

Stock Code: 600884

Abbreviation: NBSS

# **Ningbo Shanshan Co., Ltd. 2025 Annual Report**

## Important Notes

**I. The Board of Directors, directors, and senior management of the Company confirm that the content of this Annual Report is true, accurate and complete and has no false representations, misleading statements or material omissions, and they individually and collectively accept legal responsibility for such content.**

**II. All directors of the Company attended the Board meeting.**

**III. Pan-China Certified Public Accountants LLP issued a standard audit report with unqualified opinions for the Company.**

**IV. Zhou Ting, Chairwoman of the Company, Li Keqin, Chief Financial Officer of the Company, and Xu Lie, Person in Charge of the Accounting Office (Head of the Accounting Department), hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this Annual Report.**

**V. Proposal of profit appropriation or proposal of transferring capital reserve into share capital for the Reporting Period was reviewed by the Board of Directors**

After being audited by Pan-China Certified Public Accountants LLP, the Company's consolidated financial statements for 2025 recorded a net profit attributable to shareholders of the listed company of RMB457,916,266.13. As of 31 December 2025, the parent company had distributable profits of RMB528,170,769.25 at the end of the period.

In view of the current development status of the industry in which the Company's core main business operates, the Company's strategic development plan, and the actual capital requirements for current project construction and R&D investment, and after comprehensive consideration of the Company's cash flow situation, the impact of the restructuring of the controlling shareholder, and the external financing environment, in order to enhance financial robustness, safeguard the Company's sustainable development, further solidify the Company's leading position in the industry, and realize the long-term interests of all shareholders, it is proposed that for 2025 the Company will not distribute cash dividends, issue bonus shares, or convert capital reserves into share capital.

**As of the end of the Reporting Period, the parent company has unrecouped losses and their impact on matters such as the Company's profit distribution**

Applicable Not applicable

**VI. Risk associated with forward-looking statements**

Applicable Not applicable

The forward-looking description in this Report such as the Company's future plans and development strategies does not constitute an actual commitment of the Company to investors. Investors should be aware of the investment risks.

**VII. Was there any misappropriation of the Company's capital by the controlling shareholders and other related parties for non-operational purposes?**

No

**VIII. Did the Company provide any guarantee to external parties in violation of the required decision-making process?**

No

**IX. Were more than half of the directors unable to guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company?**

No

**X. Material risk alert**

The Company has detailed the possibly relevant risks in this Report. Investors may refer to "(IV) Risk Exposures" in "VI. Discussion and Analysis on Future Development of the Company" under "Section III Management Discussion and Analysis".

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Documents Available for Inspection	Financial statements containing the signatures and seals of the Chairman of the Company, the Chief Financial Officer of the Company and the Person in Charge of the Accounting Office (Head of the Accounting Department).
	Original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant.
	The original copies of all documents and announcements disclosed during the Reporting Period.

## Section I Definitions

### I. Definitions

In this Report, unless the context otherwise requires, the following expressions shall have meanings as follows:

Definitions of Common Terms		
The Company, Company or NBSS		Ningbo Shanshan Co., Ltd.
Reporting Period		Year 2025
CSRC		China Securities Regulatory Commission
SSE		Shanghai Stock Exchange
CSDC		China Securities Depository and Clearing Co., Ltd.
Yinzhou Court		People's Court of Yinzhou District, Ningbo City, Zhejiang Province
Quzhou Intermediate People's Court		The Intermediate People's Court of Quzhou City of Zhejiang Province
Zhuhai Intermediate People's Court		The Intermediate People's Court of Zhuhai City of Guangdong Province
Guangdong High People's Court		The High People's Court of Guangdong Province
GDR		Global depository receipt
2022 Equity Incentive Plan		2022 Stock Option and Restricted Share Incentive Plan
SP business		Special polarizer products applicable to Organic Light Emitting Diode (OLED) display panels, automotive LCD business, and high-end IT LCD polarizer products
Shanshan Holdings		Shanshan Holdings Co., Ltd.
Shanshan Group		Shanshan Group Co., Ltd.
Pengze Trading		Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)
Yinzhou Jielun		Ningbo Yinzhou Jielun Investment Co., Ltd. (宁波市鄞州捷伦投资有限公司)
Administrator		Substantive consolidation and reorganization administrator of Shanshan Group and Pengze Trading designated by the court in accordance with the law
Wanwei Group		Anhui Wanwei Group Co., Ltd.
Conch Group		Anhui Conch Group Co., Ltd.
Ningbo Financial Asset		Ningbo Financial Asset Management Co., Ltd. (宁波金融资产管理股份有限公司)
Shanjin Optoelectronics		Shanjin Optoelectronics (Suzhou) Co., Ltd. and its subsidiaries
Shanshan Anode		Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd. (上海杉杉锂电材料科技有限公司) and its subsidiaries
Shanghai Shanshan Technology		Shanghai Shanshan Technology Co., Ltd.
Yongquan Investment		Ningbo Yongquan Investment Co., Ltd.
Shanshan New Energy		Ningbo Shanshan New Energy Technology Development Co., Ltd.
Quzhou Shanshan		"Shanshan Advanced Materials (Quzhou) Co., Ltd.", the Company's former electrolyte subsidiary, now renamed "Sunyes Zhongning New Material Technology (Quzhou) Co., Ltd. (新亚中宁新材料科技(衢州)有限公司)"
Dongguan Shanshan		Dongguan Shanshan Battery Material Co., Ltd.
Xinya Process		Xinya Process (Zhejiang) Co., Ltd. (新亚制程(浙江)股份有限公司)

Xinya Zhongning		Zhejiang Xinya Zhongning New Energy Co., Ltd.
Shanshan Brand		Shanshan Brand Management Co., Ltd.
CMOC		China Molybdenum Co., Ltd. (洛阳栾川钼业集团股份有限公司)

## Section II Company Profile and Key Financial Indicators

### I. Company Information

Chinese name of the Company	宁波杉杉股份有限公司
Chinese abbreviation of the Company	杉杉股份
Foreign name of the Company	NINGBO SHANSHAN CO., LTD.
Foreign abbreviation of the Company	NBSS
Legal representative of the Company	Zhou Ting

### II. Contact Details

	Board secretary	Securities representative
Name	Chen Ying	Lin Feibo
Address	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province
Tel.:	0574-88208337	0574-88208337
Fax:	0574-88208375	0574-88208375
Email	ssgf@shanshan.com	ssgf@shanshan.com

### III. General Information

Registered office of the Company	Room 801 (Shanshan Plaza), 777 Rili Middle Road, Shouan Street, Yinzhou District, Ningbo City, Zhejiang Province
Change of the Company's registered address	In September 1996, the registered address of the Company was changed from 139 Baizhang Road, Jiangdong District to 158 Baizhang Road, Jiangdong District; in August 2007, the registered address of the Company changed from 158 Baizhang Road, Jiangdong District to 238 Central Yunlin Road, Wangchun Industrial Park, Ningbo; in February 2016, the registered address of the Company was changed from 238 Central Yunlin Road, Wangchun Industrial Park, Ningbo to No. 801, Shanshan Plaza, 777 Rili Middle Road, Shouan Street, Yinzhou District, Ningbo City, Zhejiang Province.
Office address of the Company	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province
Postal code of the office address of the Company	315100
Company's website	www.ssgf.net
Email	ssgf@shanshan.com

### IV. Information Disclosure and Place Available for Inspection

Name and website of the media where the Company discloses its annual report	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times (hereinafter collectively called "designated media")
Website of the stock exchange where the Company discloses its annual report	www.sse.com.cn
Location for inspection of the annual report of the Company	F/28, Shanshan Plaza, 777 Rili Middle Road, Yinzhou District, Ningbo City, Zhejiang Province

### V. Shares of the Company

Shares of the Company			
Type of shares	Stock exchange for listing	Stock abbreviation	Stock code

A Shares	Shanghai Stock Exchange	NBSS	600884
GDR	SIX Swiss Exchange	Ningbo Shanshan Co., Ltd.	SSNE

## VI. Other Relevant Information

Accounting firm engaged by the Company (China)	Name	Pan-China Certified Public Accountants LLP
	Office address	Tower 2, Run'ao Business Center, Qianjiang Century CBD, Hangzhou, China
	Signing accountant	Lu Yaping, Wang Run

## VII. Key Accounting Data and Financial Indicators for the Past Three Years

### (I) Key Financial Data

Key Financial Data	Unit: Yuan		Currency: RMB	
	2025	2024	Increase/Decrease for the period as compared to the same period last year (%)	2023
Operating revenue	21,587,015,199.83	18,679,729,021.40	15.56	19,070,225,164.95
Total profit	618,144,612.03	-274,287,189.36	Not applicable	988,506,355.41
Net profits attributable to shareholders of the listed company	457,916,266.13	-367,136,028.73	Not applicable	765,337,842.07
Net profit attributable to shareholders of the listed company, net of non-recurring profit or loss	372,827,141.35	-768,397,083.95	Not applicable	218,864,413.71
Net cash flows from operating activities	2,259,086,430.12	1,860,217,174.57	21.44	-198,131,598.40
	End of 2025	End of 2024	Increase/Decrease as at the end of the period as compared to the end of the same period last year (%)	End of 2023
Net assets attributable to shareholders of the listed company	21,960,834,928.59	21,581,444,072.50	1.76	22,669,169,067.26
Total assets	45,135,979,158.61	46,207,982,304.59	-2.32	48,474,965,995.75
Total share capital	2,249,412,863.00	2,253,396,168.00	-0.18	2,258,223,223.00

### (II) Key Financial Indicators

Key financial indicators	2025	2024	Increase/Decrease for the period as	2023
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			compared to the same period last year (%)	
Basic earnings per share (RMB/share)	0.21	-0.17	Not applicable	0.35
Diluted earnings per share (RMB/share)	0.21	-0.17	Not applicable	0.35
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.17	-0.35	Not applicable	0.10
Weighted average return on net assets (%)	2.10	-1.66	Increase by 3.76 percentage points	3.35
Weighted average return on net assets ratio after deduction of non-recurring profit or loss (%)	1.71	-3.47	Increase by 5.18 percentage points	0.96

Description of major accounting data and financial indicators for the three years prior to the end of the Reporting Period of the Company

Applicable Not applicable

#### VIII. Discrepancies in Accounting Data between Chinese and Overseas Accounting Standards

**(I) Difference arising from the net profit and net assets attributable to shareholders of the listed company in the financial statements disclosed simultaneously in accordance with the international and Chinese accounting standards**

Applicable Not applicable

**(II) Difference arising from the net profit and net assets attributable to shareholders of the listed company in the financial statements disclosed simultaneously in accordance with the overseas and Chinese accounting standards**

Applicable Not applicable

#### IX. Quarterly Key Financial Data for 2025

	Unit: Yuan    Currency: RMB			
	The First Quarter (January to March)	The Second Quarter (April to June)	The Third Quarter (July to September)	The Fourth Quarter (October to December)
Operating revenue	4,804,304,603.00	5,054,179,712.28	4,950,613,151.91	6,777,917,732.64
Net profits attributable to shareholders of the listed company	33,142,762.49	174,165,436.35	76,288,968.94	174,319,098.35
Net profit attributable to shareholders of the listed company, net of non-	14,969,970.99	153,628,944.73	54,099,161.24	150,129,064.39

recurring profit or loss				
Net cash flows from operating activities	-150,443,252.87	1,613,572,859.47	891,906,594.45	-95,949,770.93

Differences between data by quarter and data disclosed in periodical reports

Applicable Not applicable

#### X. Non-recurring Profit or Loss Items and Amounts

Applicable Not applicable

Non-recurring profit and loss items	Unit: Yuan Currency: RMB		
	Amount in 2025	Amount in 2024	Amount in 2023
Gains and losses from the disposal of non-current assets (including the written off part for which provision for asset impairment has been made)	693,204.89	316,840,173.22	343,135,585.57
Government grants included in the current profit and loss, except those closely related to the Company's normal operations, conforming to the State policies and regulations, enjoyed persistently in line with certain standard, and having a lasting impact on the Company's profit and loss	121,176,698.97	149,274,614.29	433,970,874.27
Payment for the use of funds included in the current profit and loss and collected from non-financial business	389,056.60	3,675,997.31	31,320,394.52
Gains or losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains or losses from disposal of financial assets and financial liabilities, except for effective hedging operations related to the Company's normal business operations	-18,581,000.00	4,062,734.07	-7,516,000.00
Reversal of impairment provisions for accounts receivable subject to separate impairment testing	5,694,492.33	13,610,635.00	
Non-operating income and expenses other than those mentioned above	2,611,618.57	-29,208,772.72	-34,257,498.06
Less: effect of income tax	16,508,528.57	45,550,658.41	177,879,353.22
Effect of non-controlling interests (after tax)	10,386,418.01	11,443,667.54	42,300,574.72
Total	85,089,124.78	401,261,055.22	546,473,428.36

The reason for the Company defining items not listed in the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No.1 – Non-recurring Profit or Loss (《公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益》) as non-recurring profit or loss items with significant amount, and the reason for defining the non-recurring profit or loss items illustrated in the Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 1 – Non-recurring Profit or Loss (《公开发行证券的公司信息披露解释性公告第 1 号——非经常性损益》) as recurring profit or loss items should be specified.

Applicable Not applicable

**XI. Companies with Equity Incentive Schemes or Employee Share Schemes May Elect to Disclose Net Profit Excluding the Impact of Share-Based Payment**

√Applicable Not applicable

Key Financial Data	2025	2024	Unit: Yuan Currency: RMB	
			Increase/Decrease for the period as compared to the same period last year (%)	2023
Net profit excluding the impact of share-based payment	464,917,288.38	-343,386,644.89	NA	762,384,369.68

**XII. Items Measured at Fair Value**

√Applicable Not applicable

Item	Opening balance	Change during the period	Unit: Yuan Currency: RMB	
			Amount of impact on the profits for the period	Closing balance
Other equity instrument investment	126,486,318.53	-26,109,478.07	2,675,600.00	100,376,840.46
Other non-current financial assets	237,037,307.86	-19,352,718.93	-18,581,000.00	217,684,588.93
Receivable financing	42,218,961.77	17,354,452.46		59,573,414.23
Total	405,742,588.16	-28,107,744.54	-15,905,400.00	377,634,843.62

## Section III Management Discussion and Analysis

### I. Business Status during the Reporting Period

The Company has formed a strategic landscape with its development driven by two core businesses: anode materials and polarizer businesses.

In anode material business, as a pioneer and technological trailblazer in artificial graphite anode materials for lithium-ion batteries in China, the Company has been deeply committed to this sector for over two decades, focusing on technological breakthroughs and industrial implementation. It has established a globally leading R&D platform and a highly mature large-scale production and manufacturing system. Relying on continuous technological iterations, process optimizations, and product innovations, the Company consistently takes the lead in product performance, supply capacity, and customer coverage, maintaining a long-term position in the first tier of the industry in terms of market share and overall core competitiveness.

In polarizer business, the Company has been recognized as a national-level manufacturing single champion enterprise due to its outstanding technological capabilities and market position, firmly establishing itself as a global industry leader. Its products comprehensively cover large, medium, and small full-size LCD and OLED polarizers, widely applied in numerous scenarios such as TVs, IT displays, and automotive displays. The Company has formed significant advantages in key technologies, production capacity scale, and customer resources, building a solid industrial competitive edge with its leading global market share and high-barrier core technologies.

Going forward, the Company will closely follow the global development trends of electrification and intelligentization, and advance technological innovation and industrial upgrading to seek high-quality, sustainable and steady development across its two principal businesses.

