Company's shares are listed.

The shareholders of the Company shall undertake the following obligations:

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The Shareholders' General Meeting is the organ of authority of the Company and shall, in accordance with the law, exercise the following powers:

(i) to elect and replace directors who are not employee representatives and determine matters relating to the remuneration of such directors;

(ii) to consider and approve the reports of the Board of Directors;

(iii) to consider and approve the Company's profit distribution plan and plan for making up losses;

(iv) to adopt resolutions on the increase or reduction of the registered capital of the Company;

(v) to adopt resolutions on the issuance of bonds by the Company;

(vi) to adopt resolutions on the merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) to amend the Articles of Association;

(viii) to determine matters relating to the repurchase of the Company's shares in the circumstances set out in Article 25, paragraph 1, items (i) and (ii) of the Articles of Association;

(ix) to adopt resolutions on the appointment or dismissal of the accounting firm responsible for the audit of the Company;

(x) to consider and approve the guarantees as set out in Article 47 of the Articles of Association;

(xi) to consider and approve any proposed purchase or sale of significant assets by the Company within one (1) year that exceeds thirty percent (30%) of the Company's total audited assets as at the most recent accounting period;

(xii) to consider and approve equity incentive plans and employee stock ownership plans;

(xiii) to consider and approve any proposed changes to the use of proceeds raised from financing activities;

(xiv) to consider and approve transaction-related matters as prescribed in Articles 48 and 49 of the Articles of Association; and

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit such proposal in writing. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a proposal. If the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days after the resolution of the Board is made.

Shareholder(s) individually or jointly holding ten percent (10%) or more of the Company's shares may request the Board of Directors to convene an extraordinary general meeting by submitting such request in writing. The Board of Directors shall, in accordance with laws administrative regulations, the listing rules of the stock exchange(s) where the Company's shares or GDRs are listed, and the Articles of Association, provide written feedback indicating whether it agrees to convene the extraordinary general meeting within ten (10) days of receiving such a request. If the Board of Directors agrees, it shall issue a notice of the general meeting within five (5) days after the Board resolution is made.

Where the Board of Directors refuses to convene the meeting, or fails to provide feedback within ten (10) days of receiving the request, the shareholder(s), individually or jointly holding ten percent (10%) or more of the Company's shares shall have the right to submit a written proposal to the Audit Committee to convene the extraordinary general meeting.

If the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within five (5) days of receiving the request. Any changes to the original proposal in the notice shall be subject to the consent of the relevant shareholder(s).

If the Audit Committee fails to issue such notice within the prescribed period, it shall be deemed as having refused to convene and preside over the meeting. Shareholder(s) who have individually or jointly held ten percent (10%) or more of the Company's shares for ninety (90) consecutive days or more may convene and preside over the general meeting themselves. Prior to the announcement of the resolutions passed at the general meeting, the shareholding ratio of the convening shareholders shall not be less than ten percent (10%).

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The convener shall notify all shareholders of an annual general meeting by way of announcement at least twenty-one (21) days prior to the date of the meeting, and shall notify all shareholders of an extraordinary general meeting by way of announcement at least fifteen (15) days prior to the date of the meeting.

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The notice of a general meeting shall include the following particulars:

(i) the date, venue and duration of the meeting;

(ii) the matters and proposals to be submitted for consideration at the meeting;

(iii) a prominent statement that all shareholders are entitled to attend the general meeting, and may appoint a proxy in writing to attend and vote at the meeting on their behalf, and that such proxy need not be a shareholder of the Company;

(iv) the record date for determining the shareholders entitled to attend the meetings;

(v) the name and telephone number of the permanent contact person for the meeting; and

(vi) the time and procedures for voting by way of online or other means;

G

Resolutions of the general meeting shall be classified into ordinary resolutions and special resolutions.

A special resolution shall be passed by more than two-thirds (2/3) of the voting rights represented by shareholders (including proxies) attending the general meeting.

The following matters shall be approved by way of ordinary resolution at a general meeting:

(i) the appointment and removal of members of the Board of Directors, as well as their remuneration and the method of payment;

(ii) the report of the Board of Directors on its work;

(iii) the profit distribution plan and the plan for making up losses as proposed by the Board of Directors;

(iv) changes in the use of proceeds raised;

(v) the appointment, remuneration, and dismissal of the accounting firm; and

(vi) other matters that are neither required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, nor by the Articles of Association to be passed by special resolution.

The following matters shall be approved by way of special resolution at a general meeting:

(i) the increase or reduction of the registered capital of the Company;

(ii) the division, spin-off, merger, dissolution, or liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) the purchase or sale of significant assets, or provision of guarantees to others within one year, the value of which exceeds thirty percent (30%) of the Company's latest audited total assets;

(v) equity incentive plans; and

(vi) other matters required to be approved by special resolution under laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, or other matters that may have a material impact on the Company as determined by an ordinary resolution of the general meeting.

Shareholders (including those attending by proxy) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shares held by the Company shall not carry voting rights and shall not be counted in the total number of voting shares represented at the general meeting.

In respect of matters concerning connected transactions to be considered at a general meeting, connected shareholders shall abstain from voting, and the voting rights represented by such connected shareholders shall not be counted in the total number of valid votes.

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Directors shall be elected or replaced by the General Meeting of Shareholders and shall serve a term of three (3) years. Upon expiration of their term, Directors may be re-elected and re-appointed.

Directors may concurrently serve as senior management personnel; however, the number of Directors concurrently holding senior management positions and those serving as employee representatives shall not in aggregate exceed one-half (1/2) of the total number of Directors of the Company.

B D

Directors of the Company shall be natural persons and may include executive directors, non-executive directors, and independent directors, including at least one professional accountant.

The Board of Directors of the Company shall consist of seven (7) directors, including three (3) independent directors and one (1) employee representative director. The Board shall have one (1) Chairman and may have one (1) Vice Chairman.

The Board of Directors shall exercise the following powers in accordance with the law and the provisions of the Articles of Association:

(i) to convene general meetings and report to the general meeting on its work;

(ii) to implement resolutions passed by the general meeting;

(iii) to determine the Company's business plans and investment proposals;

(iv) to formulate the Company's profit distribution plans and plans for making up losses;

(v) to formulate plans for increasing or reducing the registered capital of the Company, and for the issuance of bonds or other securities and listing thereof;

(vi) to formulate significant acquisition, share repurchase, merger, division, dissolution, or change of corporate form proposals of the Company;

(vii) to decide on matters including external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, and donations to external parties within the scope authorised by the general meeting;

(viii) to determine the organisational structure of the Company's internal management;

(ix) to appoint or dismiss the general manager, the secretary to the Board of Directors, and other senior management personnel of the Company, and to determine their remuneration and disciplinary or reward measures; to appoint or dismiss deputy general managers, the chief financial officer (financial director), and other senior management personnel based on the nomination by the general manager, and to determine their remuneration and disciplinary or reward measures;

(x) to formulate the fundamental management systems of the Company;

(xi) to formulate proposals for amendments to the Articles of Association;

(xii) to manage the Company's information disclosure affairs;

(xiii) to propose to the general meeting the engagement or replacement of the accounting firm responsible for auditing the Company;

(xiv) to hear the general manager's work reports and evaluate the general manager's performance; and

(xv) to exercise other powers as provided by laws, administrative regulations, departmental rules, the securities regulatory rules of the stock exchange where the Company's shares are listed, the Articles of Association, or as authorised by the general meeting.