#### (I) Anode Material Business

##### 1. Business profile

The Company's anode materials business covers the R&D, production and sales of anode materials for lithium-ion batteries, as well as other battery materials such as anode materials for sodium-ion batteries. The main products of the Company include artificial graphite, natural graphite, silicon-based anode and new materials such as soft and hard carbon.

The main products and applications of the anode material business of the Company are as follows:

Classification	Product	Applications
Anode material	Artificial graphite	Mainly used in the 3C digitals with high-energy density and high-power density, power batteries for EVs and energy storage
	Natural graphite	Mainly used in the 3C digitals with high-energy density and high-power density and power batteries for EVs, including cylinder battery and blending

	Silicon-based anode	Silicon-based anode materials possess core advantages including ultra-high theoretical specific capacity and are critical anode materials for next-generation batteries. They are mainly used in the 3C digitals with high-energy density, electric tools, and power batteries for EVs
	Soft/ hard carbon materials	Hard carbon is primarily used in three application areas, including sodium-ion batteries, lithium-ion batteries, and supercapacitors. Soft carbon is mainly applied in special scenarios such as batteries for electric ships and small batteries for ETC devices

## 2. Operating model

### (1) Procurement

The Company adopts a management model combining centralized and decentralized procurement. Under centralized procurement, the supply chain center at the headquarters for the anode material business is responsible for pricing, whereas the subsidiary plants (production bases) take charge of specific execution, covering the four major modules of raw materials, auxiliary materials for the graphitization process, logistics, and outsourced processing. Each subsidiary plant (production base) is independently responsible for the development and execution of localized procurement.

Focusing on centrally procured materials, based on the demand and the strategic layout of the Company, we sign strategic cooperation agreements, framework agreements, and annual supply agreements with key suppliers from the perspectives of ensuring supply, securing price advantages, and promoting collaborative R&D, in a bid to promote the construction of strategic partnership with suppliers and achieve supply security, win-win cooperation and long-term development.

### (2) Production

In accordance with the production principle of “production based on sales”, the Company arranges production on a monthly basis in accordance with its sales plans. It also advances inventory management by combining rolling market forecasts and reasonable reserves of general-purpose products, thereby shortening delivery cycles, improving order fulfillment rates, and enhancing customer satisfaction. Various departments work closely together to flexibly allocate production resources, ensuring timely satisfaction of market demands.

The Company’s production models encompass various methods such as integrated production, a combination of outsourced processing and partial integration, customized production, technical cooperation and joint R&D, as well as multi-process collaborative manufacturing. By employing integrated and automated production models, the Company continues to reduce production costs and enhances production efficiency.

### (3) Sales

The Company, under the mechanism coordinated with the department of sales, R&D, quality, technical support and others, establishes the task groups in light of clients' demand for products, and forms a sales model dominated by sales, guaranteed by R&D and quality and propped up by technical supports, to provide clients with world-class products and services. The Company remains closely aligned with customer needs, promptly capturing the feedback on product quality and changes in product type demand, enabling it to respond quickly to customer needs and provide customers with faster and more precise sales and technical support. In doing so, the Company has established close, stable and efficient cooperative relationships with its customers.

### **3. Market status of products**

Data from ICCSINO showed that the Company ranked first in the artificial anode material segment in 2025, consolidating its leading position. Leveraging its technological strengths, the Company maintains a globally leading market share for its fast-charging artificial anode products. Meanwhile, its next-generation silicon-based products are undergoing accelerated iteration and upgrading. With its outstanding technical advantages and cost-control capabilities, the Company has supplied products to leading battery cell manufacturers at home and abroad in large quantity, covering power battery and consumer electronics sectors.

### **4. Competitive edge and weakness**

For details, please refer to the "IV. Analysis on Core Competitiveness During the Reporting Period" in this Section.

### **5. Key performance drivers**

(1) Rapidly growing demand for lithium-ion batteries has led to increasing demand for anode materials

According to data from EVTank, global shipments of energy storage batteries in 2025 reached 651.5 GWh, representing a year-on-year increase of 76.2%. Global shipments of automotive power batteries amounted to 1,495.2 GWh, up 42.2% year-on-year. Fueled by explosive growth in energy storage market and growing demand for new energy vehicles, global shipments of lithium-ion batteries totaled 2,280.5 GWh in 2025, up 47.6% year-on-year.

Driven by the growing demand for lithium-ion batteries, the demand for anode materials continues to rise. According to data from ICCSINO, global sales volume of anode materials in 2025 reached 3.0615 million tons, maintaining high year-on-year growth, with China's share rising to 98.4%.

(2) Technological innovation and integrated capacity expansion strengthen our cost advantages

During the Reporting Period, the Company steadily ramped up capacity at its integrated production bases and further strengthened the composite capacity of the bases via equipment retrofits and process optimization. On cost control, the Company implemented end-to-end optimization centering on raw material procurement, energy management, and smart manufacturing, continuously promoting systematic cost reductions. In graphitization, the Company's self-developed new chamber furnace technology has significantly boosted single-line output and reduced unit production costs through increasing the effective charging volume within the furnace.






(3) By focusing on product technology and deepening customer relationships, we have further enhanced our competitive advantage



The Company is committed to providing high-performing and quality leading anode products for global clients based on the clients' needs. By virtue of the core edge established in raw material development, product technologies, process control and client collaboration, the Company continuously solidifies its competitiveness. During the Reporting Period, the Company's anode products maintained a leading share in downstream applications with excellent performance. The Company's cooperation with global leading battery companies has been further deepened, and sales to core customers have increased quickly.

## (II) Polarizer Business

### 1. Business profile

The Company's polarizer business covers the R&D, production and sales of LCD and OLED polarizers. A polarizer, a composite film consisting of multi-layer films, allows the passage of specifically polarized light waves while blocking other polarized light waves. As the core element of display technology, polarizers enable images to be displayed and seen on the screen. They are widely used in end products such as TVs, monitors, laptops, tablets, mobile phones, commercial displays, and automotive displays. The purposes of products are as follows:

Product	Purpose	End product	Image
Polarizer	Polarizer is the core optical film material for display panels, which controls the polarization direction of a specific light beam and is used to transform natural light into linearly polarized light or circularly polarized light, so that the screen can display images and the picture clarity can be improved.	TV	
		Monitor	
		Laptop	
		Tablet	
		Mobile phone	

		Commercial display	
		Automotive display	

## 2. Operating model

### (1) Procurement

The Company adopts the production-based procurement model, that is, arranging the procurement of raw materials according to the production plan formulated by the production department and the inventory status and making timely stocking according to the supply and demand of raw materials and price fluctuations. The products purchased mainly include PVA film, TAC film, PET film, protective film, release film, PSA and other raw materials.

The Company selects suppliers independently according to market principles. It first signs framework agreements with suppliers, and purchases specific raw materials by placing purchase orders to suppliers.

### (2) Production

The Company mainly adopts the sales-based production to produce products according to the demand of clients. The Company will form a sales forecast analysis after receiving the demand and decide the production plan based on the capacity and the consideration of long-term cooperation with clients, material supply, production cycle, etc. In addition, the Company will prepare some stocks based on the past product sales and specific needs of clients.

The Company's production process includes two parts: front-end work and back-end work. The Company mainly produces by itself with some outsourcing works. The Company adopts the independent production for the front-end work as it is the core part in polarizer production, and outsources some noncore processes of back-end work for external specialized companies, thus improving production efficiency. In this process, the Company will propose processing plans to the assigned processors according to the orders from clients, and provide polarizer coils to them based on the forecast of the outsourcing quantity. The assigned processors will work according to the processing plans and deliver directly to clients according to the Company's instructions.

### (3) Sales

The Company mainly adopts the direct sales model. Its clients include BOE, China Star Optoelectronics Technology Co., Ltd. (CSOT), LG Display, HKC, Sharp, Xianyang CaiHong Optoelectronics, TIANMA, AU Optronics, Qunchuang and other mainstream panel manufacturers. Downstream major panel manufacturers have rigorous requirements for their suppliers, and will strictly review the suppliers' 23 strength and qualifications (such as quality, R&D, production, management, etc.) before cooperation. The companies that obtain their supplier certifications must first undergo repeated

inspections, improvements and acceptances. The cooperative relationships established through such rigorous process will not change easily. Therefore, the Company stably cooperates with clients.

The Company's back-end production lines include industry-leading RTP (coil-to-panel) production lines, located within the factory premises, so that it can timely respond to clients and meet their needs such as quick pattern changes.

### **3. Market status of products**

According to the data from CINNO Research, the Company's shipment area share of large-size LCD polarizers (including polarizers used in LCD TVs/monitors/notebooks) was approximately 34% in 2025, remaining the world's No. 1. In terms of the application fields, the market share of LCD TV polarizer business and LCD display polarizer business of the Company both ranked first in the world.

### **4. Competitive edge and weakness**

For details, please refer to the “IV Analysis on Core Competitiveness During the Reporting Period” in this Section.

### **5. Key performance drivers**

#### **(1) Year-on-Year growth in downstream display panel shipments**

In 2025, driven by a combination of factors including tariffs and trade-in subsidy policies, inventory buildup for the World Cup, rising memory prices, the increasing penetration of AI technologies, and IT replacement demand, demand for display panels grew steadily. According to forecasts by Omdia, in 2025, shipments of large-size display panels (including LCD and OLED panels, and for TVs, monitors, laptops, large-size tablets and other large-size panels) are expected to increase by 2.9% year-on-year. Among these, shipments of large-size LCD panels are expected to grow by 2.6% year-on-year, while shipments of large-size OLED panels are expected to grow by 12.9% year-on-year. Driven by downstream demand, market demand for polarizers recorded moderate year-on-year growth.

#### **(2) Strengthened high-end product portfolio and steadily increased market share in the high-end segment**

Relying on over 20 years of technological R&D experience in the polarizer field, the Company leads the market through differentiated technologies of polarizers such as super-size, ultra-thin, high contrast and wide viewing angle, while continuously advancing product iteration and upgrades. During the Reporting Period, the Company continued to consolidate its leading position in high-end LCD polarizer products and simultaneously accelerated the industrialization of OLED polarizers. Among which, shipments of LCD TV polarizers for 75-inch and above panels recorded a significant year-on-year increase. OLED TV polarizers achieved stable shipments during the Period, with rapidly increasing market share and a leading global position. In addition, through the acquisition of the SP business, the Company has significantly enhanced its competitiveness in the high-end polarizer market and has laid a solid foundation for long-term and steady development.

#### **(3) Reinforced Cost Advantages through Lean Management, Supply Chain Optimization and Process**

## Innovation

The Company places equal emphasis on cost leadership and operational safety. Through supply chain management optimization, production process innovation, and end-to-end lean management, the Company has further consolidated its cost advantage. On the production side, end-to-end lean management and process innovation have improved production line efficiency, product first-pass yield, and raw material utilization, reduced waste, and effectively lowered unit production costs. On the supply side, the Company has promoted the diversification, localization, and in-house development of raw materials, to enhance supply chain resilience and cost control potential while ensuring quality and stable supply. These coordinated efforts have further reinforced the Company's cost advantage and provided solid support for sustainable performance growth.

Description of significant newly added non-principal businesses during the Reporting Period

Applicable Not applicable

## II. Industry Status during the Reporting Period

### (I) Overview of Anode Materials Industry

#### 1. Industry Overview

The Company has been deeply involved in the field of anode materials of lithium-ion batteries for many years. The core products of anode materials include widely used artificial graphite, natural graphite, and silicon-based anode materials, which represent a future technological direction. The anode material industry is located upstream in the lithium-ion battery value chain. Its market demand and technological evolution are directly driven by downstream applications. Currently, the industry's demand structure has formed three core segments: power batteries, energy storage batteries, and consumer electronics batteries.

- **Power Battery Segment:** As the largest demand market for anode materials, its growth is highly correlated with the new energy vehicle industry. According to EVTank data, global sales of new energy vehicles reached 23.542 million units in 2025, representing a year-on-year increase of 29.1%, driving global power battery shipments to 1,495.2GWh. The power battery segment imposes extremely stringent requirements on fast-charging performance, cycle life, and consistency of anode materials, making it the primary driver of current technological iteration.
- **Energy Storage Battery Segment:** This is the fastest-growing market at present. Driven by policies both domestically and internationally, global energy storage battery shipments amounted to 651.5GWh in 2025, with a year-on-year growth of 76.2%, according to EVTank data. Energy storage applications place particular emphasis on cost, safety, and ultra-long cycle life of anode materials. This differentiated technical demand is profoundly influencing the industry's technology roadmap.
- **Consumer Electronics Battery Segment:** In the consumer battery sector, market demand exhibits the dual characteristics of steady growth and structural upgrading. Traditional consumer electronics continue to undergo upgrades, imposing higher requirements for energy

density, cycle life, and fast-charging capability, thereby driving the iteration and innovation of anode materials. At the same time, the rapid proliferation of emerging devices such as wearables, drones, and AR/VR devices has further expanded the overall market scale.

Driven by these diverse demands, the anode material market has continued to maintain a relatively high growth rate. According to data from ICCSINO, global sales volume of anode materials reached 3.0615 million tons in 2025, continuing a high-growth trend year-on-year. From a product structure perspective, artificial graphite maintains its mainstream position due to its comprehensive performance advantages, with its global penetration rate further increasing to approximately 93%. Meanwhile, the market penetration of high-performance anode materials, represented by fast-charging of 4C and above, has risen to 15%, indicating significant trends in product upgrading and market segmentation.

## 2. Industry Development Stage

The anode material industry is currently in a phase of structural adjustment. Its core drivers and competitive landscape have undergone significant changes.

### ● **Market Drivers Undergoing a Structural Shift: Power Market Seeing Steady Growth and Energy Storage Demand Witnessing Accelerated Release**

The new energy vehicle market continues to grow steadily, while the energy storage market demonstrates stronger growth momentum. According to EVTank data, global power battery shipments reached 1,495.2GWh in 2025, representing a year-on-year increase of 42.2%, and global energy storage battery shipments reached 651.5GWh, with a year-on-year growth rate as high as 76.2%. It is expected that the energy storage market will continue to lead in terms of growth rate, and become a significant force driving changes in demand structure.

### ● **Competitive Landscape Shifting from “Expansion” to “Concentration”**

Following a period of rapid capacity addition in the early stage, supply-demand dynamics in the market have adjusted, and the overall pace of capacity expansion in the industry has become more rational. Market resources are increasingly concentrating toward leading enterprises. Downstream customers have raised their requirements for technical specifications, product consistency, supply stability, and cost control. As a result, leading anode enterprises with technological advantages, large-scale production capacity, and deep customer relationships are able to secure higher order volumes and capacity utilization rates, thereby further driving an increase in industry concentration.

### ● **Product Prices Stabilizing**

Since 2025, driven by multiple factors such as rising upstream raw material prices, accelerated elimination of outdated capacity, and sustained high growth in downstream market demand, anode material prices have gradually stabilized. This change signals an optimization of the industry's competitive landscape and a shift toward a healthier and more rational pricing system, creating greater development space for leading enterprises with advantages in technology, cost, and quality.

## 3. The Company's Industry Position

The Company has deeply cultivated the anode material industry for many years, possessing leading

production scale, a well-established capacity layout, and core technological advantages in areas such as fast-charging technology and graphitization processes. By virtue of its outstanding technical expertise and industrial contributions, the Company has been honored with multiple prestigious awards, including the Second Prize of the National Award for Progress in Science and Technology, National Manufacturing Sector-specific Champion, National Enterprise Technology Center, and National Specialized and Sophisticated “Little Giant” Enterprise.

In response to market changes during the Reporting Period, leveraging its technological strength, product competitiveness, and deep customer relationships, the Company achieved continued rapid growth in sales volume in 2025. According to data from ICCSINO, the Company's artificial graphite anode material once again ranked first globally in 2025. Its industry leadership position further consolidated amid deepening market competition.

#### 4. China’s laws, Administrative Regulations, Regulations of Ministries and Industry Policies Released in 2025

China’s laws, administrative regulations, regulations of ministries and industry policies released in 2025

Publication time	Published by	Policy	Content
January 2025	National Development and Reform Commission and National Energy Administration	Notice on Deepening the Market-Oriented Reform of New Energy On-Grid Tariffs to Promote High-Quality Development of New Energy	In principle, all on-grid electricity generated from new energy projects (wind and solar power, similarly hereinafter) shall fully enter the electricity market, with on-grid tariffs determined through market transactions. New energy projects may participate in transactions by quoting both volume and price, or accept market-determined prices. ... Strengthen coordination between reform and environmental optimization, resolutely correct improper intervention in the electricity market, refrain from unreasonably allocating costs to new energy, and shall not make energy storage configuration a prerequisite for the approval, grid connection, or on-grid operation of new energy projects. For new energy projects enjoying fiscal subsidies, the subsidy standards within the reasonable utilization hours over the full life cycle shall follow the original provisions.
April 2025	General Office of National Development	Notice on Comprehensively Accelerating the	By the end of 2025, the Southern Regional Electricity Spot Market shall initiate continuous settlement trial operations, conditions shall be

	and Reform Commission, and General Office of National Energy Administration	Establishment of Electricity Spot Markets	created for the Beijing-Tianjin-Hebei electricity market to start simulated trial operations, and the inter-provincial spot market shall enable power generation enterprises to participate in inter-provincial spot power purchases, while accelerating research on mechanisms for electricity sales companies and power users to directly participate in inter-provincial spot transactions. Market construction shall fully consider the reasonable demands of all regions, accelerate the formation of synergies, and better promote the optimal allocation of resources on a large scale.
September 2025	Eight departments including Ministry of Industry and Information Technology	Work Plan for Stable Growth of the Automotive Industry (2025-2026)	Greater efforts will be made to advance pilot zones for the comprehensive electrification of vehicles in public sectors. A total of over 700,000 new energy vehicles will be newly deployed across 25 pilot cities, covering areas such as urban buses, taxis, and logistics distribution. ... Support will be provided for automobile trade-ins, as well as the replacement of new energy city buses and power batteries, thereby promoting tiered and upgrade consumption of automobiles.
September 2025	National Development and Reform Commission	Basic Rules for the Medium- and Long-Term Electricity Market (Draft for Comments)	The establishment of the medium- and long-term electricity market and the electricity spot market shall be coordinated, with alignment ensured in market registration, transaction sequencing, market clearing, and settlement. ... Under this framework, new types of market entities, such as virtual power plants, may aggregate various resources (including electricity users, energy storage facilities, electric vehicle charging infrastructure, and distributed power sources) in accordance with relevant national regulations, and form aggregated units for participation in electricity transactions.
October 2025	Ministry of Industry and Information Technology	Guidelines for the Construction of the Computing Power Standard	Computing power facility standards mainly include standards for facility construction, utilization of new energy and energy storage, efficient power supply and cooling, intelligent operation and maintenance

		System (2025 Edition) (Draft for Comments)	management, etc. Accelerated efforts shall be made to establish infrastructure safeguards for a national integrated computing power network. ... Technical requirements and testing methods for the storage and utilization of renewable energy shall be standardized to support the operation of computing power infrastructure, including standards for new energy storage systems, as well as the access, reserve, dispatch, and utilization of renewable energy.
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## (II) Polarizer Industry Overview

### 1. Industry Overview

Polarizer is a major raw material for display panels. Its primary downstream applications include televisions, monitors, laptops, tablets, mobile phones and other consumer electronics, as well as automotive displays, medical displays, wearable devices, smart homes, and other emerging application markets. As display applications grow increasingly diverse, the application scenarios continue to broaden. Driven by demand from television, monitor, laptop, and tablet markets, global display panel shipments achieved year-on-year growth. In response to downstream demand, the polarizer market experienced moderate growth in 2025.

- **Television Market:** Television remains the largest application segment in the display industry. In 2025, influenced by multiple factors such as U.S. tariff policies, the continuation of Chinese government's "trade-in" subsidy policy, inventory buildup for World Cup, and rising memory prices, brand manufacturers increased their stocking demand, leading to year-on-year growth in TV display panel shipments. According to Sigmaintell forecasts, global TV panel shipments are expected to reach 255 million units in 2025, representing a year-on-year increase of 3.2%. Meanwhile, the penetration rate of high-end TV products such as Mini LED backlight, high transmittance, and high refresh rate models continues to rise, driving sustained growth in demand for high-performance display products.
- **IT Market:** The IT market is the second largest application segment in the display industry. In 2025, driven by factors such as the commercial PC replacement cycle, AI PC product iterations, and technological and form-factor upgrades (high refresh rate, high resolution, larger screen sizes, lightweight and thin designs, etc.), IT panel shipments achieved year-on-year growth. According to Sigmaintell forecasts, global IT panel shipments are expected to reach approximately 693 million units in 2025, representing a year-on-year increase of about 9%. Among these, monitor panel shipments are expected to grow by approximately 1.2%, laptop panel shipments (including Open Cell) by approximately 7.5%, and tablet panel shipments (including tablet-like devices) by approximately 14.9%.

- **Smartphone Market:** The global smartphone panel market achieved steady growth in shipments in 2025. According to Sigmaintell forecasts, global smartphone panel shipments are expected to reach approximately 2.31 billion units (Open Cell basis) in 2025, representing a year-on-year increase of approximately 3.4%. Growth drivers include the continued large-scale expansion of a-Si LCD capacity and the sustained penetration and shipment growth of flexible OLED models.
- **Automotive Market:** According to data from the China Association of Automobile Manufacturers (CAAM), China's automobile sales reached 34.40 million units in 2025, a year-on-year increase of 9.4%, maintaining its position as the world's largest automotive market for 17 consecutive years. Among these, new energy vehicle sales reached 16.49 million units, up 28.2% year-on-year. Driven by sustained growth in global automobile sales and development trends in smart cockpits such as multi-screen, larger-screen, and connected-screen configurations, automotive display panel shipments continue to grow. According to Sigmaintell forecasts, global automotive display panel shipments (front-installed only) are expected to reach approximately 212 million units in 2025, representing a year-on-year increase of approximately 6%.

## 2. Industry Development Stage

As display panel production capacity continues to concentrate in Chinese Mainland, the upstream industrial chain is increasingly aggregating, leading to a restructuring of the global polarizer industry. Chinese manufacturers are actively participating in and leading this restructuring process, which accelerates the shift of production capacity toward Mainland China. According to data from CINNO Research, Chinese (including the Taiwan region of China) polarizer manufacturers accounted for 68% of global polarizer production capacity in 2025. After the completion of capacity integration, this share is expected to reach 75%.

In 2026, global polarizer production capacity remains in a consolidation phase. Capacity growth is projected to slow. On the demand side, display panels are expected to continue trending toward larger sizes. This will drive steady growth in polarizer demand by area. According to Sigmaintell forecasts, supply and demand for LCD panel polarizers are projected to remain in dynamic balance in 2026, with prices tending toward relative stability.

## 3. The Company's Industry Position

As a leading enterprise in the global polarizer industry, the Company possesses world-leading technological expertise, production scale, deep customer relationships, and a stable supply chain system. It has received multiple authoritative certifications, including National High-Tech Enterprise, National Manufacturing Sector-specific Champion, National Specialized and Sophisticated “Little Giant” Enterprise, and National Green Factory. In 2025, the Company continued to maintain a leading global market share. According to the data of CINNO Research, the Company's shipment area share of large-size LCD polarizers (including polarizers used in LCD TVs/monitors/laptops) was approximately 34%,

remaining the world's No. 1.

#### 4. China's Laws, Administrative Regulations, Regulations of Ministries and Industry Policies Released in 2025

Table: China's laws, administrative regulations, regulations of ministries and industry policies released in 2025

Publication time	Published by	Policy	Content
January 2025	National Development and Reform Commission, Ministry of Finance	Notice on Expanding the Implementation of the Policy on Large-Scale Equipment Renewals and Trade-Ins of Consumer Goods in 2025	Continued support for trade-in of eight categories of home appliances such as televisions and computers. Individual consumers purchasing three categories of digital products - mobile phones, tablets, and smartwatches/smartbands - each priced at no more than RMB6,000 per unit, shall receive a subsidy equivalent to 15% of the product's sales price. Each consumer may receive a subsidy for one unit of each product category, with a maximum subsidy of RMB500 per unit.
March 2025	General Office of the Communist Party of China Central Committee and General Office of the State Council	Action Plan for Boosting Consumption	Greater support will be provided for consumer goods trade-ins. Ultra-long-term special treasury bonds will be well utilized to support local governments in expanding and intensifying trade-in programs for consumer goods. These efforts will promote the green and intelligent upgrading of major durable consumer goods such as automobiles, home appliances, and home furnishings, support the replacement of electric bicycles with qualified and safe models, and provide purchase subsidies for three categories of digital products: mobile phones, tablets, and smart watches (or wristbands). Pilot programs will be promoted for the circulation of second-hand goods. Diversified entities will be cultivated to facilitate second-hand goods circulation, and innovative methods will be introduced in this sector.
August 2025	Ministry of Industry and Information Technology	Action Plan for Stable Growth of the Electronic	By 2026, the domestic market penetration rate of color televisions of 75 inches and above is expected to exceed 40%. Personal computers and mobile phones will continue to advance toward smarter

	<p>and State Administration for Market Regulation</p>	<p>Information Manufacturing Industry (2025-2026)</p>	<p>and more high-end solutions.</p> <p>Industry chain maps will be developed and refined to facilitate the orderly deployment of major projects in key areas such as advanced computing, new displays, servers, communication equipment, and smart hardware.</p> <p>Unswerving efforts will be made to promote the use of domestically produced goods and technologies. Continuous actions will be taken to strengthen weak links in the industrial chain, extend advantages in competitive segments, upgrade traditional sectors, and build up emerging industries. Policy support for key enterprises along the industrial chain will be increased to enhance their embeddedness, and efforts to achieve breakthroughs in critical core technologies will be intensified, with the ultimate goal of improving the resilience and security of key industrial and supply chains.</p>
<p>December 2025</p>	<p>National Development and Reform Commission, Ministry of Finance</p>	<p>Notice on Implementing the Policy on Large-Scale Equipment Renewals and Trade-Ins of Consumer Goods in 2026</p>	<p>Individual consumers purchasing products that meet the Grade 1 energy efficiency or water efficiency standard among six categories of home appliances, including televisions and computers, shall receive a subsidy equivalent to 15% of the product's sales price. Each consumer may receive a subsidy for one unit of each product category, with a maximum subsidy of RMB1,500 per unit.</p> <p>Individual consumers purchasing four categories of digital products - mobile phones, tablets, smartwatches/smartbands, and smart glasses - each priced at no more than RMB6,000 per unit, shall receive a subsidy equivalent to 15% of the product's sales price. Each consumer may receive a subsidy for one unit of each product category, with a maximum subsidy of RMB500 per unit.</p>

### III. Operation Profile

#### Overview of business conditions

During the Reporting Period, the Company centered its strategy on anode materials and polarizers, which are its two core pillars. This focus strengthened its operational resilience and delivered sound operational momentum. Benefiting from the robust demand in the downstream NEV and energy storage markets, coupled with the continuous ramp-up of integrated capacity, the anode materials business achieved a significant year-on-year increase in sales volume, further solidifying its industry leadership. Meanwhile, leveraging the capacity strengths of its integrated bases, the Company reduced production costs through optimized production processes, upgraded graphitization technology, and refined management practices. Driven by this combination of volume growth and cost efficiency, the segment's overall profit posted a substantial year-on-year increase.

The polarizer business maintained its global market leadership and stable market share. In line with its high-end product strategy, the Company leveraged industry trends, particularly the shift toward large-size, high-refresh-rate displays and accelerated OLED adoption, to drive continuous product mix optimization. Notably, the proportion of sales from large-size LCD TV polarizers rose significantly, while the volume of high-performance, high-value-added products, particularly OLED polarizers, grew rapidly, driving the business forward as a key engine. Fueled by an increased share of high-value products and steady volume growth, the Company saw improvements in both average selling price (ASP) for its polarizer products and overall profitability, which drove a year-on-year increase in segment earnings.

In 2025, the Company recorded operating revenue of RMB21.587 billion, representing a year-on-year increase of 15.56%. Net profits attributable to shareholders of the listed company amounted to RMB458 million, turning from a loss to a profit year-on-year. Net profits attributable to shareholders of the listed company, net of non-recurring profit or loss, reached RMB373 million, also turning from a loss to a profit year-on-year. The significant improvement in the Company's performance during this period was primarily driven by the following factors:

(1) The anode materials business and the polarizer business maintained sound operations, with both segments achieving substantial year-on-year profit growth. In 2025, the combined net profit attributable to shareholders of the listed company from both segments totaled RMB933 million.

(2) The aggregate impact on current period profit or loss from the parent company's three expenses, losses and gains from associates accounted using the equity method for long-term equity investments, and impairment provisions accrued for relevant assets was approximately -RMB467 million, representing a narrowing compared to the same period last year.

#### (I) Anode Materials Business

In 2025, thanks to the rapid expansion of the energy storage market and steady demand growth in the NEV sector, the demand for anode materials continued to rise, resulting in an optimized supply-demand structure. Industry leaders, leveraging their technological edge in fast-charging and long-cycle energy storage as well as deep customer ties, achieved a surge in production and sales. Characterized by full order books and capacity constraints, this growth has further solidified their dominant market position.

During the Reporting Period, the Company capitalized on the surge in energy storage demand and the steady growth of the NEV market. By fostering deeper cooperation with key clients, optimizing the product mix, and strengthening cost control, the Company scaled up its operations and delivered significant growth in sales and profitability. This further fortified its operational resilience and anti-cyclical capabilities. In 2025, the sales volume of the Company's anode materials increased by 26.76% year-on-year, while the net profit grew by 29.80% year-on-year.

Details of the operating performance are as follows:

### **1. Global Leadership in Artificial Graphite Further Strengthened**

According to data from ICCSINO, the Company maintained its market leadership in artificial graphite anode materials in 2025. Amid accelerating structural differentiation within the industry, the Company has further consolidated its leadership in the global anode materials market, leveraging comprehensive strengths in technological superiority, cost control, and reliable delivery.

### **2. Sustained R&D Investment and Realization of Technological Innovations**

Aligning closely with market demand, the Company renews efforts to drive technological innovation and the industrial application of anode materials, achieving breakthroughs across diverse applications.

**Graphite Anode Materials:** Addressing customer requirements for fast charging, high capacity, and long cycle life, the Company has achieved continuous product breakthroughs. Key milestones include the successful mass production of high-energy-density 6C ultra-fast charging products for power applications, materials capable of megawatt-level flash charging, 15,000-cycle ultra-long-life graphite anodes for energy storage, and high-energy-density natural graphite materials, among others. These accomplishments further reinforce our technological leadership while solidifying our market share.

**Silicon-Based Anode Materials:** The Company prioritizes technological innovation in the silicon-based anode segment, accelerating product iteration. Phase I of the Ningbo base has commenced operations, with products being supplied in volume to leading customers both domestically and internationally. The Company has developed a range of specialized silicon-carbon anode products featuring ultra-high compressive strength, ultra-high capacity, and ultra-low expansion, targeting high-end applications such as consumer electronics, semi-solid/solid-state batteries, and large cylindrical batteries.