The chairman of the Board shall exercise the following functions and powers:

(i) to preside over the General Meetings and to convene and preside over meetings of the Board of Directors;

(ii) to supervise and inspect the implementation of the resolutions adopted by the Board of Directors;

(iii) to exercise the powers of the legal representative of the Company;

(iv) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company;

(v) in case of emergencies such as extraordinary natural disasters or other force majeure events, to exercise special disposal powers over Company affairs in compliance with laws and in the best interest of the Company, and to report to the Board of Directors and the General Meeting afterwards;

(vi) to sign the shares, corporate bonds, and other securities issued by the Company, unless otherwise provided by laws, regulations, or the securities regulatory authorities or stock exchanges in the jurisdiction where the Company's shares or GDRs are listed; and

(vii) other powers conferred by the Board of Directors or prescribed by the Articles of Association.

The Board of Directors shall convene no fewer than two (2) meetings each year, which shall be convened by the Chairman. Written notice shall be given to all Directors at least fourteen (14) days prior to the date of the meeting.

An extraordinary meeting of the Board of Directors shall be convened and presided over by the Chairman within ten (10) days under any of the following circumstances:

(i) when proposed by shareholders representing more than one-tenth (1/10) of the voting rights;

(ii) when the Chairman deems it necessary;

(iii) when jointly proposed by more than one-third (1/3) of the Directors;

(iv) when jointly proposed by more than one-half (1/2) of the independent Directors; or

(v) when proposed by the Audit Committee.

Notice of an extraordinary Board meeting shall be given to all Directors at least three (3) days before the meeting is held. In cases of emergency where the meeting must be convened urgently, notice may be given at any time by telephone or other oral means, and the time limit for giving notice may be waived. However, the convener shall provide an explanation at the meeting, which shall be recorded in the meeting minutes.

A meeting of the Board of Directors shall be held only when more than one-half of the Directors are present. A resolution of the Board shall be adopted only by the affirmative vote of more than one-half of all Directors, unless otherwise provided by laws, regulations, or the Articles of Association. Voting on Board resolutions shall follow the principle of one person, one vote.

A DI C I EE

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the Supervisory Board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors or Independent Directors who do not hold any senior management positions within the Company. Among them, two (2) shall be Independent Directors, and the convener shall be an accounting professional selected from among the Independent Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and assessing internal and external audit activities, and overseeing internal control. The following matters shall be submitted to the Board of Directors for consideration only after receiving the approval of more than half of all members of the Audit Committee:

(i) disclosure of financial information in financial reports and periodic reports, and reports on the evaluation of internal controls;

(ii) engagement or dismissal of the accounting firm responsible for the Company's audit;

(iii) appointment or dismissal of the Company's chief financial officer;

(iv) changes in accounting policies or accounting estimates, or correction of material accounting errors, except where such changes result from amendments to accounting standards; and

(v) other matters as prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the stock exchange where the Company's shares are listed, and the Articles of Association.

Resolutions of the Audit Committee shall be adopted by a majority vote of its members.

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The Company shall have one (1) General Manager, who shall be appointed or dismissed by resolution of the Board of Directors.

The Company may have several Deputy General Managers, who shall also be appointed or dismissed by resolution of the Board of Directors

The General Manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(i) to preside over the Company's production and operational management, organise the implementation of resolutions of the Board of Directors, and report to the Board on the execution thereof;

(ii) to organise and implement the Company's annual business plan and investment proposals;

(iii) to propose the structure of the Company's internal management organisation;

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(iv) to propose the Company's basic management policies;

(v) to formulate specific rules and regulations of the Company;

(vi) to submit proposals to the Board of Directors regarding the appointment or dismissal of the Deputy General Managers and financial controller (the chief financial officer);

(vii) to decide on the appointment or dismissal of managerial personnel other than those whose appointment or dismissal shall be determined by the Board of Directors;

(viii) to propose the remuneration, welfare, rewards, and punishments for Company staff, and to determine the employment and dismissal of employees;

(ix) to, within the authorization of the Board of Directors and in accordance with the Articles of Association, sign various contracts, agreements, and other legal documents related to the Company's daily operations and business activities on behalf of the Company; and

(x) other powers conferred by the Articles of Association or by the Board of Directors.

The General Manager shall attend meetings of the Board of Directors as a non-voting participant.

EC E A HE B A D

The Company shall appoint a Board Secretary, who shall be responsible for organising the meetings of the General Meeting and the Board of Directors, keeping relevant documentation, managing the Company's shareholder information, and handling matters related to information disclosure.

The Board Secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

B I G E

The Articles of Association do not contain any specific provisions regarding how the Directors may exercise or delegate the power to borrow. However, the Board of Directors shall have the authority to make proposals in relation to the issuance of bonds of the Company.

FI A CIAL A D ACC I G E

The Company shall formulate its financial and accounting systems in accordance with applicable laws, administrative regulations, and the requirements of relevant state authorities.

The Company shall submit and disclose its annual reports to the local office of the CSRC and the stock exchange within four (4) months after the end of each fiscal year. The Company shall submit and disclose its interim report to the local office of the CSRC and the stock exchange within two (2) months after the end of the first half of each fiscal year.

The aforementioned annual and interim reports shall be prepared in accordance with the relevant laws, administrative regulations, rules of the CSRC, and the regulations of the stock exchange where the Company's shares are listed.

FI DI IB I

The Company shall attach importance to providing reasonable returns to investors, particularly minority shareholders. On the premise of meeting the funding requirements for normal business operations, the Company shall formulate a shareholder return plan and implement a continuous and stable profit distribution policy.

Provided that the conditions for profit distribution are met, the Company shall distribute profits once per year. The Company may also conduct interim dividends based on its profitability and capital needs. The specific form and distribution ratio shall be proposed by the Board of Directors based on the Company's operating conditions and relevant regulations, and submitted to the General Meeting for approval.

Profit distribution may take the form of cash, shares, or a combination of both. On the premise of ensuring the Company's normal operations, cash dividends shall be the preferred method of profit distribution. Where the conditions for cash dividends are satisfied, the Company shall distribute profits by way of cash dividends.

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The Company shall implement an internal audit system. The internal audit department of the Company shall conduct supervision and inspection of the Company's business activities, risk management, internal control, financial information, and other relevant matters.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and shall be disclosed to the public. The internal audit department shall be accountable to the Board of Directors.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for any of the following reasons:

(i) the expiry of the business term specified in the Articles of Association or the occurrence of any other dissolution event as stipulated therein;

(ii) a resolution on dissolution adopted by the General Meeting;

(iii) dissolution required due to merger or division of the Company;

(iv) revocation of the Company's business licence, an order for closure, or the Company being deregistered in accordance with the law; or

(v) where the Company experiences significant difficulties in its operation and management, and continuation would cause substantial loss to shareholders' interests, and such issues cannot be resolved by other means, shareholders holding ten percent (10%) or more of the total voting rights may petition the People's Court to dissolve the Company.

Where dissolution is caused by subparagraphs (i) or (ii) above, and the Company has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or upon resolution of the General Meeting.

If the Company is dissolved pursuant to items (i), (ii), (iv), or (v) above, it shall proceed with liquidation. The directors shall act as the liquidation obligors and shall form a liquidation committee within fifteen (15) days from the occurrence of the dissolution event. The liquidation committee shall be composed of the directors unless otherwise stipulated by the Articles of Association or resolved by the General Meeting to appoint other persons.

Where no liquidation committee is formed within the prescribed time limit, creditors may apply to the People's Court to designate relevant personnel to form a liquidation committee.

The liquidation committee shall notify the creditors within ten (10) days from the date of its formation and shall publish an announcement in a provincial or higher-level newspaper or through the National Enterprise Credit Information Publicity System within sixty (60) days. Creditors shall declare their claims to the liquidation committee within thirty (30) days from receipt of the notice, or within forty-five (45) days from the date of announcement if they did not receive notice.

If, after verifying the Company's assets, balance sheet, and asset inventory, the liquidation committee discovers that the Company's assets are insufficient to cover its debts, it shall apply to the People's Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator appointed by the Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report for confirmation by the General Meeting or the Court and submit it to the Company's registration authority to apply for deregistration.

A E D E HE A ICLE F A CIA I

The Company shall amend its Articles of Association under any of the following circumstances:

(i) where, following an amendment the PRC Company Law or relevant laws and administrative regulations, any provisions of the Articles of Association conflicts with such amended laws or regulations;

(ii) where changes occur in the Company's circumstances, rendering any provision of the Articles of Association inconsistent with the actual situation; or

(iii) where the General Meeting resolves to make an amendment.

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Our Company was established as a limited liability company under the laws of the

(c) subject to the completion of the [REDACTED], the Articles of Association has been approved and adopted, which shall only become effective on the [REDACTED] Date, and our Board has been authorised to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(d) authorising our Board and its authorised persons to handle all relevant matters relating to, among other things, the [REDACTED], the issue of H Shares and the [REDACTED].

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The following are contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

(a) the [REDACTED].

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As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

.				C		E D
1.	SENIOR	Our Company	PRC	1	8834157	13 March 2032
2.	SENIOR	Our Company	PRC	7	8834190	27 November 2031
3.	SENIOR	Our Company	PRC	17	8834313	13 August 2032
4.	SENIOR	Our Company	PRC	17	11226060	6 February 2035
5.	TOKO	Our Company	PRC	17	6238397	13 March 2030
6.	SENIOR	Our Company	PRC	17	6395194	20 March 2030
7.	SENIOR	Our Company	PRC	35	8834243	20 November 2032

.				C		E D
8.		Our Company	PRC	40	8834287	27 December 2031
9.		Our Company	PRC	10	45390927	6 June 2031
10.		Our Company	PRC	24	45390936	6 November 2032

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As at the Latest Practicable Date, we had registered the following patents in the PRC which we consider to be or may be material to our business:

.					A D	E D
1	A polyolefin microporous membrane preparation method (□聚烯 膜□□方□)	Our Company	Invention patent	200910109633.5	16 November 2009	15 November 2029
2	A method of preparing polyolefin microporous membrane with uniform structure (□結□均□的聚烯 膜□□方□)	Our Company	Invention patent	200910109634.X	16 November 2009	15 November 2029
3	Method of regulating the formation of a polyolefin microporous membrane and formation of a lithium battery diaphragm (調控聚烯 膜 成的方□和鋰電□ 膜的 成方□)	Our Company	Invention patent	200910189917.X	28 August 2009	27 August 2029
4	A method of preparing a polyolefin microporous membrane with symmetric upper and lower surface structures (□上 □□結□對□的聚烯 膜□□方□)	Our Company	Invention patent	200910109637.3	16 November 2009	15 November 2029
5	Method of forming polypropylene flake crystals and flake crystal type polypropylene products (聚 烯□的 成方□和□ 型聚 烯□品)	Our Company	Invention patent	200910110691.X	21 October 2009	20 October 2029
6	Polyolefin microporous membrane preparation method and its application (聚烯 膜□□方□及其□□)	Our Company	Invention patent	201010542557.X	12 November 2010	11 November 2030
7	Polyolefin microporous membrane preparation method and its application (聚烯 膜□□方□及其□□)	Our Company	Invention patent	10–2013–7014611	27 December 2010	26 December 2030
8	A ceramic coated diaphragm and its preparation method(□ 瓷□□膜及其□□方□)	Foshan Senior	Invention patent	201110438784.2	23 December 2011	22 December 2031
9	Composite barrier film and its formation method (□合 膜及其 成方□)	Our Company	Invention patent	201110260066.0	5 September 2011	4 September 2031
10	A kind of composite diaphragm and its preparation method (□□合 膜及其□□方□)	Our Company	Invention patent	201310482147.4	15 October 2013	14 October 2033

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25	A kind of boehmite for lithium battery diaphragm coating and its hydrothermal preparation method (▫鋰電▫ 膜▫ ▫▫姆 及其▫▫▫方▫)	Our Company	Invention patent	201610512184.9	30 June 2016	29 June 2036
26	A method of preparing a porous polyethylene film (▫多 聚 烯膜的▫▫方▫)	Our Company	Invention patent	201610953135.9	3 November 2016	2 November 2036
27	A method of preparing a polyolefin microporous membrane (▫聚烯 膜的▫▫方▫)	Our Company	Invention patent	201611090422.8	1 December 2016	30 November 2036
28	A multilayer microporous membrane and its preparation method (▫多 膜及其▫▫方▫)	Our Company	Invention patent	201611257600.1	30 December 2016	29 December 2036
29	A preparation method of lithium–ion battery diaphragm (▫鋰 子電▫ 膜的▫▫方▫)	Our Company	Invention patent	201611222663.3	27 December 2016	26 December 2036
30	A lithium ion battery coated diaphragm and its preparation method (▫鋰 子電▫▫▫ 膜及其▫▫方▫)	Our Company	Invention patent	201611225191.7	27 December 2016	26 December 2036
31	A method of preparing a structurally uniform microporous membrane for lithium ion batteries (▫結▫均▫ 的鋰 子電▫ 膜的▫▫方▫)	Our Company	Invention patent	201710315455.6	8 May 2017	7 May 2037
32	Multi-core/single-shell structure gel polymer-coated diaphragm and manufacturing method thereof (▫多▫–▫殼結▫凝膠聚合▫▫▫ 膜及其▫▫方▫)	Our Company	Invention patent	201710445470.2	13 June 2017	12 June 2037
33	Multi-core-single-shell structure of a gel polymer coated separator and lithium-ion battery (多▫–▫殼結▫凝膠聚合▫▫▫ 膜及鋰 子電▫)	Our Company	Invention patent	15/683674	22 August 2017	25 August 2038
34	Multi-core-single-shell structure of a gel polymer coated separator and lithium-ion battery (多▫–▫殼結▫凝膠聚合▫▫▫ 膜及鋰 子電▫)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	18793160.5	11 May 2018	10 May 2038
35	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (▫多▫–▫殼結▫凝膠聚合▫▫▫ 膜及其▫▫方▫▫▫▫)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	PL18793160T	11 May 2018	10 May 2038
36	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (▫多▫–▫殼結▫凝膠聚合▫▫▫ 膜及其▫▫方▫▫▫▫)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	HUE18793160A	11 May 2018	10 May 2038
37	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (▫多▫–▫殼結▫凝膠聚合▫▫▫ 膜及其▫▫方▫▫▫▫)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	GB18793160.5	11 May 2018	10 May 2038
38	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (▫多▫–▫殼結▫凝膠聚合▫▫▫ 膜及其▫▫方▫▫▫▫)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	IT18793160.5	11 May 2018	10 May 2038
39	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (▫多▫–▫殼結▫凝膠聚合▫▫▫ 膜及其▫▫方▫▫▫▫)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	NO18793160.5	11 May 2018	10 May 2038