**Hard Carbon Materials:** The Company has completed a thousand-ton-class hard carbon production line, securing its capacity for large-scale delivery. With superior performance in core metrics such as capacity, initial coulombic efficiency (ICE), and cycle life, our products have passed evaluations by major domestic battery manufacturers and entered the small-volume supply phase. The Company is honing its processes to seize future growth opportunities in the sodium-ion battery and lithium solid-state battery markets.

### **3. Deepening Key Account Strategy and Optimizing Client Mix**

In 2025, the Company deepened strategic partnerships with global battery leaders including CATL, BYD, LGES, and ATL, solidified its position as a premier global supplier for power batteries and sustained

its global leadership in the high-end consumer anode materials market. During the Reporting Period, the concentration of the Company's core customers further improved.

Meanwhile, the Company expanded its footprint among premium overseas clients. Customer qualification and sample testing in European and North American markets progressed steadily. This marks a shift in the customer mix toward high-value, long-term, and highly synergistic partnerships, laying a solid foundation for sustainable and steady growth.

#### **4. Deepening Global Expansion and Forging Strategic Partnerships**

During the Reporting Period, the Company's 100,000-tonne integrated anode material project in Finland secured key environmental permits and is ready to commence construction. Upon completion, the facility will serve as a strategic cornerstone of the Company's global production network. Meanwhile, the Company forged strategic partnerships with international peers, including Imerys and Falcon, to establish a localized, synergistic supply chain network in Europe. These initiatives lay a solid foundation for deepening global market engagement and navigating green trade barriers. Notably, the collaboration with Imerys has reached a major milestone: The first graphitization furnace at its Swiss plant has been commissioned and charged with core raw materials, marking the official entry into the mass production preparation phase for the local European supply chain.

#### **5. Synergistic Operations of Integrated Bases and Deepened Lean Management**

The Company's three major integrated bases in Meishan (Sichuan), Anning (Yunnan), and Baotou (Inner Mongolia) have achieved efficient, synergistic operations. The strategic integration of core processes including granulation, coating, graphitization, and carbonization continues to yield dividends, further boosting our overall graphitization self-sufficiency. Through process optimization, energy consumption control, and automation upgrades, unit production costs have been further reduced, and lean management has been significantly enhanced.

#### **6. Strengthening Supply Chain Synergy and Reinforcing Resource Security**

The Company has strengthened long-term partnerships with premier global raw material suppliers. Through strategies such as joint raw material development, long-term supply agreements, and volume lock-ins, the Company secures a stable supply of core materials, including petroleum coke and needle coke, providing a solid foundation for large-scale production.

### **(II) Polarizer Business**

In 2025, the Company closely aligned its operations with strategic goals, focusing on high-value-added segments within the polarizer business to steadily advance business optimization and upgrading. By branching into application areas such as OLED, automotive displays, and high-end IT, the Company significantly improved its market penetration in high-value segments, driving a year-on-year increase in overall gross margins. At the same time, the Company further deepened collaborative innovation with core clients, accelerating new product R&D and technology iteration. Leveraging its leading technical strength and stable product performance, the Company continued to earn customer recognition, demonstrating strong sustainable development capabilities. Driven by these factors, the polarizer business

delivered a substantial year-on-year increase in net profit during the Reporting Period. In 2025, the polarizer business recorded a 9.65% year-on-year increase in operating revenue and an 81.75% year-on-year increase in net profit.

Details of the operating performance are as follows:

### **1. Fortifying Product Competitive Moats: Broadening the Portfolio and Cultivating High-End Segments**

- **LCD Polarizers: Deepening Focus on High-end Products to Drive Iterative Upgrades**

Within the LCD polarizer segment, the Company continues to deepen its focus on the iteration and upgrading of large-size and high-end products. Targeting the high-end TV market, the Company has launched a series of polarizers featuring ultra-low reflection, high transmittance, and wide viewing angles, achieving stable mass production and supply of ultra-large sizes, including 110, 115, and 116-inch models. During the Reporting Period, shipments of LCD TV polarizers sized 75 inches and above saw substantial year-on-year growth. In the small- to medium-sized market, the Company has established differentiated competitive advantages through its low-impedance, wide-viewing-angle, eye-protection, and ultra-thin product offerings. During the Reporting Period, multiple high-value-added products of LCD polarizers for IT applications entered the supply chains of top-tier international customers.

- **OLED Polarizers: Comprehensive Coverage Across All Sizes with Rapid Market Share Expansion**

In the OLED polarizer segment, the Company has established a comprehensive portfolio spanning large-size and small-to-medium-size applications, achieving large-scale supply capabilities. Specifically, OLED TV polarizer products have achieved stable mass production across all sizes, driving a significant year-on-year surge in shipments and rapidly expanding market share to a leading global position. Meanwhile, small-to-medium-sized OLED polarizers have passed certifications with clients, with OLED smartphone products now in mass production for clients and models. In addition, the Company is advancing technological upgrades by developing a portfolio of innovative OLED polarizers featuring high transmittance, ultra-low reflection, eye-protection, and ultra-thin designs, thereby facilitating dual upgrades in color performance and functional capabilities for OLED displays.

- **Automotive Polarizers: Achieving Stable Shipments**

In the automotive polarizer segment, the Company offers a comprehensive portfolio featuring low resistance, wide viewing angles, high transmittance, and custom-shaped processing capabilities. These products meet the stringent performance demands of automotive displays, delivering crisp and reliable visual solutions for intelligent cockpits. During the Reporting Period, the acquired automotive polarizer business achieved stable shipments.

### **2. Continuing to Increase R&D Investment and Accelerate the Commercialization of Scientific and Technological Achievements**

During the Reporting Period, the Company continued to increase R&D investment and strengthen its core R&D team. By leveraging synergies between internal and external resources, we accelerated the commercialization of technological achievements. At the same time, the Company further strengthened

cooperation and exchanges with universities, research institutions, and upstream and downstream players in the industry chain, to jointly promote technological innovation and industrial upgrading. In terms of its technology reserve, the Company will prioritize the development of ultra-thin, flexible, and eco-friendly materials, drive capacity ramp-up and yield improvements for key projects, and strategically position itself in the R&D of materials for frontier areas of the display industry.

### **3. Continuously Enhancing the Resilience of Raw Material Supply**

The Company has deepened cost reduction and efficiency enhancement across the entire chain, while establishing a dynamic mechanism to guard against supply chain risks. While strengthening strategic partnerships with core suppliers, the Company advanced the adoption of localized materials including release films, general protective films, and chemicals, thereby enhancing cost competitiveness.

### **4. Lean Production and Strengthening Cost Advantages**

During the Reporting Period, the Company leveraged digital management and full-process lean management as key drivers to continuously optimize production processes. On the one hand, it optimized production workflows through digital management and introduced smart inspection equipment to improve product yield, achieving simultaneous improvements in productivity and quality. On the other hand, by optimizing production processes, improving the overall utilization rate of raw materials, and reducing process loss rates, the Company further strengthened its overall cost advantage, underpinning sustainable performance growth.

## **IV. Analysis on Core Competitiveness During the Reporting Period**

Applicable Not applicable

### **(I) Analysis of Core Competitiveness of Anode Materials**

Since taking the lead in achieving the industrialization of lithium battery anode materials in 1999, the Company has been deeply engaged in the industry for over two decades, serving as a pioneer and technology leader in this field. Its anode material subsidiary has been selected as a "National Enterprise Technology Center" and a "National Manufacturing Single Champion", while Shanghai Shanshan Technology Co., Ltd. was included in the list of state-level specialized and innovative "small giant" enterprises. With clients' demand as the core, the company adheres to the business philosophy of technological innovation, high-quality service, and lean operations, and has built solid core competitive advantages in terms of product technology, customer structure, production capacity layout, and industrial chain synergy.

#### **1. Profound technological accumulation, leading industry innovation**

As the first enterprise engaged in the research and development and production of artificial graphite anode materials for lithium-ion batteries in China, the Company possesses independent intellectual property rights covering processes such as granulation, surface modification, spheronization, heat treatment, and carbonization, and has established a comprehensive R&D and innovation system.

- **Comprehensive R&D and mass production system:** To support rapid technological iteration and industrialization, the Company has established a robust R&D innovation and mass production incubation system. This system encompasses a professional incubation team, advanced pilot production lines, rapid raw material conversion capabilities, and high-value utilization technologies for by-products. Additionally, the company actively promotes upstream-downstream collaboration and deep integration of industry-academia-research. By creating an integrated development ecosystem that bridges R&D and manufacturing, the company has significantly enhanced the efficiency of product innovation and industrialization, continuously consolidating its comprehensive technological leadership in the anode material sector.
- **Leading fast-charging technology:** Based on a unique liquid-phase coating process, the Company has overcome the technical bottleneck of achieving both high energy density and fast charging capabilities. Its fast-charging products maintain a leading market share and continue to undergo iterative upgrades. In the consumer electronics segment, the Company has completed the R&D of multiple high-performance graphite anode materials for digital fast-charging applications, featuring low expansion and high capacity, while fast-charging silicon-matched graphite products have been finalized. For power applications, the Company's high-energy-density 6C ultra-fast-charging anode materials for power batteries have been supplied to leading domestic customers.
- **Dual leadership in silicon-based anode technology and mass production:** The Company's independently developed homogeneous deposition technology for silicon-carbon anodes, combined with gas-phase nanonization and dynamic uniform gas-phase coating processes, has successfully addressed technical bottlenecks such as low conductivity, high expansion, and poor cycle life in silicon-based materials. Currently, production has commenced for the Phase I silicon-based anode project in Ningbo, with related products gaining recognition from leading domestic and international customers and achieving bulk supply. The Company has introduced a series of silicon-carbon anode products with ultra-high compressive strength, ultra-high capacity, and ultra-low expansion, applicable to liquid, semi-solid, and all-solid-state lithium battery systems.
- **Continuous iterative leadership in graphitization technology:** The Company has continuously advanced process innovations in graphitization. Based on the optimization of crucible furnace processes, it has independently developed a new box furnace process, which significantly improves production efficiency and reduces costs by increasing the effective loading capacity of anode materials in the furnace. The Company holds patents for a box-type furnace fixed heating device with independent intellectual property rights, greatly enhancing uniformity across the entire furnace. The novel structural design effectively improves thermal energy utilization, significantly reducing graphitization energy consumption. Furthermore, the company is actively laying the groundwork for next-generation graphitization processes, with

continuous graphitization technology achieving hundred-ton-scale pilot production, setting a technological foundation for future large-scale, low-energy production.

- Raw material development and performance evaluation technology: In terms of raw material development, the Company has established systematic R&D capabilities for anode raw materials, achieving independent technological breakthroughs and forming a patent portfolio in the fields of petroleum coke and coal-based materials. It possesses unique capabilities in raw material structure design and performance regulation, enabling precise raw material adaptation and compound optimization for different application scenarios, which ensures raw material stability, consistency, and superior product performance from the source, providing solid technical support for high-end anode material products.
- Continuous deepening of patent strategy: As of 31 December 2025, the Company had obtained 402 authorized patents for its anode materials, including 18 international patents, 256 domestic invention patents, and 128 utility model patents.

## **2. Diversified product portfolio**

Relying on its comprehensive R&D and mass production systems, as well as leading technologies such as fast-charging, graphitization, and homogeneous deposition for silicon-carbon anodes, the Company has established a diversified product portfolio encompassing artificial graphite, natural graphite, silicon-based anodes, and soft/hard carbon materials. Additionally, to address differentiated demands across downstream markets including new energy vehicles, energy storage, and consumer electronics, the Company has further launched specialized product series tailored for specific applications, so as to provide robust support for market expansion with its comprehensively leading product competitiveness.

## **3. Superior and stable client mix**

Thanks to the long-term accumulation in lithium battery material field and the high-quality products and technical services, the Company has forged long-term stable partnerships with global mainstream lithium battery manufacturers such as CATL, BYD, ATL, and LG Energy Solution. Meanwhile, it continues to optimize its customer base and deepen strategic collaboration with key industry players.

## **4. Integrated capacity expansion strengthens cost advantages**

With over two decades of deep accumulation in anode materials, the Company maintains a solid leading position, consistently maintaining a leading market share in artificial graphite products while establishing significant capacity scale and synergistic layout advantages. Currently, the Company has completed its medium-term capacity strategy centered around three integrated production bases in Inner Mongolia, Sichuan, and Yunnan, with Phase I in Inner Mongolia, Sichuan, and Yunnan bases all successfully commissioned. By continuously advancing equipment upgrades and process optimizations, the Company has enhanced capacity utilization and composite production capabilities at existing bases,

while scientifically and orderly advancing subsequent capacity construction and release in alignment with market demand.

To actively expand into international markets, the company has planned to build an anode material production capacity of 100,000 tons in Finland and is actively pursuing multi-format collaborations with overseas enterprises to comprehensively elevate global supply chain service capabilities and overseas market share.

#### **5. Deepening the cooperation with upstream partners to ensure stable raw material supply**

The Company actively promotes deep collaboration with upstream suppliers, and has jointly established a special raw material development team focused on co-developing functional materials, functional granulating agents, and coating agents essential for enhancing anode material performance, delivering customized raw material solutions for anode products across diverse applications.

To ensure the quality and stability of raw material supply, the Company has forged long-term strategic partnerships with leading domestic suppliers including PetroChina, Sinopec, CNOOC, and local refineries, engaging in comprehensive cooperation across key categories such as needle coke, petroleum coke, and calcined coke. This enables technology sharing, resource coordination, and joint development, significantly enhancing supply chain reliability and responsiveness.

Additionally, the Company has organized a professional market analysis team to continuously monitor bulk raw material trends and supply-demand dynamics, further improving cost competitiveness through centralized procurement and supply chain optimization while ensuring delivery reliability.

#### **6. Team strengths**

The Company has specialized in anode materials since 1999, and accumulated over two decades of technical expertise. Its Anode Research Institute houses a high-caliber R&D team led by seasoned experts, combining profound theoretical knowledge with extensive industrialization experience. With a forward-looking technological vision, the team has built a full-chain closed-loop R&D platform covering "raw material development, innovative product design, and mechanistic research", spanning the entire process from basic material innovation to final cell applications. This provides solid talent support for the Company's sustained technological leadership and efficient commercialization of innovations.

#### **(II) Analysis of Core Competitiveness of Polarizer**

As a leading enterprise in the polarizer field, the Company leverages over two decades of technical accumulation and continuous R&D investment to maintain industry-leading positions in differentiated technologies such as super-size, ultra-thin, high contrast and wide viewing angle. The Company has been recognized as a National High-Tech Enterprise, National Manufacturing Single Champion Enterprise, State-Level Specialized and Innovative "Small Giant" Enterprise, and National Green Factory, among other authoritative accolades, with its technological innovation capabilities and manufacturing prowess widely acknowledged.

## 1. Solid and comprehensive product competitive barriers

Thanks to years of deep involvement in the LCD polarizer sector, the Company has established a leading market share and robust technical barriers. In the emerging OLED display field, it has also achieved large-scale supply capabilities. Specifically, its OLED TV polarizers have achieved stable mass production across all sizes, significantly boosting market share to achieve global leadership. Meanwhile, its OLED polarizers for small- and medium-sized displays have passed certification and entered mass production.

For product applications, the Company's product portfolio covers LCD and OLED polarizers for large, medium, and small display sizes, widely used in TVs, monitors, laptops, tablets, smartphones, automotive displays, commercial displays, and other fields. The Company continuously advances its product mix upgrade, with the proportion of high-value-added products such as premium IT, OLED, and automotive displays gradually increasing. Its terminal applications have covered leading global consumer electronics brands and mainstream automotive manufacturers, continuously enhancing product and market competitiveness.

The Company has built solid and comprehensive product competitive barriers by refining technological pathways and expanding application boundaries.

## 2. R&D innovation leadership and patent-based core barriers

The Company has deep expertise in polarizer manufacturing process core technologies, achieving continuous breakthroughs in high-end display applications. In manufacturing processes, the Company enhances product first-pass yield through customized production equipment and precise parameter control systems; ensures high product yield relying on comprehensive defect detection and automated inspection technologies; and continuously optimizes key processes such as film lamination and stretching. It has also successfully applied UV curing technology to polarizer manufacturing, further solidifying process capabilities and product quality.

As for standard leadership, the Company has led the development of three polarizer group standards: "Low Moisture Permeability Polarizers for Thin-Film Transistor Liquid Crystal Displays (TFT-LCD)", "Polarizers for Small- and Medium-Sized Organic Light-Emitting Diode (OLED) Displays", and "Polarizer Film for the Organic Light-Emitting Diode TV Display (OLED)", which have been published and implemented formally. Additionally, the Company-led "Test Methods for Polarizers in Flat Panel Displays" series of national standards has been officially released, providing critical support for standardization and technological breakthroughs in the flat panel display core materials sector.

As of 31 December 2025, the Company has secured over 2,000 LCD and OLED polarizer-related patents across major global markets including South Korea, China, Japan, and the United States, with a total of 2,155 authorised patents (including 1,765 overseas patents), comprising 2,061 invention patents and 94 utility model patents, forming a solid patent barrier covering both LCD and OLED polarizer fields.

### **3. Leading production capacity scale and manufacturing advantages via ultra-wide and RTP lines**

The Company ranks among the global leaders in polarizer production capacity, with 10 world-class polarizer production lines deployed in Nanjing, Guangzhou, and Zhangjiagang, covering diverse technical, application, and size requirements for LCD and OLED displays. As the first in the industry to adopt ultra-width production lines, the Company operates six ultra-width front-end lines, including a 2,600 mm line capable of producing polarizers for displays over 115 inches in size, maintaining global leadership in ultra-width capacity scale.

Simultaneously, the Company has established industry-leading RTP production lines at multiple customer sites, enabling integrated processes from polarizer roll material attachment onto glass substrates to automated inspection. The advantages of close to customers, convenient supply, and efficient response reduce transportation and packaging costs, and enhance production efficiency and product yield.

### **4. Deeply engaged with global core customers, establishing long-term and stable cooperative relationships**

The polarizer industry features high customer certification barriers and long certification cycles, but a stable cooperative relationship is formed once a supplier passes the certification. The Company has forged long-term and stable collaborations with leading global panel manufacturers such as BOE, CSOT, LG Display, HKC, Sharp, CHOT, Tianma, AUO, and Innolux. Its product quality and services have earned high recognition from customers due to joint development and rapid response capabilities.

### **5. Strengthened upstream collaboration for a secure and stable supply chain system**

The Company continuously deepens strategic partnerships with global leading raw material suppliers to ensure supply chain stability and security. Meanwhile, it actively promotes raw material diversification, localization, and self-sufficiency, accelerating the introduction and application of locally sourced materials to enhance supply chain's autonomy and controllability and cost competitiveness while safeguarding supply security.

### **6. Experienced management team with exceptional technical expertise**

The Company boasts a professional team with deep industry experience and outstanding technical capabilities, continuously engaging in in-depth work within the polarizer and related materials sectors. Its core R&D personnel cover key areas such as materials science, process engineering, equipment development, and intelligent manufacturing, consistently tracking global display technology trends and shifts in market demand to provide solid support for product innovation and process optimization. By virtue of its deep understanding of the display industry landscape, precise grasp of supply chain dynamics, and acute insight into customer needs, the management team continuously drives the effective implementation of the Company's strategies and ensures steady business development.

## **V. Operation Situation of the Principal Business during the Reporting Period**

For details, please refer to the “III. Operation Discussion and Analysis” in this section.

**(I) Analysis of Principal Businesses****1. Analysis on changes in income statement and cash flow statement**

Item	Unit: Yuan		Currency: RMB
	Amount for the current period	Amount for the same period last year	Change ratio (%)
Operating revenue	21,587,015,199.83	18,679,729,021.40	15.56
Operating costs	17,858,034,441.31	15,998,865,492.53	11.62
Selling expenses	272,696,434.57	244,079,808.05	11.72
Administrative expenses	570,214,681.35	663,823,128.02	-14.10
Research and development expenses	1,201,573,789.26	1,036,996,234.72	15.87
Financial expenses	624,927,263.92	520,804,553.77	19.99
Net cash flows from operating activities	2,259,086,430.12	1,860,217,174.57	21.44
Net cash flows from investing activities	-568,252,705.61	-1,864,735,121.07	Not applicable
Net cash flow from financing activities	-1,831,407,924.23	-2,174,015,031.83	Not applicable
Investment income	-116,735,387.86	-559,093,421.00	Not applicable
Gains on changes in fair value	-18,581,000.00	-7,980,334.68	Not applicable
Credit impairment loss	-34,452,531.88	-74,376,805.92	Not applicable
Gain on disposal of assets	3,581,810.51	396,365,363.16	-99.10
Non-operating expenditures	7,962,708.92	53,606,188.28	-85.15
Income tax expenses	99,918,620.13	45,437,902.58	119.90
Net profit attributable to owners of parent company	457,916,266.13	-367,136,028.73	Not applicable
Other comprehensive income attributable to owners of the parent company, net of tax	99,740,727.27	270,000,641.32	63.06

**Reasons for over 30% changes YoY:**

**Reasons for the change in net cash flows from investing activities:** It was mainly due to a decrease in cash payments for the acquisition and construction of fixed assets, and construction in progress for the anode materials and polarizer businesses during the Reporting Period as compared to the previous year.

**Reasons for the change in net cash flow from financing activities:** It was mainly due to the decrease in cash paid for dividend distribution, profit sharing, or interest repayment during the Reporting Period compared to the same period last year.

**Reasons for the change in investment income:** It was mainly attributable to the year-on-year decrease in the losses from associates accounted using the equity method for long-term equity investments during the Reporting Period, as well as the losses incurred from the disposal of subsidiaries in the same period last year.

**Reasons for the change in gains from fair value changes:** It was primarily due to changes in the fair value of the Company's financial assets during the Reporting Period.

**Reasons for the change in credit impairment losses:** It was primarily due to the Company's provision for bad debt losses on the remaining balance of equity transfer payments for Quzhou Shanshan and Dongguan Shanshan during the Reporting Period being less than the amount recorded in the same period last year.

**Reasons for the change in gains on disposal of assets:** It was mainly due to gains recognized from the disposal of real estate and related facilities at the Wangchun Garden during the Reporting Period.

**Reasons for the change in non-operating expenses:** It was primarily due to a decrease in expenses such

as losses from the disposal of non-current assets and breach of contract compensation payments during the Reporting Period.

**Reasons for the change in income tax expenses:** It was mainly due to the increase in the Company's total profit during the Reporting Period.

**Reasons for the change in net profit attributable to owners of parent company:** It was mainly due to steady sales growth in both the anode materials and polarizer businesses of the Company and the profitability improved on year-on-year basis during the Reporting Period, leading to a significant year-on-year increase in net profit attributable to shareholders of the listed company; as well as a year-on-year decrease in losses from equity-method investees accounted using the equity method of accounting for long-term equity investments.

**Reasons for the change in other comprehensive income attributable to owners of parent company, net of tax:** It was mainly due to the disposal of a portion of the Company's shares in Luoyang Molybdenum and the fair value changes in the remaining financial assets during the Reporting Period.

Detailed description of the significant change in the business type, profit composition or profit source of the Company

Applicable Not applicable

## 2. Income and cost analysis

Applicable Not applicable

### (1). Profile of principal businesses by industry, product, region and sales model

Unit: Yuan Currency: RMB

Principal business by industry						
Industry	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Anode material	10,102,221,407.58	8,122,877,926.77	19.59	23.25	21.52	Increase by 1.14 percentage points
Polarizer	11,369,091,404.19	9,717,884,578.52	14.52	10.14	4.67	Increase by 4.46 percentage points
Principal business by product						
Product	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)

				(%)		
Anode material	10,102,221,407.58	8,122,877,926.77	19.59	23.25	21.52	Increase by 1.14 percentage points
Polarizer	11,369,091,404.19	9,717,884,578.52	14.52	10.14	4.67	Increase by 4.46 percentage points
Principal business by region						
Region	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Mainland China	20,160,336,734.46	16,642,823,700.79	17.45	19.89	15.14	Increase by 3.41 percentage points
Taiwan, China	153,641,318.27	132,331,661.20	13.87	16.25	11.89	Increase by 3.36 percentage points
Overseas	1,157,334,759.04	1,065,607,143.30	7.93	-26.35	-23.67	Decrease by 3.23 percentage points
Profile of principal businesses by sales model						
Sales model	Operating revenue	Operating costs	Gross margin (%)	Increase/Decrease in operating revenue as compared with last year (%)	Increase/Decrease in operating cost as compared with last year (%)	Increase/Decrease in gross margin as compared with last year (%)
Direct sales	21,471,312,811.77	17,840,762,505.29	16.91	15.94	11.72	Increase by 3.14 percentage points

## (2). Analysis of production and sales volume

Applicable Not applicable

Major products	Unit	Output	Sales	Inventories	Increase/decrease in producti	Increase/decrease in sales	Increase/decrease in inventory over the
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					on over the previous year (%)	volum e over the previo us year (%)	previous year (%)
Anode material	Tons	442,681.23	430,402.35	62,319.90	24.84	26.76	24.54
Polarizer	0,000 Square meters	15,574.98	15,243.56	1,477.67	2.88	1.33	28.91

**(3). Performance of major purchase contracts and major sales contracts**

□Applicable √Not applicable

**(4). Cost analysis**

Unit: 0'000 Yuan Currency: RMB

By industry							
Industry	Cost item	Amount incurred in the current period	Percentage of total cost for the current period (%)	Amount in the same period last year	Percent age of total cost for the same period last year (%)	Percentag e change in the amount for the current period as compared to the same period last year (%)	Descripti on
Anode material	Raw material cost	355,322.63	43.74	285,821.65	42.76	24.32	
	Labour cost	57,351.56	7.06	57,759.34	8.64	-0.71	
	Manufacturing cost	399,613.61	49.20	324,880.51	48.60	23.00	
Polarizer	Raw material cost	724,562.78	74.56	716,080.78	77.13	1.18	
	Labour cost	30,681.08	3.16	26,681.05	2.87	14.99	
	Manufacturing cost	216,544.60	22.28	185,653.55	20.00	16.64	
By product							
Product	Cost item	Amount incurred in the current period	Percentage of total cost for the current period (%)	Amount in the same period last year	Percent age of total cost for the same period last year (%)	Percentag e change in the amount for the current period as compared to the same	Descripti on

						period last year (%)	
Anode material	Raw material cost	355,322.63	43.74	285,821.65	42.76	24.32	
	Labour cost	57,351.56	7.06	57,759.34	8.64	-0.71	
	Manufacturing cost	399,613.61	49.20	324,880.51	48.60	23.00	
Polarizer	Raw material cost	724,562.78	74.56	716,080.78	77.13	1.18	
	Labour cost	30,681.08	3.16	26,681.05	2.87	14.99	
	Manufacturing cost	216,544.60	22.28	185,653.55	20.00	16.64	

**(5). Equity change of major subsidiaries during the Reporting Period caused the change of the consolidation scope**

Applicable Not applicable

**(6). Significant change or adjustment of the business, product or service of the Company during the Reporting Period**

Applicable Not applicable

**(7). Major customers and major suppliers**

Customers or suppliers under the control of the same controller shall be deemed as the same customer or supplier and presented on a combined basis, except for those actually controlled by the same state-owned assets supervision and administration authority.

Explanation of the circumstances under which the following customer and supplier information is presented on a combined basis under the same control criterion:

The top five customers and top five suppliers listed include all their respective subsidiaries.

**A. Major customers and major suppliers of the Company**

Applicable Not applicable

The sales to the top five customers reached RMB14,002,140,700, accounting for 64.86% of the annual operating revenue, among which, the sales to the related parties were RMB0, accounting for 0% of the total sales for the year.

Procurement from the top five suppliers amounted to RMB4,093,994,300, accounting for 20.35% of the total procurement for the year; among which, procurement from related parties was RMB0, accounting for 0% of the total procurement for the year.

**B. Any single customer the sales to which accounted for more than 50% of the total sales, any new customer in the top 5 customers, and any heavy reliance on a few customers during the Reporting Period**

Applicable Not applicable

Unit: RMB0'000; Currency: RMB

No.	Customer Name	Sales Amount	Percentage of Total Annual Sales Revenue (%)
1	Customer X (New)	151,895.86	7.04

**Any single supplier the procurement from which accounted for more than 50% of the total procurement, any new supplier in the top 5 suppliers, and any heavy reliance on a few suppliers during the Reporting Period**

Applicable Not applicable

Unit: RMB0'000; Currency: RMB

No.	Supplier Name	Purchase Amount	Percentage of Total Annual Purchase Amount (%)
1	Supplier Y (New)	65,671.41	3.26

**C. The Company's shares were subject to delisting risk warning or other risk warnings during the Reporting Period**

Top five customers

Applicable Not applicable

Top five suppliers

Applicable Not applicable

**D. The Company had trading business income during the Reporting Period**

Applicable Not applicable

Top five customers with trading business income exceeding 10% of operating revenue

Applicable Not applicable

Top five suppliers with trading business income exceeding 10% of operating revenue

Applicable Not applicable

### 3. Expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Expense items	2025	2024	Change (%)	Reasons for significant year-on-year changes
Selling expenses	272,696,434.57	244,079,808.05	11.72	
Administrative expenses	570,214,681.35	663,823,128.02	-14.10	
Financial expenses	624,927,263.92	520,804,553.77	19.99	
Research and development expenses	1,201,573,789.26	1,036,996,234.72	15.87	
Income tax expenses	99,918,620.13	45,437,902.58	119.90	It was mainly due to the increase in the Company's total profit during the Reporting Period.

### 4. Research and development investment

(1). Research and development investment statement

Applicable Not applicable

Unit: Yuan Currency: RMB

Expensed research and development	1,201,573,789.26
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investment for the current period	
Capitalized research and development investment for the current period	
Total research and development investment	1,201,573,789.26
Percentage of total research and development investment over operating revenue (%)	5.57
Ratio of capitalized research and development investment (%)	

**(2). R&D team member profile**

√Applicable □Not applicable

Number of R&D team members in the Company	441
Percentage of the number of R&D team members over the total number of employees of the Company (%)	6.88
Educational background structure of R&D team members	
Type of educational level	Number of members in each educational level
Doctor	14
Master	136
Bachelor	151
College	100
High school and below	40
Age structure of R&D team members	
Type of age group	Number of members in each age group
Below 30 (excluding 30)	167
30-40 (including 30, excluding 40)	200
40-50 (including 40, excluding 50)	61
50-60 (including 50, excluding 60)	13
60 and above	0

**(3). Explanation**

√Applicable □Not applicable

**Anode Materials**

No.	Name of item	R&D purpose and progress
1	Digital-use high-energy-density extreme low-expansion graphite	Digital-use high-energy-density extreme low-expansion graphite; the product has been finalized.
2	Digital-use 3C high-performance graphite	Digital-use 3C high-performance graphite; the product has been finalized.
3	Digital-use extreme kinetic graphite	Extreme kinetic graphite for silicon-matching applications in the digital field; the product has been finalized.
4	Power-use fast-charging graphite with high-temperature performance	High-performance graphite for high-end power projects, featuring fast charging and excellent high-temperature performance; has entered mass production.