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40	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	SE18793160.5	11 May 2018	10 May 2038
41	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	FR18793160.5	11 May 2018	10 May 2038
42	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	DK2018793160T	11 May 2018	10 May 2038
43	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	FI2018793160T	11 May 2018	10 May 2038
44	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	DE18793160.5	11 May 2018	10 May 2038
45	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company, SENIOR MATERIAL (EUROPE) AB	Invention patent	CH18793160.5	11 May 2018	10 May 2038
46	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company	Invention patent	2018–557138	11 May 2018	10 May 2038
47	Multi-core/single-shell structure gel polymer-coated diaphragm, and manufacturing method and use thereof (□多□－□殼結□凝膠聚合□□□ 膜及其□□方□□□□)	Our Company	Invention patent	10–2018–7031544	11 May 2018	10 May 2038
48	Preparation method of a multilayer microporous membrane for lithium ion batteries (□鋰 子電□□多 膜的□□方□)	Our Company	Invention patent	201710315488.0	8 May 2017	7 May 2037
49	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ι 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	201710470496.2	20 June 2017	19 June 2037
50	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ι 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	17895498.8	29 December 2017	28 December 2037
51	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ι 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	PL2017895498T	29 December 2017	28 December 2037
52	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ι 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	DE602017047751	29 December 2017	28 December 2037

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53	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	NO3644404	29 December 2017	28 December 2037
54	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	IT502021000092888	29 December 2017	28 December 2037
55	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	17895498.8	29 December 2017	28 December 2037
56	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	HUE17895498	29 December 2017	28 December 2037
57	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	17895498.8	29 December 2017	28 December 2037
58	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	17895498.8	29 December 2017	28 December 2037
59	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	2018–542702	29 December 2017	28 December 2037
60	A preparation method of ceramic and polymer composite coated lithium ion diaphragm (□ı 瓷和聚合□□合□□鋰 子 膜及其□□方□)	Our Company	Invention patent	16/078188	29 December 2017	19 July 2038
61	Dry unidirectional stretching process for lithium–ion battery separators, lithium–ion battery separators and lithium–ion battery (鋰 子電□ 膜的 □□向拉伸□藝、鋰 子電□ 膜和鋰 子電□)	Our Company	Invention patent	201710741025.0	25 August 2017	24 August 2037
62	A multilayer composite film and its preparation method (□多 □合膜及其□□方□)	Our Company	Invention patent	201711347873.X	14 December 2017	13 December 2037
63	A composite lithium battery separator and its preparation method (□□合鋰電□ 膜及其□□方□)	Our Company	Invention patent	201880000766.6	26 June 2018	25 June 2038
64	A composite lithium battery separator and its preparation method (□□合鋰電□ 膜及其□□方□)	Our Company	Invention patent	2020–570121	26 June 2018	25 June 2038
65	A composite lithium battery separator and its preparation method (□□合鋰電□ 膜及其□□方□)	Our Company	Invention patent	10–2021–7002501	26 June 2018	25 June 2038
66	A composite lithium battery separator and its preparation method (□□合鋰電□ 膜及其□□方□)	Our Company	Invention patent	17/254,870	26 June 2018	29 April 2040
67	A kind of battery, battery diaphragm and its preparation method (□電□、電□ 膜及其□□方□)	Our Company	Invention patent	201810471842.3	16 May 2018	15 May 2038
68	A kind of battery, battery diaphragm and its preparation method (□電□、電□ 膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	10–2020–7024767	6 May 2019	5 May 2039
69	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□ 膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	19802545.4	6 May 2019	5 May 2039

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70	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	DE602019056199	6 May 2019	5 May 2039
71	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	DK2019802545T	6 May 2019	5 May 2039
72	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	FI2019802545T	6 May 2019	5 May 2039
73	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	HUE19802545	6 May 2019	5 May 2039
74	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	IT502024000044569	6 May 2019	5 May 2039
75	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	NO3796418	6 May 2019	5 May 2039
76	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	PL2019802545T	6 May 2019	5 May 2039
77	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	19802545.4	6 May 2019	5 May 2039
78	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	19802545.4	6 May 2019	5 May 2039
79	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	19802545.4	6 May 2019	5 May 2039
80	A kind of battery, and battery diaphragm and manufacturing method therefor (□電□、電□膜及其□□方□)	Our Company, Jiangsu Senior	Invention patent	19802545.4	6 May 2019	5 May 2039
81	Coating solutions for lithium–ion batteries, lithium–ion battery separators and lithium–ion batteries (□於鋰 子電□的□佈□、鋰 子電□ 膜和鋰 子電□)	Our Company	Invention patent	202111662828.X	31 August 2018	30 August 2038
82	Coating solutions for lithium–ion batteries, lithium–ion battery separators and lithium–ion batteries (□於鋰 子電□的□佈□、鋰 子電□ 膜和鋰 子電□)	Our Company, Jiangsu Senior	Invention patent	2020–567128	23 May 2019	22 May 2039
83	Coating solutions for lithium–ion batteries, lithium–ion battery separators and lithium–ion batteries (□於鋰 子電□的□佈□、鋰 子電□ 膜和鋰 子電□)	Our Company, Jiangsu Senior	Invention patent	10–2020–7036390	23 May 2019	22 May 2039