5	Power-use low-expansion graphite	Low-expansion, high-energy-density graphite for high-end power applications, which has entered mass production.
6	Power-use long-life graphite	Second-generation high-end power long-life graphite, improving the cycle life of commercial vehicle batteries; in trial production.
7	High-end power low-temperature ultra-fast charging graphite	Full-temperature-range 6C fast-charging graphite for high-end power applications, in trial production.
8	Low-cost long-cycle natural graphite	Applied in power tools and power batteries; the product has been finalized.
9	Extremely low-cost natural graphite	Applied in power tools and power batteries; in customer trial production.
10	Power-use novel long-cycle silicon-carbon material	Applied in high-end passenger vehicle power batteries; in customer trial production.
11	Digital-use novel high-power silicon-carbon material	A new generation of fast-charging silicon-carbon material, significantly enhancing fast charging and endurance capabilities of consumer batteries; in small-scale testing.
12	High-capacity and high-initial-efficiency lithium-ion battery hard carbon for digital applications	Supplied in small batches to leading consumer clients to enhance material performance in low-temperature and fast-charging conditions, while improving safety.
13	High-performance sodium-ion battery hard carbon for power and energy storage applications	Used for long-cycle and small power applications, currently undergoing customer trial production.

### Polarizer Business

No.	Name of item	R&D purpose and progress
1	Development of high-transmittance LCD TV/monitor polarizers	Further improve transmittance and reduce energy consumption; the product has entered mass production.
2	Development of STW wide-viewing-angle LCD polarizers	Enhance display image quality and improve viewing angles; the product has entered mass production.
3	Development of small/medium-sized high-transmittance polarizers	Further improve transmittance and reduce energy consumption; has entered mass production.
4	Development of high-haze low-reflection AGLR polarizers	Further reduce reflectivity and enhance display effects; the product has entered mass production.
5	Development of circularly polarized eye-protection OLED polarizers for high-end mobile phones	Designed for mobile phone applications to achieve eye-protection effects; the product has entered mass production.
6	Development of ultra-thin OLED polarizers for high-end applications	Primarily used in mobile phone/wearable application scenarios; currently in customer verification stage.

7	Development of high-transmittance OLED polarizers	Primarily used in laptop application scenarios; currently in customer verification stage.
8	Development of polarizers for medium-sized OLED displays	Primarily used in laptop/monitor application scenarios; the product has entered mass production.
9	Development of high-reliability LCD polarizers for automotive applications	Improve the durability of existing automotive polarizers; the product has entered mass production.
10	Development of polarizers for OLED automotive displays	Primarily for in-vehicle display applications; currently in material verification stage.

**(4). Reason for the significant change in the composition of R&D team and its impact on the future development of the Company**

Applicable Not applicable

**5. Cash flow**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2025	2024	Change (%)	Reasons for significant year-on-year changes
Net cash flows from operating activities	2,259,086,430.12	1,860,217,174.57	21.44	
Net cash flows from investing activities	-568,252,705.61	-1,864,735,121.07	Not applicable	It was mainly due to a decrease in cash payments for the acquisition and construction of fixed assets, and construction in progress for the anode materials and polarizer businesses during the Reporting Period as compared to the previous year.
Net cash flow from financing activities	-1,831,407,924.23	-2,174,015,031.83	Not applicable	It was mainly due to the decrease in cash paid for dividend distribution, profit sharing, or interest repayment during the Reporting Period compared to the same period last year.

**(II) Description on significant change of profit caused by non-principal businesses**

Applicable Not applicable

For details, please refer to the "Operation Profile" section under "III. Operation Discussion and Analysis" in this section.

**(III) Analysis on assets and liabilities**

Applicable Not applicable

## 1. Assets and liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the Period	Proportion of the amount at the end of the Period in total assets (%)	Amount at the end of the previous period	Proportion of the amount at the end of the previous period in the total assets (%)	Change ratio of amount at the end of the current period VS amount at the end of the previous period (%)	Explanation
Notes receivable	21,459,451.40	0.05			Not applicable	It was mainly because the anode business held non-recourse commercial bills during the Reporting Period.
Receivables financing	59,573,414.23	0.13	42,218,961.77	0.09	41.11	It was mainly due to the increase in bank acceptance bills held by the anode business during the Reporting Period.
Other receivables	256,596,284.03	0.57	1,097,253,963.21	2.37	-76.61	It was mainly because the polarizer business recovered the deposit paid for the purchase of the SP business last year during the Reporting Period.
Construction in progress	969,707,106.39	2.15	3,789,117,779.51	8.20	-74.41	It was mainly due to the transfer of construction in progress to fixed assets in the anode business during the Reporting Period.
Goodwill	1,133,835,512.95	2.51	828,320,718.55	1.79	36.88	It was mainly because the polarizer business completed the acquisition of the SP business and recognized goodwill during the Reporting Period.
Long-term deferred expenses	44,194,556.79	0.10	73,684,563.51	0.16	-40.02	It was mainly due to the amortization of fixed asset improvement expenditures and turnover materials, etc., of the Company during the Reporting Period.
Contract liabilities	57,709,480.71	0.13	32,640,936.49	0.07	76.80	It was mainly due to the increase in customer advance receipts in the polarizer business during the Reporting Period.
Advances received	188,984.47	0.00	1,827,784.11	0.00	-89.66	It was mainly because the Company settled the advance rent and property fees during the Reporting Period.
Employee benefits payable	176,053,443.07	0.39	121,959,994.92	0.26	44.35	It was mainly due to the year-on-year increase in various performance-based salaries and bonuses accrued by subsidiary industrial companies at the end of the year during the Reporting Period.
Taxes and rates payable	108,245,043.78	0.24	240,634,882.88	0.52	-55.02	It was mainly because of the payment of land use tax, value-added tax, and surtaxes, etc., this year for the disposal of real estate and ancillary facilities in Wangchun Garden by the Company in

						the same period last year.
Other payables	295,083,683.50	0.65	439,067,901.48	0.95	-32.79	It was mainly due to the decrease in restricted stock repurchases, and temporary payables of the Company during the Reporting Period.
Non-current liabilities due within one year	4,673,139,291.05	10.35	2,796,533,361.27	6.05	67.10	It was mainly because the Company reclassified long-term loans due within one year to this account during the Reporting Period.
Other current liabilities	6,928,404.27	0.02	3,391,582.34	0.01	104.28	It was mainly due to the increase in the Company's output VAT pending offset during the Reporting Period.
Long-term borrowings	5,268,385,599.43	11.67	7,804,461,602.92	16.89	-32.50	It was mainly because the Company reclassified long-term loans to the current portion of non-current liabilities during the Reporting Period.
Long-term payables	17,045,742.96	0.04	235,291,929.72	0.51	-92.76	It was mainly due to repayments of finance lease obligations in the anode materials business during the Reporting Period.
Specific reserves			10,880.60	0.00	-100.00	It was mainly due to the decrease in the Company's work safety expenses during the Reporting Period.

## 2. Overseas assets

Applicable Not applicable

### (1). Asset size

Among which, overseas assets were 1,072,041,237.56 (Unit: Yuan Currency: RMB), accounting for 2.38% of the total assets.

### (2). Description of the relatively high proportion of overseas assets

Applicable Not applicable

## 3. Restrictions on assets as of the end of the Reporting Period

Applicable Not applicable

As of the end of the Reporting Period, the assets whose ownership or right of use is restricted are referred to Note “V. (I) 20. Assets with restricted ownership or right of use” to the financial statements.

## (IV) Industry Analysis

Applicable Not applicable

### 1. Analysis of operational information in the anode material industry

According to data from iccsino.com, the global production of anode materials reached 3.115 million tons in 2025, maintaining a relatively high growth rate, with China's share of total output rising to 99.0%. In terms of product mix, artificial graphite anode materials, leveraging their performance and cost-effectiveness advantages, achieved their penetration rate rise to 93%, an increase of 4 percentage points

from 2024. Regarding next-generation technologies, the demand for silicon-based anode material experienced rapid growth, primarily driven by the increased proportion of silicon-based anode material in consumer electronics. New applications such as 46-series large cylindrical batteries and the low-altitude economy also brought new opportunities to the silicon-based anode market. In 2025, the anode material industry generally exhibited a development trend characterized by "sustained demand growth, stable prices, technological upgrades, and concentration of orders among leading companies". With the continuous release of demand from energy storage and new energy vehicles, coupled with rational expansion on the supply side, the stable and positive trend in the anode material industry is expected to further strengthen.

## 2. Analysis of operational information in the polarizer industry

Driven by a combination of factors including tariffs, trade-in subsidies, World Cup stockpiling, rising storage prices, AI technology penetration, and IT device replacements, the demand for display panels grew steadily, leading to moderate growth in demand for the polarizer industry in 2025.

As display panel production capacity shifts to mainland China, the upstream industrial chain is accelerating its concentration, leading to a restructuring of the global polarizer industry. Chinese manufacturers are actively participating in and leading this restructuring, with production capacity rapidly concentrating in mainland China. According to data from CINNO Research, the production capacity of Chinese (including the Taiwan region of China) polarizer manufacturers accounted for 68% of the global total polarizer production capacity in 2025, and this proportion is expected to reach 75% after capacity integration is completed. On the demand side, the demand area for polarizers is expected to continue growing as driven by the trend towards larger display sizes. According to predictions from Sigmaintell, the global supply and demand for LCD panel polarizers are expected to reach a dynamic balance in 2026, with prices likely to stabilize relatively.

## (V) Analysis of investment

### Overall analysis of external equity investments

Applicable Not applicable

During the Reporting Period, the Company's outbound investment was RMB257.0665 million, a decrease of RMB1,999.2022 million or 88.61% compared to the same period of last year. Important investment projects are as follows:

Invested company name	Invested amount during the Reporting Period (RMB0'000)	Main business	Equity ratio (%)	Remarks
Ningbo Shanshan Silicon-based Materials Co., Ltd.	16,620.00	Anode	87.5137	Capital in place
Shanshan New Material (Hong Kong) Limited	3,424.71	Anode	87.5137	Capital in place
Shanjin Optoelectronics Vietnam Co., Ltd.	5,661.94	Polarizer	100.0000	Capital in place

**1. Significant equity investments**

□Applicable √Not applicable

**2. Major non-equity investment**

√Applicable □Not applicable

Project name	Project amount (RMB0'000)	Investment in the year (RMB0'000)	Total investments (RMB0'000)	Source of funds	Progress of project
The lithium ion battery anode material integration base project with the annual output of 200,000 tons in Meishan, Sichuan	800,000.00	46,685.52	478,884.19	Self-owned fund + financing	The first-phase production capacity has been put into operation; the living quarters of the second phase have been completed
The lithium ion battery anode material integration base project with the annual output of 300,000 tons in Anning, Yunnan	970,000.00	38,824.67	421,143.98	Self-owned fund + financing	The first-phase production capacity has been put into operation
The lithium ion battery silicon-based anode material integration base project of Shanshan with the annual output of 40,000 tons	375,000.00	23,361.97	106,170.85	Self-owned fund + financing	Part of the first-phase production capacity has been put into operation
The LCD polarizer production line project with an annual output of 40 million square meters in Zhangjiagang	218,700.00	948.48	185,168.85	Self-owned fund + financing	It has been put into operation
The polarizer production line project with an annual output of 50 million square meters in Mianyang	350,000.00	3,482.61	52,524.20	Self-owned fund + financing	The project is under construction.
The high-end display polarizer production line project with an annual output of 40 million square meters in Yangzhou	450,000.00	6.88	7,688.67	Self-owned fund + financing	The land payment for the project has been made.

### 3. Financial assets measured by fair value

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Type of assets	Amount as at the beginning of the period	Gains (losses) from changes in fair value for the current period	Cumulative fair value changes included in equity	Impairment accrued in the current period	Purchase amount in the current period	Sale/redemption amount in the current period	Other changes	Closing amount
Other equity instrument investment	126,486,318.53	100,729,519.01	511,600,347.23			37,384,915.03	-89,454,082.05	100,376,840.46
Other noncurrent financial assets	237,037,307.86	-18,581,000.00	-29,157,334.68			771,718.93		217,684,588.93
Receivable financing	42,218,961.77						17,354,452.46	59,573,414.23
<b>Total</b>	<b>405,742,588.16</b>	<b>82,148,519.01</b>	<b>482,443,012.55</b>			<b>38,156,633.96</b>	<b>-72,099,629.59</b>	<b>377,634,843.62</b>

#### Securities investment

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Varieties	Stock code	Securities abbreviation	Initial investment	Source of funds	Opening carrying amount	Gains (losses) from changes in fair value for the current period	Cumulative fair value changes included in equity	The amount of retained earnings transferred in the current period	Purchase amount in the current period	Sale amount in the current period	Profit/loss on investments in the current period	Carrying amount at the end of the period	Accounting item
Stock	TSX:RM	DEFI TECHNOLOGIES INC	9,155,041.01		4,953,248.68	-3,585,741.87	-7,787,534.20					1,367,506.81	Investments in other equity instruments
Stock	ASX:ARL	ARDEA RESOURCES LTD			1,803,315.81	1,592,537.15	91,465.17					3,395,852.96	Investments in other equity instruments

Stock	ASX:GRL	GODOLPHIN RESOURCES LTD(GRL AT)			19,962.61	14,777.43	34,740.04					34,740.04	Investments in other equity instruments
Stock	ASX:KAL	KALGOORLIE GOLD MINING LTD ORDINARY SHARES(KAL AU)			24,569.81	47,188.05	71,757.86					71,757.86	Investments in other equity instruments
Stock	ASX:1MC	Morella Corporation Limited	225,883,583.93		2,359,770.77	942,005.36	-222,581,807.80					3,301,776.13	Investments in other equity instruments
Stock	SH:603993	Luoyang Molybdenum	40,081,537.18		69,775,450.85	110,084,686.23	749,708,122.26	88,049,544.81		18,789,452.27		73,021,140.00	Investments in other equity instruments
Total	/	/	275,120,162.12	/	78,936,318.53	109,095,452.35	519,536,743.33	88,049,544.81		18,789,452.27		81,192,773.80	Investments in other equity instruments

Note on Securities investments

Applicable Not applicable

Private fund investment

Applicable Not applicable

Investment in derivatives

Applicable Not applicable

**4. Specific progress of material assets reorganization and integration during the Reporting Period**

Applicable Not applicable

**(VI) Disposal of major assets and equity interests**

Applicable Not applicable

**Sale of part of the equity interests of Quzhou Shanshan**

The Company completed the delivery of the transfer of the equity interest in Quzhou Shanshan, a subsidiary of electrolyte business, on 17 February 2023. As the counterparties Xinya Process and Xinya Zhongning failed to pay the remaining equity transfer payment of RMB344.862 million by 30 June 2023 as agreed, after several rounds of negotiation, the parties involved in the transaction reached an agreement and entered into the Settlement Agreement, which specified the payment arrangement for the remaining equity transfer payment and capital occupancy fee. Subsequently, in accordance with the Settlement Agreement, the Company received RMB100.00 million of the equity transfer consideration, and the remaining equity transfer consideration receivable amounted to RMB244.862 million.

On 28 June 2024, Xinya Process and Xinya Zhongning initiated legal proceedings against Yongquan Investment, Shanshan New Energy, and the Company, citing discrepancies between certain production line capacities of Quzhou Shanshan and the actual circumstances. The case went to trial on 22 May 2025 and, before the first-instance judgment, Xinya Process and Xinya Zhongning applied for withdrawal to the Quzhou Intermediate People's Court in September 2025, and Quzhou Intermediate People's Court granted the withdrawal application. After the withdrawal, Xinya Process and Xinya Zhongning, based on the same facts, filed another lawsuit with the Zhuhai Intermediate People's Court, claiming fraud in the transaction involved. In February 2026, the Zhuhai Intermediate People's Court ruled to transfer the case to the Quzhou Intermediate People's Court for handling. Xinya Process and Xinya Zhongning appealed against this jurisdictional ruling, and the Guangdong High People's Court has yet to issue a final ruling. On 12 July 2024, Yongquan Investment filed a lawsuit against Xinya Process, Xinya Zhongning, and others for Xinya Zhongning's failure to pay the equity transfer consideration as stipulated in the *Settlement Agreement*. The case went to trial on 3 June 2025, and was suspended by court ruling on 5 June of the same year.