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84	Coating solutions for lithium–ion batteries, lithium–ion battery separators and lithium–ion batteries (□於鋰 子電□的□佈□、鋰 子電□ 膜和鋰 子電□)	Our Company	Invention patent	201811012528.5	31 August 2018	30 August 2038
85	A kind of functional diaphragm and its preparation method (□□能 膜及其□□方□)	Our Company	Invention patent	201811431335.3	26 November 2018	25 November 2038
86	A ceramic slurry and ceramic coated diaphragm (□、瓷□料和 瓷□□膜)	Our Company	Invention patent	201910725125.3	7 August 2019	6 August 2039
87	Diaphragms, their manufacturing methods, and batteries (膜及其□方□ 及電□)	Our Company	Invention patent	201910416813.1	20 May 2019	19 May 2039
88	A multilayer polypropylene microporous membrane and its preparation method and application (□多 聚 烯 膜及其□□方□和□□)	Our Company	Invention patent	202010786045.1	6 August 2020	5 August 2040
89	Coating paste for lithium ion battery diaphragm and its preparation method, lithium ion battery diaphragm, and lithium ion battery (鋰 子電□ 膜□□□□料及其□□方□、鋰 子電□ 膜 及鋰 子電□)	Our Company	Invention patent	202010692483.1	17 July 2020	16 July 2040
90	Compositions, composite diaphragms and preparation methods thereof, and lithium ion batteries (組合□、□合 膜及其□□方□ 及鋰 子電□)	Our Company	Invention patent	2022–549092	17 April 2020	16 April 2040
91	Polypropylene diaphragm, its preparation method and lithium ion battery (聚 烯 膜及其□□方□和鋰 子電□)	Our Company	Invention patent	202010484271.4	1 June 2020	31 May 2040
92	A kind of lithium ion battery diaphragm and its production process (□鋰 子電□ 膜及其□□□藝)	Changzhou Senior	Invention patent	202011044739.4	28 September 2020	27 September 2040
93	Diaphragms, diaphragm rolls, cells and lithium power batteries (膜、 膜卷、電□ 及□□鋰電□)	Jiangsu Senior, Our Company	Invention patent	202010503541.1	4 June 2020	3 June 2040
94	Coated slurry, coated diaphragm and preparation method thereof (□□□料、□□ 膜及其□□方□)	Jiangsu Senior	Invention patent	202110702598.9	23 June 2021	22 June 2041
95	Coupling agent compositions, ceramic pastes, and battery separators (□聯□組合□、 瓷□料 及電□ 膜)	Jiangsu Senior, Our Company	Invention patent	202111012555.4	31 August 2021	30 August 2041
96	A kind of composite diaphragm and its preparation method (□□合 膜及其□□方□)	Jiangsu Senior	Invention patent	202110509821.8	10 May 2021	9 May 2041
97	Diaphragm slitting methods and adjustment of diaphragm slitting process parameters (膜□□方□ 及 膜□□□藝參數的調整方□)	Jiangsu Senior	Invention patent	202110498347.3	8 May 2021	7 May 2041
98	A coating diaphragm drying process (□□ 膜 □藝)	Jiangsu Senior	Invention patent	202110538609.4	17 May 2021	16 May 2041
99	Three–layer lithium battery separator and its preparation method (鋰電□ 膜及其□□方□)	Nantong Senior	Invention patent	2023100232879	9 January 2023	8 January 2043
100	A method of determining a base film production process (□基膜□□□藝的確 方□)	Changzhou Senior	Invention patent	202410931913.9	12 July 2024	11 July 2044

( ) C r

As at the Latest Practicable Date, we had registered the following copyrights in the nature of works which we consider to be material to our Group's business:

.	C			D	E D
1.	Yuanzai (源)	Our Company	2023-F-00254554	27 October 2023	31 December 2072

( ) D N

As at the Latest Practicable Date, we owned the following domain names in the PRC which we consider to be or may be material to our business:

.	D		E D
1.	senior798.com	Our Company	4 December 2030

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1 D ' C A Ƚ

Each of the Directors [has entered into] a service contract or appointment letter with our Company. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

2 D

Save as disclosed in "*D*" and under "*A H F I 9. E B E*" in Appendix I to this document, no Director received other remuneration or benefits in kind from our Company in respect of each of the years ended 31 December 2023, 2024 and 2025.

3 D I

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Immediately following completion of the [REDACTED], the interests or short positions of our Directors and chief executives in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to our Company and the Stock Exchange are set out below:

D		A L	D A	A	A	EDAC ED(1) A
Prof. Chen	Beneficial owner	170,489,491	12.669%	170,489,491 A Shares	12.669%	[REDACTED]%
	Interest of spouse	346,700	0.026%	346,700 A Shares	0.025%	[REDACTED]%
Mr. Xu Liqiang (徐李強)	Beneficial owner	55,000(3)	0.004%	55,000 A Shares	0.004%	[REDACTED]%

(1) The calculations are made assuming that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED], and include 19,855,640 A shares repurchased by our Company as of the Latest Practicable Date pursuant to the repurchase mandate approved by our Board and held in our Company's stock repurchase account as treasury shares.

(2) Ms. Chen, as the spouse of Prof. Chen, is interested in 346,700 A Shares. As such, by virtue of the SFO, Prof. Chen is deemed to be interested in the Shares held by Ms. Chen.

(3) Comprising of (i) 5,000 A Shares underlying the Share Options granted to Mr. Xu Liqiang under the 2024 Share Incentive Plan; and (ii) 50,000 A Shares corresponding to the Restricted Stocks granted to Mr. Xu Liqiang under the 2026 Share Incentive Plan.

I r r P D r D 2 3 P r FO

For information, so far as is known to our Directors or chief executive, of each person, other than our Directors or chief executive, who immediately following completion of the [REDACTED] will have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, is, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, please see "."

I r r r r r Gr (r C)

As at the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than members of our Group) were interested in 10% or more of the voting rights at general meetings of our subsidiaries:

		A
Hefei Senior	Hefei Urban Construction Investment Holdings Co., Ltd. (合肥城建投資控股有限公司)	30.77%
	Hefei Guoxuan High-tech Power Energy Co., Ltd. (合肥國 高科 能源有限公司)	27.69%
Foshan Senior	Foshan Lanhai Huizhi Investment Management Co., Ltd. (佛山市 匯 投資 理有限公司)	40%
Senior-Famous New Material (Europe) Gmbh	Famous Industrial Group GmbH	10%
Shenzhen Jingruitong New Materials Co., Ltd. (圳市 鋭通新材料有限公司)	Shenzhen Jingruitong Material Technology Partnership Enterprise (Limited Partnership) (圳市 鋭通材料科技合夥企 (有限合夥))	20%

(D) HA E I CE I E LA

The following is a summary of the principal terms of our Share Incentive Plans. The terms of the Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options or awards by our Company to subscribe new Shares or award of Shares after the [REDACTED].

1

The purposes of the Share Incentive Plans are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The Share Incentive Plans are implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realisation of our development strategy and business objectives.

2 I

Under the 2024 Share Incentive Plan, we may grant Share Options to eligible participants, and the A Shares underlying the Share Options under the 2024 Share Incentive Plan can only be issued after the vesting or exercise thereof.

Under the 2026 Share Incentive Plan, we may grant Restricted Stocks to eligible participants. The A Shares corresponding to the Restricted Stocks granted under the 2026 Share Incentive Plan are repurchased by the Company from the secondary market. Such Restricted Stocks shall be transferred to eligible participants upon completion of the grant, but shall remain subject to lock-up restrictions until the applicable vesting conditions have been satisfied.

3 A

Each of the Share Incentive Plans is subject to the approval of our Company's general meeting, administration of the Board and the supervision of the independent non-executive Directors.

4

Participants under the Share Incentive Plans include (i) Directors and senior management, (ii) middle-level management personnels, and (iii) core technical or business employees, but do not include (i) independent non-executive Directors, (ii) Shareholders who, individually or in aggregate, holding 5% or more of the Shares of our Company, or actual controller(s) and their respective spouse, parents and children.

Foreign employees of our Group are not included as participants in the 2026 Share Incentive Plan, but are included under the 2024 Share Incentive Plan.

5

The underlying Shares for the Share Options granted under the 2024 Share Incentive Plan are new A Shares to be issued by our Company. The underlying Shares for the Restricted Stocks granted under the 2026 Share Incentive Plan are A Shares repurchased by the Company from the secondary market. The number of Shares granted to any individual grantee under all the Share Incentive Plans of our Company currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in paragraph 11 below, the maximum number of Share Options initially available to be granted under the 2024 Share Incentive Plan and the maximum number of Restricted Stocks granted under the 2026 Share Incentive Plan are as follows:

I	**/**	**/ (1)**
2024 Share Incentive Plan	12,630,000 A Shares	370,000 A Shares
2026 Share Incentive Plan	8,580,200 A Shares	Not applicable[(2)]

(1) For the granting conditions of the Share Options, please see "*(D) I 7. C G*" in this Appendix.