As of the end of the Reporting Period, considering factors such as Xinya Process's operational and financial condition, the complexity of the actual trial process of the case, and the impact of the aging of accounts on the collectability of the amounts, the management, based on prudence, has made a cumulative provision for bad debts of RMB97.9448 million, representing a 40% individual provision for the remaining equity transfer amount.

**Sale of part of the equity of Shanshan Brand**

In 2020, the Company sold a portion of its equity interest in its apparel business subsidiary, Shanshan Brand, which was no longer included in the Company's consolidated statements from July 2020. As of the date of this Report, the Company has received a total of RMB142.1133 million of the equity transfer consideration, with RMB26 million of the remaining equity transfer consideration receivable, for which

an impairment provision of RMB13 million has been made. The Company will continue to follow up and urge the counterparty to pay the balance.

### (VII) Analysis of major companies in which the Company has invested

√Applicable □Not applicable

Information on major subsidiaries and associates that have an impact of 10% or more on the Company's net profit

√Applicable □Not applicable

Unit: 0'000 Currency: RMB

Company Name	Company Type	Main Operations	Registered Capital	Total Assets	Net Assets	Operating Revenue	Operating Profit	Net Profit
Shanjin Optoelectronics (Suzhou) Co., Ltd.	Subsidiary	R&D, production, and sales of polarizers	710,522.56	933,227.86	923,947.86	6,946.47	-902.97	-902.97
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	Subsidiary		170,000.00	558,675.31	364,865.05	530,699.36	53,873.88	49,172.73
Shanjin Optoelectronics (Nanjing) Co., Ltd.	Subsidiary		380,000.00	610,107.16	493,848.37	773,751.25	26,404.08	25,481.23
Korea Sanjin Optoelectronics Co., Ltd.	Subsidiary		30 billion South Korean won	60,593.50	57,795.73	52,764.49	-22,008.24	-22,008.21
Shanshan Lithium Battery Material Technology Co., Ltd.	Subsidiary	R&D, production and sale of lithium-ion battery anode materials and their carbon materials	118,200.00	886,907.08	585,025.32		-2,406.15	-1,804.61
Ningbo Shanshan New Material Technology Co., Ltd.	Subsidiary		280,000.00	487,220.37	346,722.84	204,169.17	16,190.32	14,341.45
Fujian Shanshan Technology Co., Ltd.	Subsidiary		20,000.00	228,836.12	82,496.44	272,402.05	26,144.52	23,389.32
Shanshan New Material Co., Ltd.	Subsidiary		100,000.00	484,521.10	121,640.66	967,592.30	-14,384.90	-12,063.75
Inner Mongolia Shanshan Technology Co., Ltd.	Subsidiary		130,000.00	262,817.14	166,590.23	256,258.88	2,116.80	2,832.35
Sichuan Shanshan New Material Co., Ltd.	Subsidiary		250,000.00	676,930.82	258,009.26	358,270.06	18,133.71	17,640.00

Company Name	Company Type	Main Operations	Registered Capital	Total Assets	Net Assets	Operating Revenue	Operating Profit	Net Profit
Sichuan Shanshan New Energy Co., Ltd.	Subsidiary		1,000.00	61,435.62	-12,856.44	85,316.23	-7,712.25	-7,702.29
Yunnan Shanshan New Material Co., Ltd.	Subsidiary		205,000.00	652,597.92	225,348.55	251,528.82	6,785.11	6,348.49
BASF Shanshan Battery Material Co., Ltd.	Shareholding subsidiary	R&D, production and sale of lithium-ion battery cathode materials	57,884.55	640,360.86	473,157.67	459,505.87	-14,287.19	-15,874.78
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Shareholding subsidiary	Raise public deposits, issue loans and handle domestic settlement, Etc.	460,000.00	39,522,722.99	2,992,761.15	1,181,395.86	196,936.79	159,681.36

Status of acquisition and disposal of subsidiaries during the Reporting Period

Applicable Not applicable

For details, please refer to the notes to the financial statements under "VII. (III) Changes in the consolidation scope due to other reasons".

#### (VIII) Structured entities under the control of the Company

Applicable Not applicable

### VI. The Company's Discussion and Analysis regarding the Company's Future Development

#### (I) Pattern and Trend of the Industry

Applicable Not applicable

##### 1. Anode material business

According to the *White Paper on the Development of China's Lithium-ion Battery Industry (2026)* released by EVTank, global lithium-ion battery shipments are expected to reach 3,016.3 GWh and 6,012.3 GWh in 2026 and 2030, respectively, driving sustained growth in the anode material market.

From a regional perspective, policies in European and American markets are actively promoting the localization of lithium-ion battery supply chains, prompting anode material companies to accelerate overseas capacity expansion. In terms of the competitive landscape, with sustained demand growth, rational supply-side expansion, the elimination of outdated capacity, and the concentration of orders among leading companies, the supply and demand in the anode material industry will gradually move towards a structural balance, with high-quality capacity becoming scarce. Leading companies, leveraging their technological and customer resource advantages, are expected to further enhance their market concentration.

In terms of technological routes, the penetration rate of fast-charging anode materials will continue to rise, particularly for 4C and above fast-charging anode materials, which will maintain rapid growth. According to data from ICCSINO, the market penetration rate of 4C and above fast-charging anodes is expected to increase from 15% in 2025 to around 25%. Driven by demand from downstream terminal applications such as consumer electronics, low-altitude economy, humanoid robots, and power applications, the market demand for silicon-based anode materials will grow significantly. The data from ICCSINO shows that global silicon-based anode monomer production reached 8,600 tons in 2025, a year-on-year increase of 67%, and is expected to enter a market with incremental demand of over 10,000 tons in 2026. Meanwhile, sodium-ion battery technology is gradually maturing, with its market penetration steadily increasing in storage, start-stop batteries, and small power applications. ICCSINO predicts that sodium-ion battery production is expected to reach 11.7 GWh in 2026.

As a leading company in the anode material industry, the Company has established leading advantages in product technology, capacity scale, and customer relationships. In the future, the Company will continue to promote product iteration and upgrades across various fields, accelerate overseas capacity layout, deepen customer relationships, enhance manufacturing and operational capabilities, steadily increase its global market share, and achieve stable development.

## **2. Polarizer business**

The polarizer business has high industry barriers in terms of technology, capital, and certification, with a high market concentration. Currently, global polarizer capacity is mainly concentrated among major polarizer manufacturers such as Shanjin Optoelectronics, Hengmei Optoelectronics, Sumitomo Chemical, and Nitto Denko. As Japanese and Korean manufacturers gradually reduce or exit the polarizer market, Chinese manufacturers are expanding through mergers and acquisitions, leading to an industry restructuring and accelerated capacity concentration in mainland China. According to data from CINNO Research, Chinese polarizer manufacturers' capacity (including the Taiwan region of China) accounted for 68% of the global total polarizer capacity in 2025, and this proportion is expected to reach 75% after capacity integration is completed.

Benefiting from multiple factors such as the trend towards larger display sizes, replacement demand for consumer electronics, technological advancements in 5G/8K and AI, and stimulus from China's "trade-in" subsidy policies, the market demand for display products is expected to show sustained growth, driving a synchronous increase in the demand area for polarizers, particularly in OLED, automotive, and ultra-large-size display, and other high-end application sectors with more significant growth. According to the data prediction of Omdia, the global demand for the total area of display panels is expected to increase by 6% year-on-year in 2026, with significant growth expected in demand for ultra-large-size TVs (70 inches and above) and large gaming monitors; advancements in AI technology will drive an increase in demand for mobile PCs.

As a leading enterprise in the global polarizer industry, the company will continue to drive product upgrades towards high-end applications through intensive R&D investment, focusing on high-value-added application areas. Simultaneously, it will steadily advance the localization of key raw materials and

innovate production processes, further consolidating and expanding its leading position in the global market.

## **(II) Our Development Strategies**

Applicable Not applicable

The Company remains firmly committed to implementing the national strategy for scientific and technological innovation, focusing on its dual core businesses of lithium-ion battery anode materials and polarizer products, and continuously empowering the development of strategic emerging industries such as new energy and new-type displays. Adhering to a customer-centric approach, the Company deepens its dual-engine strategy driven by technological innovation and cost leadership. By strengthening R&D investment, enhancing intelligent manufacturing capabilities, and optimizing operational efficiency, the Company seeks to consolidate its global industry leadership and continuously improve its medium- to long-term profitability

### **1. Anode material business strategy**

In terms of anode material business, the Company adheres to the value orientation of "deeply empowering customers' needs". On the basis of consolidating its technological advantages in artificial graphite products, the Company systematically advances a cost leadership strategy, and builds comprehensive cost competitiveness and continuously solidifies its market position in mainstream product areas by leveraging large-scale manufacturing, lean operations, and supply chain collaboration. Meanwhile, the Company actively explores new technological routes, such as silicon-based anodes and soft/hard carbon materials, and closely follows the industrialization progress of downstream solid-state batteries and sodium-ion batteries. It prepares for future product iteration demands through technological reserves, aiming to become a globally outstanding leader in the anode material field.

### **2. Polarizer business strategy**

The Company's polarizer business upholds the development philosophy of "quality-oriented and innovation-driven". Building on its profound accumulation in polarizer technology, it continuously drives high-end product upgrades through intensive R&D investment, focusing on high-value-added application areas. Simultaneously, it promotes the localization of key raw materials and innovates production processes, continuously optimizing its product mix and enhancing profitability. Leveraging its industry-leading technological innovation capabilities, capacity layout, and cost control strengths, the Company continuously refines its product mix, builds core technological barriers, and consolidates and expands its global leading position.

## **(III) Business Plan**

Applicable Not applicable

### **1. Anode material business**

#### **(1) R&D and product plans**

The Company will prioritize downstream demand, continuously improve its product portfolio, and build lasting product competitiveness by accelerating the iteration of existing mainstream products, strengthening the development of next-generation products, and exploring cutting-edge technologies.

In terms of iterating existing mainstream products, the Company will expedite the R&D of cost-effective graphite anode materials for power applications that combine low cost with fast-charging capabilities, and drive breakthroughs in 8C extreme fast-charging performance in the digital sector. Simultaneously, it will accelerate the development of natural graphite products, focusing on next-generation low-cost natural graphite materials with higher power output, and increase its overseas market share. For next-generation product layout, the Company will increase R&D investment, focusing on new-generation high-power, high-capacity silicon-carbon products, as well as low-temperature fast-charging hard carbon anode materials for sodium-ion and lithium-ion batteries, accelerating the commercialization of new materials and the ecological layout of new application scenarios. Regarding cutting-edge technology exploration, the Company will accelerate the refinement and layout of cutting-edge technology systems such as solid-state batteries and dry electrode processes, strengthening upstream and downstream collaborations to maintain its technological leadership.

### **(2) Customer development and collaboration plans**

The Company aims to enhance customer loyalty and strategic synergy through diversified and in-depth cooperation models. On one hand, it will establish close partnerships with core customers, achieving technological integration and building long-term competitive barriers through long-term agreements, customized development, joint project applications, and early involvement in battery design. On the other hand, it will actively explore new customers, focusing on high-growth areas such as power batteries, energy storage, and sodium-ion batteries, accelerating the onboarding of new customers and projects, and steadily increasing its market share.

### **(3) Lean operation and manufacturing upgrade plans**

The Company will continue to comprehensively reduce costs in artificial graphite manufacturing. Through efficient collaboration among the Anode Research Institute, factories, sales, PMC (Production and Material Control), and the supply chain, it will deeply promote process upgrades and supply chain cost reductions, achieve dual optimization of costs and carbon emissions, and enhance product market competitiveness in an all-round way. Simultaneously, it will strengthen quality and technology management, deepen close collaboration between the Research Institute and factories, and focus on improving yield and quality rates across all processes, ensuring stable and reliable supply quality while achieving incremental production expansion.

### **(4) Procurement and supply chain collaboration plans**

The Company is committed to building a robust and resilient supply chain system. At the strategic resource level, it will establish long-term strategic partnerships with upstream suppliers of high-quality raw materials such as coke and graphitization, ensuring cost stability and reliable supply of key raw materials through long-term agreements and capacity commitments. In terms of industrial collaboration, it will integrate resources from equipment providers, graphitization processing services, and key service providers to create an integrated industrial alliance covering the entire process of "raw materials—crushing—granulation—graphitization", forming a comprehensive solution that combines cost competitiveness with delivery assurance.

By 2026, the Company will focus on optimizing its supply chain layout, promoting localized supply of raw and auxiliary materials at major production bases, and systematically integrating logistics routes with the geographical distribution of outsourced processing capacities to further reduce overall procurement and transportation costs. Additionally, the Company will actively explore technological pathways such as new coal-based materials and high-sulfur coke to provide forward-looking solutions for overcoming supply and cost constraints associated with petroleum coke.

## **2. Polarizer business**

### **(1) R&D and product plans**

- Promote continuous cost reduction and efficiency improvement in LCD polarizer products: Deepen full-process cost control, advance intelligent and digital transformation of production facilities, optimize production processes, enhance raw material utilization, and reduce loss rates.
- Strengthen core technology R&D and optimize product mix: Advance technological upgrades and process innovations in polarizer extension and coating processes, develop diversified and high-efficiency product processing technologies; accelerate the development and deployment of high-end and differentiated products such as ultra-large sizes, small-to-medium-sized premium displays, OLED, and automotive displays, driving technical validation and large-scale production of relevant new products to create diversified business growth engines.
- Deploy cutting-edge new technologies: Increase investment in R&D funding and manpower, actively recruit high-end talent and advanced technologies, advance breakthroughs in key materials and frontier technologies, continuously strengthen core technology reserves and innovation capabilities, and drive technological

iteration and advancement in the display industry through collaborative innovation.

## **(2) Customer development and collaboration plans**

The Company will continue to deepen its partnerships with downstream mainstream panel manufacturers and end customers, leveraging its front-end capacity advantages and back-end supply advantages such as RTP to ensure stable product supply. Relying on exceptional product quality and services, it aims to achieve long-term win-win cooperation with customers. By engaging in regular technical exchanges and joint product development with customers, it will enhance innovation efficiency and responsiveness across the industrial chain, explore cross-industry collaboration opportunities, and further solidify customer loyalty and market competitiveness.

## **(3) Procurement and supply chain management plans**

The Company is committed to building a secure, stable, and independently controllable supply chain system. It will deepen long-term cooperation with upstream suppliers, expand raw material procurement channels, establish a diversified supply mechanism to mitigate risks associated with raw material price fluctuations and supply shortages; implement full-chain cost control, optimize logistics and warehousing layouts, and improve inventory operational efficiency and capital utilization efficiency; advance the diversification and localization of raw materials, optimize the supply chain structure, ensure stable supply and cost advantages of core raw materials, and enhance supply chain resilience.

**The above business plan does not constitute a performance commitment by the Company to investors. Investors are advised to maintain sufficient risk awareness and shall understand the difference between business plans and performance commitment.**

## **(IV) Potential Risks**

Applicable  Not applicable

### **1. Market competition risks**

With the rapid development of the energy storage market and the new energy vehicle market, the demand for anode materials has expanded swiftly, leading to relatively fast capacity expansion in the industry during its early stages and intense market competition. If future growth in downstream demand falls short of expectations, it could result in an industry-wide supply-demand imbalance and a decline in product prices, negatively affecting the Company's operating performance.