(2) On 31 March 2026, the Shareholders approved the grant of all 8,580,200 A Shares corresponding to the Restricted Stocks under the 2026 Share Incentive Plan to 63 eligible participants, the registration of which was completed on 17 April 2026.

Pursuant to the terms of the 2024 Share Incentive Plan, any Share Options (or portions thereof) reserved for further grants under the 2024 Share Incentive Plan shall be cancelled if no eligible participant is determined within 12 months after the 2024 Share Incentive Plan is approved at the Shareholders' meeting on 27 September 2024 and no further grants under the 2024 Share Incentive Plan may be made after such period.

Save for the Restricted Stocks and the Share Options that have already been granted under the Share Incentive Plans and disclosed in this document, there are no additional Restricted Stocks or Share Options available for grant under the Share Incentive Plans upon [REDACTED].

6 D G

The term of the 2024 Share Incentive Plan shall commence from the date of the completion of the grant of Share Options thereunder and continue until the Share Options are fully exercised or cancelled, whichever is earlier, and shall not exceed 48 months.

The term of the 2026 Share Incentive Plan shall commence from the grant date of the Restricted Stocks and continue until all Restricted Stocks granted thereunder have been fully vested or repurchased and cancelled, whichever is earlier, and shall not exceed 36 months.

The grant date of Share Options under the 2024 Share Incentive Plan and Restricted Stocks under the 2026 Share Incentive Plan shall be determined by the Board after the approval of the relevant Share Incentive Plans by the Shareholders at a general meeting, and must be a trading day of the Shenzhen Stock Exchange. The grant of Share Options and Restricted Stocks is subject to the approval of the Board and shall be announced within 60 days after the approval of the Share Incentive Plans at a general meeting.

7 C G

Share Options under the 2024 Share Incentive Plan and Restricted Stocks under the 2026 Share Incentive Plan will only be granted to eligible participants if the following conditions are fulfilled:

(i) with respect to our Company, none of the following circumstances having occurred:

(A) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our accountant's report for the most recent fiscal year;

(B) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(C) our Company has failed to distribute profits in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after our listing;

(D) implementation of any share incentive plan is prohibited under applicable laws and regulations; or

(E) any other circumstances determined by the CSRC.

(ii) with respect to a grantee, none of the following circumstances having occurred:

(A) he/she has been regarded as an inappropriate participant by a stock exchange within the last 12 months;

(B) he/she has been regarded as an inappropriate participant by the CSRC or its local office within the last 12 months;

(C) he/she has been penalised or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

(D) he/she is not qualified to serve as a director or senior management according to the PRC Company Law;

(E) he/she is prohibited from participating in any share incentive plans of listed companies according to applicable laws and regulations; or

(F) any other circumstances determined by the CSRC.

Under the 2024 Share Incentive Plan, no consideration is paid/payable for the eligible participants to be granted Share Options. Under the 2026 Share Incentive Plan, eligible participants who will be awarded Restricted Stocks shall pay a consideration of RMB7.50 per Restricted Stock, which was determined by the Board with reference to the higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the award of the reserved Restricted Stocks by the Board; and (ii) 50% of the average trading price of A Shares during 20 trading days immediately preceding the announcement of the award of the reserved Restricted Stocks by the Board.

8 L - A

The lock-up arrangements under the Share Incentive Plans are determined according to the Articles of Association and applicable PRC laws and regulations:

(i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;

(ii) if the grantee is a Director or senior management of our Company and their respective spouse, parents and child(ren), income gained through sale of Shares of our Company within six months of the purchase or repurchase of Shares of our Company within six months of the sale, shall belong to our Company and be reclaimed by the Board; and

(iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the relevant Share Incentive Plans, the grantee shall comply with the amended laws and regulations and the Articles of Association.

9 E

The Share Options and Restricted Stocks will be vested when (i) the conditions set out under paragraph 7 above are fulfilled; and (ii) the performance targets of our Company and the grantees as set out under the relevant Share Incentive Plans are achieved. The granted Share Options and Restricted Stocks will be vested in accordance with the schedules under the relevant Share Incentive Plans subject to the exercise by the grantees as follows:

I

2024 Share Incentive Plan	Initial Share Options	The Share Options may be vested and exercised in three tranches of (i) 50% if the sales volume of our Company's lithium-ion battery separator in 2024 increases by no less than 30% compared to that of 2023, (ii) 30% if the sales volume of our Company's lithium-ion battery separator in 2025 increases by no less than 60% compared to that of 2023, and (iii) 20% if the sales volume of our Company's lithium-ion battery separator in 2026 increases by no less than 137% compared to that of 2023.
	Reserved Share Options	(i) If the reserved Share Options are granted before the publication of our Company's report for the third quarter ended 30 September 2024, the vesting schedule of the reserved Share Options will be the same as that of the initial Share Options as specified above; or (ii) If the reserved Share Options are granted after the publication of our Company's report for the third quarter ended 30 September 2024, the reserved Share Options may be vested and exercised in two tranches of (i) 50% if the sales volume of our Company's lithium-ion battery separator in 2025 increases by no less than 60% compared to that of 2023, and (ii) 50% if the sales volume of our Company's lithium-ion battery separator in 2026 increases by no less than 137% compared to that of 2023.
2026 Share Incentive Plan	Restricted Stocks	The Restricted Stocks may be vested in two tranches of (i) 50% if the net profit attributable to the Shareholders for the financial year 2026 being not less than RMB280 million; and (ii) 50% if the net profit attributable to the Shareholders for the financial year 2027 being not less than RMB400 million.

10 E

There is no applicable exercise price for Restricted Stocks under the 2026 Share Incentive Plan. The exercise price of each Share Options under the 2024 Share Incentive Plan shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than the higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the relevant Share Incentive Plans; and (ii) 50% of the average trading price of A Shares during the 20 trading days immediately preceding the announcement of the relevant Share Incentive Plans.

11 A

Subject to the other terms and conditions contained in the Share Incentive Plans, the number and/or exercise price of granted Share Options and the number and/or consideration of granted Restricted Stocks may be adjusted upon the occurrence of certain events from the date of the announcement of the relevant Share Incentive Plans to the completion of relevant registration or exercise by the grantees. These events include, as the case may be, (i) capitalisation of reserves, (ii) distribution of stock dividends, (iii) share subdivision, (iv) share consolidation, (v) rights issue, and (vi) share issuance.

12 D

Upon the vesting and exercise of Share Options and the vesting of the Restricted Stocks in accordance with the relevant Share Incentive Plans, the grantees will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and right to vote at the general meeting.

13

As at the Latest Practicable Date, there are no outstanding Restricted Stocks under the 2026 Share Incentive Plan, while the number of the outstanding Share Options granted under the 2024 Share Incentive Plan was 6,602,500, representing approximately [REDACTED]% of the issued Shares immediately following the completion of the [REDACTED]. If all outstanding Share Options granted under the 2024 Share Incentive Plan are fully exercised, the issued and outstanding Shares held by Shareholders following the [REDACTED] will be diluted by approximately [REDACTED]%. The dilutive effect on our earnings per share will be approximately [REDACTED]%.

The following table sets forth the details of outstanding Share Options granted under the 2024 Share Incentive Plan to all grantees (including Directors, senior management members and employees of our Company) under the Share Incentive Plans as at the Latest Practicable Date.

	G	A	D	('000)	E ( )(4)	(3)	E	A % EDAC ED(1)
D								
Xu Liqiang (徐李強)	Executive Director	Room 2901, No. 6, Huarun Xingfuli, Binhu District, Wuxi, Jiangsu Province, PRC	10 September 2024	5	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Xia Jun (夏鈞)	Senior management of our Company	15D, No. 2, Lane 777, Zhongshan South 2nd Road, Xuhui District, Shanghai, PRC	10 September 2024	125	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Wang Hao (□)	Senior management of our Company	Room 201, No. 12, Lane 95, Guoquan Road, Yangpu District, Shanghai	10 September 2024	125	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
O								
Liu Shougui (□ 貴)	Chief executive of our subsidiary	No. 3, Building 8, Green Island Garden, No. 416, Binjiang Road, Zhao Town, Jintang County, Sichuan Province, PRC	10 September 2024	525	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Wang Changhong (紅)	Director, chief executive and supervisor of our subsidiaries	China Construction Fifth Bureau No. 7 Company Dormitory Yueyanglou District Yueyang City, Hunan Province, PRC	10 September 2024	50	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Liu Rui (□瑞)	Director and chief executive of our subsidiaries	Room D501, Building 1, Honghui Pavilion, No. 38, Changchun Road, Gongming Street, Guangming District, Shenzhen, Guangdong Province, PRC	10 September 2024	125	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Liu Weiming (□□、)	Director and chief executive of our subsidiary	Room 703, Block C, No. 11, Weigang Road, Chancheng District, Foshan City, Guangdong Province, PRC	10 September 2024	500	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%

	G	A	D	('000)	E ( )[4]	[3]	E	A % EDAC ED[1]
Zhang Yingqiang (□強)	Chief executive of our subsidiary	Dormitory of Wanfeng Xuji Electronic Products Factory in Shajing, Bao'an District, Shenzhen, Guangdong Province, PRC	10 September 2024	525	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Xie Yuhua (□華)	Supervisor of our subsidiary	402, Block D, Building 1, Phase I, Galaxy Legend Garden, No. 511 Mintang Road, Longhua District, Shenzhen, Guangdong Province, PRC	10 September 2024	125	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Zhu Jun (朱儁)	Supervisor of our subsidiaries	5th Floor, Block A, Tongfang Information Harbour, Lang Shan Road, Nan Shan District, Shenzhen, Guangdong Province, PRC	10 September 2024	150	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Li Zetao (李□□)	Director of our subsidiaries	Unit 30C, Unit B1, Building 2, Xindi Central Garden, Guangming Street, Guangming District, Shenzhen, Guangdong Province, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
O r r								
Zhang Weiqiang (□強)	Middle-level management	Group 4, Dongcaodian Village, Longmen Town, Luolong District, Luoyang, Henan, PRC	10 September 2024	50	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Wang Yongguo (□國)	Middle-level management	No.1, Xinglongqian Street, Yuanbao District, Dandong, Liaoning, PRC	10 September 2024	500	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Xu Jingying (徐□)	Middle-level management	Room 20E, Building 2, Block A, Phase 2, Shengshi Jiaxi, Futian District, Shenzhen, Guangdong, PRC	10 September 2024	250	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%

A %

	G	A	D	('000)	E ( )[4]	[3]	E	EDAC ED[1]
Shen Xiwen (□ 文)	Middle-level management	2103, Block 3, Building 1, Gaofa Xi'an Garden, No. 201, Baoyuan South Road, Baoan District, Shenzhen, Guangdong, PRC	10 September 2024	500	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Li Weiying (李□□)	Middle-level management	No.51, Guangxi Road, Zhuhui District, Hengyang, Hunan, PRC	10 September 2024	100	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Zhi Zhifei (□志□)	Core technical (operational) staff	Room 603, Block 16, No. 2 Fuqian Road, Leping Town, Sanshui District, Foshan, Guangdong, PRC	10 September 2024	100	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Kang Yong (康□)	Middle-level management	Room 805, Building 1, Jincheng Garden,						

	G	A	D	('000)	E ( )[4]	[3]	E	A % EDAC ED[1]
Si Junfeng (司 峰)	Middle-level management	Room 1105, Building 5, Nancui Garden, No. 22, Yuanda Avenue, Huicheng District, Huizhou, Guangdong, PRC	10 September 2024	100	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Ping Xiang (平翔)	Core technical (operational) staff	No. 2 Libin Road, Songshan Lake Science and Technology Industrial Park, Dongguan, Guangdong, PRC	10 September 2024	50	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Yang Jingde (□敬德)	Middle-level management	Room 601, Block 1, Yuanhui Road, Chancheng District, Foshan, Guangdong, PRC	10 September 2024	50	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Wang Xi ( )	Core technical (operational) staff	5th Floor, Block A, Tongfang Xinxi Port, No. 11 Langshan Road, Nanshan District, Shenzhen, Guangdong, PRC	10 September 2024	50	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Huang Xiaoming (黃 、)	Middle-level management	Luban Building, No. 7024 Hongli West Road, Futian District, Shenzhen, Guangdong, PRC	10 September 2024	500	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Lin Shengpeng (林盛鵬)	Core technical (operational) staff	House 8, No.6, Xinde Longxi Xiang, Haimen Town, Chaoyang District, Shantou, Guangdong, PRC	10 September 2024	100	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Wang Jinbo (金□)	Core technical (operational) staff	Room 2301, Unit B, Building 4, District 5, Lvcheng Yulan Guangchang, Wujin District, Changzhou, Jiangsu, PRC	10 September 2024	100	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Fan Wenhui (□文□)	Core technical (operational) staff	No. 24, Dongjia Ziran Village, Beishan Village, Jingkou Township, Nanchang County, Nanchang, Jiangxi, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*

G	A	D	E ( )[4] ('000)		[3]	E	A % EDAC ED[1]
Mao Xiaoyong (毛 □)	Core technical (operational) staff	Room 401, Unit 2, Building 15, Jiangnan Diyi Cheng, No. 10 Jinfeng Lu, Nancheng District, Dongguan, Guangdong, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Tian Ruhui (□如□)	Core technical (operational) staff	7th Floor, Block A, Tongfang Xinxi Port, No. 11 Langshan Road, Nanshan District, Shenzhen, Guangdong, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Tan Bin (□斌)	Core technical (operational) staff	No. 9, Section 4, Renmin South Road, Wuhou District, Chengdu, PRC	10 September 2024	262.5	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Liu Mengquan (□ 權)	Core technical (operational) staff	No. 134 Maluan Village, Kangmei Town, Dongshan County, Fujian, PRC	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Yu Ping (余平)	Middle-level management	No. 888, Jiefang Dong street, Nanchang District, Wuxi, Jiangsu, PRC	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Lu Dongkui (魯東奎)	Core technical (operational) staff	No. 99, Courtyard 101, Zhengfuqian Street, Liji Township, Yancheng District, Luohe, Henan, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Han Xiaojuan (□ 娟)	Core technical (operational) staff	5th Floor, Block A, Tongfang Xinxi Port, No. 11 Langshan Road, Nanshan District, Shenzhen, Guangdong, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Zhang Chensheng ( )	Middle-level management	Room 110, No. 188 Minsheng Road, Gongming Jiedao, Guangming District, Shenzhen, Guangdong, PRC	10 September 2024	145	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*

	G	A	D	('000)	E ( )(4)	(3)	E	A % EDAC ED(1)
Jiang Tao (□ □)	Middle-level management	44 Tai Hwan Terrace Singapore 555271	10 September 2024	50	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Su Weifeng (蘇□鋒)	Core technical (operational) staff	Room 604, No. 20, Tangyuan Xi Yi street, Chancheng District, Foshan, Guangdong, PRC	10 September 2024	40	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Sun Hua (華)	Core technical (operational) staff	5/F, Block A, Tongfang Xinxi Port, No. 11 Langshan Road, Nanshan District, Shenzhen, Guangdong, PRC	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Lu Lili (莉莉)	Core technical (operational) staff	No. 28, Xitangbei Xiaozu, Dianxia Cun, Dujiang Town, Longnan County, Ganzhou, Jiangxi, PRC	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Shi Zhenghong (施正)	Middle-level management	Unit 2103 B, Building 3, Jiahong Shengshi Huayuan, Zhonglou District, Changzhou, Jiangsu, PRC	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Yu Xingyue (於 月)	Core technical (operational) staff	No. 38, Xucheng Cun, Hengxi Jiedao, Jiangning District, Nanjing, Jiangsu, PRC	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Ma Jie (□ □)	Core technical (operational) staff	No. 26, Dongtouxing, Xueku Cun, Ehu Zhen, Xishan District, Wuxi, Jiangsu	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*
Hu Kun (胡□)	Middle-level management	Building 2, Zhuohong Gaoerfu Yayuan, Baohe Road, Longgang District, Shenzhen, Guangdong	10 September 2024	100	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%
Zeng Guanhao (冠皓)	Middle-level management	Room 103, Unit 1, No. 14 Qingchun 2nd Street, Xiangzhou District, Zhuhai, Guangdong	10 September 2024	30	RMB3.70	In October 2026 and 2027	From September 2024 to October 2027	[REDACTED]%*

(E) DI CLAI E

Save as disclosed in this document:

(i) none of the Directors or the experts named in "— (F) Other Information — Consent of Experts" of this Appendix has any interest, direct or indirect, in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to, any

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between our Company and the Sole Sponsor, we have agreed to pay the Sole Sponsor a fee of US$400,000 to act as the sponsor of our Company in connection with the proposed [REDACTED] on the Stock Exchange.

4 C E

The qualification of the experts, as defined under the Hong Kong Listing Rules, who have given opinions in this document are as follows:

China Securities (International) Corporate Finance Company Limited	A licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under SFO)
King & Wood	Legal adviser to our Company as to PRC laws
Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan	an independent professional market research and consulting company
Miller, Canfield, Paddock and Stone, P.L.C.	Legal adviser to our Company as to US laws
Ashurst Tokyo (Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo)	Legal adviser to our Company as to U.S. and EU laws in respect of tariffs

Knight Frank Petty Limited	Property valuer

As at the Latest Practicable Date, none of the experts named above has any

9 C A

Our Company has appointed Vast Harbour Corporate Finance Limited (formerly known as Goldlink Capital (Corporate Finance) Limited) as our compliance adviser in compliance with Rules 3A.19 of the Listing Rules.

10 A C

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since 31 December 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document, and up to the date of this document.

11 H H

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

12

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in "Accountants' Report — Notes to the Historical Financial Information — 38. Related Party Transactions" in Appendix I to this document.

13

Save as disclosed in this document:

(i) within the two years immediately preceding the date of this document:

(a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;

(c) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

(d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in or debentures of our Company or any of our subsidiaries;

(ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(iv) none of our Company or any member of our Group has any outstanding convertible debt securities or debentures;

(v) there is no arrangement under which future dividends are waived or agreed to be waived;

(vi) save for the A Shares of our Company that are listed on ChiNext of the Shenzhen Stock Exchange and GDRs of our Company that are listed on SIX Swiss Exchange, and save for the H Shares to be issued in connection with the [REDACTED], none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought; and

(vii) all necessary arrangements have been made to enable the H shares to be admitted into [REDACTED] for clearing and settlement.

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in " *G I (F) I 4 C E* " in Appendix V to this document; and

(b) a copy of each of the material contracts referred to in " *G I (B) F I B 1 C* " in Appendix V to this document.

Electronic copies of the following documents will be available for inspection at the website of the Stock Exchange at ______________ and our website at ________________ including the date which is 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Company for each of the years ended 31 December 2023, 2024 and 2025;

(c) the Accountants' Report from Rongcheng (Hong Kong) CPA Limited, the text of which is set out in Appendix I to this document;

(d) the report on review of the unaudited interim financial information of our Group for the three months ended 31 March 2026 from Rongcheng (Hong Kong) CPA Limited, the text of which is set out in the section headed "Unaudited Interim Financial Information" in Appendix IA to this document;

(e) the report on the unaudited [REDACTED] financial information of our Group from Rongcheng (Hong Kong) CPA Limited, the text of which is set out in Appendix II to this document;

(f) the material contracts referred to in " *G I (B) F I B 1 C* " in Appendix V to this document;

(g) the service contracts and the letters of appointment referred to in " *G I (C) F D 1 D ' C A* " in Appendix V to this document;

(h) the industry report issued by Frost & Sullivan, a summary of which is set forth in "*I* " in this document;

(i) the PRC legal opinions issued by King & Wood, our PRC Legal Adviser on PRC law, in respect of certain general corporate matters and property interests in the PRC of our Group;

(j) the US legal opinions issued by Miller, Canfield, Paddock and Stone, P.L.C., our US legal adviser on US law;

(k) the legal memorandum issued by Ashurst Tokyo (Ashurst Horitsu Jimusho Gaikokuho Kyodo Jigyo), our legal adviser on U.S. and EU laws as to tariffs;

(l) the Malaysian legal opinions issued by PHANG THAM TEOH & CO, our Malaysian legal adviser on Malaysian law;

(m) the Swedish legal opinions issued by Wigge & Partners Law KB, our Swedish legal adviser on Swedish law;

(n) the Swedish legal opinions issued by FRÖBERG & LUNDHOLM ADVOKATBYRÅ AB, our Swedish legal adviser as to environmental matters;

(o) the transfer pricing report issued by Shenzhen Qianhai PricewaterhouseCoopers Business Consulting Services Co. Limited, our transfer pricing consultant with respect to transfer pricing arrangement of our Group;

(p) the Property Valuation Report from Knight Frank Petty Limited, the text of which is set out in Appendix III to this document;

(q) the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies together with their unofficial English translation; and

(r) the written consents referred to in "*G I (F) 4 C*" in Appendix V to this document.

A full list of the grantees of outstanding Share Options granted under the Share Incentive Plans, containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection at the offices of Linklaters at 11/F, Alexandra House, Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document.