As overseas polarizer manufacturers gradually scale back or exit the polarizer market, domestic manufacturers expand their production capacities through mergers and acquisitions

or new production lines, and competition in the domestic polarizer market intensifies, potentially triggering risks such as price competition.

Response measures: The Company sticks to technological innovation, continuously drives product iteration and upgrades, focuses on high-value-added application areas, and enhances product competitiveness through improved operational efficiency and lean production practices.

## **2. Fluctuations in raw material prices and supply risks**

The main raw materials for the lithium-ion battery anode material business of the Company include petroleum coke and needle coke, and the cost of raw materials comprises a large proportion of its cost of anode products. The price of raw materials will fluctuate to different degrees under the influence of market supply and demand relations. If the pressure of rising raw material prices cannot be transmitted to the downstream or the rising cost pressure cannot be offset through technological process innovation, it will cause certain impact on the Company's business results.

Polarizer raw materials are mainly concentrated in relevant enterprises in Japan and South Korea, especially PVA films and TAC films are mainly purchased from relevant enterprises in Japan. The possible great change to the operation of upstream raw material suppliers or the foreign trade environment will add to the uncertainty for the Company's production and operation in the polarizer business. Most of the raw materials for upstream film materials used in polarizers (such as PVA film, PET film, and chemicals) are derived from petrochemical products. Rising crude oil prices directly drive up the production costs of these film materials, which are then passed on to the polarizer manufacturing sector.

Countermeasures: The Company continuously deepens its global supply chain layout, improves its supply chain management system, and closely monitors the price fluctuation of upstream raw materials to ensure the security of raw material supply and mitigate cost volatility risks. By signing long-term agreements with upstream suppliers, the Company establishes stable supply channels and actively promotes the diversification and globalization of raw materials to further strengthen its supply security capabilities and cost advantages.

## **3. Risks of development of new products and technologies**

The R&D and industrialization processes of new technologies such as solid-state batteries and sodium-ion batteries are accelerating as end-market demands for battery performance continue to rise in terms of energy density, safety, and fast charging. If the Company fails to timely grasp technological trends and upgrade or innovate its products, it

may have a certain impact on its market position and profitability.

The Company's polarizer products currently offer comprehensive coverage of mainstream LCD and OLED application technologies, maintaining a leading market share. However, the demand and profitability of its polarizer business may also be affected if the development of new display technologies in the future poses challenges to the demand for polarizers under existing technological routes, and the Company fails to quickly respond to the demand for new products through upgrades or innovations.

Countermeasures: By virtue of its profound technological accumulation and leading R&D capabilities, the Company will continue to intensify its R&D and innovation efforts, deploy new materials such as silicon-based anodes and hard carbon materials, closely monitor technological advancements in solid-state and sodium-ion batteries, and proactively lay out relevant material systems to ensure technological foresight and leadership. Simultaneously, the Company will continue to consolidate its leading position in LCD polarizer products, expand the application areas of OLED polarizers, and maintain its forward-looking layout and market competitive edge in emerging technological directions through enhanced new product R&D and industrialization.

#### **4. Risk of changes in the international trade environment**

The current international environment is becoming increasingly complex, with geopolitical conflicts, trade protectionism and other factors exacerbating the instability of the international trade environment and significantly increasing the instability and uncertainty of the global supply chain. These changes may adversely affect the Company's overseas capacity construction and market expansion efforts in its anode material business.

Countermeasures: Actively monitor changes in the international trade environment and respond dynamically to associated risks; deepen strategic collaboration with overseas clients and promote localized deployment based on demand to enhance the resilience of the supply chain.

#### **5. Exchange rate risk**

As part of the Company's procurement and sales come from overseas, the settlement with overseas payment channels involves USD, Euro, Japanese yen and other currencies. This may come with some exchange rate fluctuation risk.

Countermeasures: Establish a dynamic monitoring mechanism, take into account the corresponding exchange rate fluctuation risks in signing contracts, and use relevant financial instruments reasonably and prudently to avoid exchange rate risks.

## 6. Risk related to the reorganization of the controlling shareholder

On 20 March 2025, the Yinzhou Court ruled for the substantive consolidation and reorganization of Shanshan Group and its wholly-owned subsidiary, Pengze Trading. On 6 February 2026, Shanshan Group, Pengze Trading, the court-appointed administrator, and the reorganization investors—Anhui Wanwei Group and Ningbo Financial Asset—signed the Reorganization Investment Agreement. On 15 April 2026, the fourth creditors' meeting and equity holder group meeting for the consolidated bankruptcy reorganization case of Shanshan Group and Pengze Trading approved the *Reorganization Plan (Draft) of Shanshan Group Co., Ltd. and Ningbo Pengze Trading Co., Ltd.* On 21 April 2026, Yinzhou Court ruled to approve the reorganization plan, and terminate the reorganization proceeding for Shanshan Group and Pengze Trading.

Following the court's ruling to approve the reorganization plan, the process has entered the execution phase. Shanshan Group and Pengze Trading are responsible for the implementation of the plan, while the administrator is responsible for supervising its execution. There remains uncertainty as to whether the reorganization plan can be successfully completed. At the same time, Wanwei Group should complete the concentration of undertakings filing, and the outcomes remain uncertain. If the reorganization is successful, there will be a change in control of the Company, with Wanwei Group becoming the new controlling shareholder and the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government becoming the new actual controller.

Countermeasures: The Company maintains an independent and complete business structure and possesses the capability to operate autonomously. The Company remains independent from its controlling shareholder in terms of assets, business, and finance. Currently, the reorganization of the controlling shareholder has not had any material or substantive impact on the Company's day-to-day production and operations. Going forward, the Company will continue to make every effort to carry out all aspects of its business operations and management to ensure the sound operation of the listed company. At the same time, it will closely monitor the progress of the aforementioned matters and promptly fulfill its information disclosure obligations in strict accordance with relevant laws, regulations, and regulatory requirements.

**VII. Failure to Disclose as Per Rules Due to Inapplicability or Special Reasons, Such as State Secrets and Business Secrets**

Applicable  Not applicable

## Section IV Corporate Governance, Environment and Social Responsibility

### I. Description of Corporate Governance

√Applicable □Not applicable

During the Reporting Period, the Company continuously improved its corporate governance structure and internal management systems in accordance with the requirements of laws and regulations such as the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies* and *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* while taking into account the Company's actual situation. As at the date of this Report, the Company is in compliance with the corporate governance requirements applicable to it as a PRC company publicly listed on the Shanghai Stock Exchange in all material aspects.

#### 1. Shareholders and General Meeting

The Company strictly complied with the requirements of the *Rules for General Meetings of Listed Companies* issued by the CSRC to regulate the procedures of calling and holding of and voting at general meetings and ensure that all shareholders, especially minority shareholders, enjoy equal right to be informed and the rights to be exercised. For decision-making on major matters, the Company strictly fulfilled the procedures of approval at general meetings and engaged intermediaries qualified in securities practice and lawyers to issue opinions to ensure scientific, fair and lawful decision-making. Two general meetings were held during the year. The holding thereof, the number of shareholders present thereat and representative shares were in compliance with the relevant provisions of the *Company Law* and the *Articles of Association*, and the shareholders present thereat were able to fully exercise their voting rights independently.

#### 2. Controlling Shareholder and Listed Company

The Company's controlling shareholder exercised its rights as a contributor through the general meeting and did not bypass the general meeting to interfere directly or indirectly with the Company's decision-making and operations. The Company was separated from its controlling shareholder in terms of personnel, assets and financial affairs, and independent in institution and business. The Company's Board of Directors and management are able to operate independently, and the Company has independent and complete business and independent operation capability.

#### 3. Directors and Board of Directors

During the Reporting Period, the Board of Directors of the Company operated in strict compliance with the relevant requirements of the *Company Law*, the *Articles of Association* and the *Rules of Procedure of the Board of Directors*, and all directors performed their duties carefully, actively participated in relevant business training and studied the spirit of relevant laws and regulations. The rights, obligations and responsibilities of the directors are clear, and the composition of the Board of Directors is in compliance with the laws and regulations. The Company has well-established independent director system.

During the Reporting Period, in accordance with the *Company Law*, the *Guidelines for the Articles of Association of Listed Companies*, *Transitional Arrangements for the Implementation of Supporting Regulatory Rules for the New Company Law* issued by the CSRC, and other relevant laws, regulations,

and normative documents, and to ensure that the Company's governance aligns with regulatory requirements, the Company's shareholders' meeting deliberated and resolved to abolish *the Supervisory Committee* and transfer its functions and powers as stipulated in *the Company Law* to the Audit Committee of the Board of Directors.

During the Reporting Period, the Audit Committee of the Board of Directors strictly complied with the relevant provisions and requirements of the *Terms of Reference of the Audit Committee of the Board of Directors*, the *Working Procedures of the Audit Committee of the Board of Directors*, and the *Annual Report Working Procedures of the Audit Committee of the Board of Directors*. Upholding the principle of diligence and responsibility, it conscientiously performed its duties and fulfilled its audit oversight responsibilities.

#### 4. Performance Evaluation and Incentive and Restraint Mechanism

The Company establishes and gradually improves the performance evaluation and assessment system and incentive and restraint mechanism for directors and senior management personnel, linking the remuneration of senior management personnel with benefits. The remunerations for directors and the allowances for independent directors are determined by the general meeting, while the remunerations for senior management personnel are determined by the Board of Directors. The performance evaluations of non-independent directors and senior management personnel holding positions in the Company are conducted in accordance with the Company's performance management regulations and are reviewed and confirmed by the Remuneration and Evaluation Committee of the Board of Directors.

#### 5. Stakeholders

The Company fully respected and safeguarded the legitimate rights and interests of stakeholders and balanced the interests of shareholders, creditors, employees and society. All stakeholders jointly promoted the sustainable and healthy development of the Company.

#### 6. Regarding Information Disclosure

The Company places great emphasis on information disclosure and has established a Securities Affairs Department to exclusively assist the Board Secretary in carrying out related work. To continuously improve the information disclosure management system, the Company has revised a series of supporting regulations, including the *Information Disclosure Affairs Management System* and the *Registration and Management System for Insiders*, strictly regulating the behavior of externally releasing information and effectively preventing the risks of important information leakage and insider trading.

During the Reporting Period, the Company strictly adhered to the relevant regulations set forth by the CSRC and stock exchanges. Guided by the principles of truthfulness, accuracy, completeness, timeliness, and fairness, it carefully evaluated and legally disclosed information that significantly impacted the Company's production and operations or had material effect on its stock price. This approach ensured that investors had equal access to information and safeguarded the legitimate rights and interests of all shareholders. Simultaneously, the Company continuously strengthened the management of insider information, strictly implemented the *Registration and Management System for Insiders*, and properly

registered and reported the insiders of relevant insider information to prevent leakage of insider information and guarantee fair and equitable disclosure of information.

Reasons should be provided for any discrepancies between the corporate governance of the Company and the laws, administrative regulations, and the relevant requirements of the CSRC on the governance of listed companies.

Applicable Not applicable

**II. The Specific Measures Taken by the Controlling Shareholders or De Facto Controllers of the Company to Ensure the Independence of the Company's Assets, Personnel, Finance, Institutions and Business, as well as the Solutions, Work Progress and Follow-Up Work Plans Taken to Affect the Independence of the Company**

Applicable Not applicable

The controlling shareholders, de facto controllers and other units under their control are engaged in the same or similar business as the Company, and the impact of competition or significant changes in competition on the Company, the measures taken to solve the problem, the progress of the solution and the follow-up solution plans

Applicable Not applicable

### III. Directors and Senior Management

#### (I) Particulars of Changes in the Shareholding and Remuneration of Existing and Resigned Directors and Senior Management during the

##### Reporting Period

√Applicable □Not applicable

Unit: share

Name	Positions	Gender	Age	Date of commencement of service term	Date of end of service term	Shareholding at the beginning of the year	Shareholding at the end of the year	Change in shares during the year	Reasons of change	Total remuneration received from the Company during the Reporting Period (before tax) (RMB0'000)	Whether received remuneration from connected person(s) of the Company
Zhou Ting	Chairman	Female	44	17 November 2024	9 May 2026	0	0	0	/	493.03	No
	Director			10 May 2023	9 May 2026						
Zheng Ju	Vice chairman	Male	35	17 November 2024	9 May 2026	1,810,000	0	-1,810,000	Judicial enforcement	482.11	No
	Director			23 March 2023	9 May 2026						
Zhuang Wei	Director	Male	60	23 April 2008	9 May 2026	4,858,500	4,858,500	0	/	301.98	No
Li Zhihua	Director	Male	58	12 August 2019	9 May 2026	4,858,500	4,858,500	0	/	281.45	No
	General manager			24 July 2019	9 May 2026						
Li Fengfeng	Director	Female	46	10 July 2017	9 May 2026	3,149,500	3,037,000	-112,500	Repurchase and	281.91	No
	Deputy			10 May	9 May 2026						

	general manager			2023					cancellation of restricted shares		
Zhu Zhiyong	Director	Male	56	10 May 2023	9 May 2026	148,200	74,700	-73,500	Repurchase and cancellation of restricted shares	311.90	No
	Deputy general manager			10 May 2023	9 May 2026						
Li Keqin	Director	Male	51	10 May 2023	9 May 2026	1,000	1,000	0	/	132.11	No
	Chief financial officer			11 January 2021	9 May 2026						
Zhang Chunyi	Independent director	Male	63	18 May 2020	9 May 2026	0	0	0	/	16.62	No
Xu Yanxiu	Independent director	Male	60	18 May 2020	9 May 2026	0	0	0	/	16.62	No
Zhang Yunfeng	Independent director	Male	51	10 May 2023	9 May 2026	0	0	0	/	16.62	No
Zhu Jingtao	Independent director	Male	48	30 September 2020	9 May 2026	0	0	0	/	16.62	No
Gao Ming	Deputy general manager	Male	55	14 November 2022	9 May 2026	1,000	1,000	0	/	280.96	No
Chen Ying	Board secretary	Female	44	28 December 2020	9 May 2026	2,235,450	2,235,450	0	/	131.65	No
Zhao Zhigang	Former deputy general manager	Male	53	14 November 2022	12 February 2025	0	0	0	/	54.22	No
Total	/	/	/	/	/	17,062,150	15,066,150	-1,996,000	/	2,817.80	/

Note: The number of shares held by individuals who left their positions during the Reporting Period refers to the shareholding count as of their departure date; the total pre-tax remuneration received from the Company during the Reporting Period excludes deferred payments. For details regarding the deferred payments, please refer to "(III) Remuneration of Directors and Senior Management" in this section.

Name	Primary working experience
Zhou Ting	Chairwoman of the Company. She used to be a member of Shanghai Youth Federation, a reporter and anchor of the News Department of Zhejiang Satellite TV and Dragon TV, a reporter and anchor of the News Department of China Business Network, a producer of the "Fluting of Two Sessions" series, and chairman of Shanshan Holdings. She is the incumbent director of Shanshan Holdings and chairman of Shanshan Group.
Zheng Ju	Vice chairman of the Company. He previously held the positions of chairman and president of Shanshan Holdings, and currently serves as director of Shanshan Holdings, and director of Shanshan Group.
Zhuang Wei	Director of the Company. He had served as the general manager of Ningbo Shanshan Venture Capital Investment Co., Ltd., general manager of NBSS, chairman and general manager of NBSS, and vice chairman of NBSS.
Li Zhihua	Director and general manager of the Company. He had served as the chairman of Dongguan Shanshan Battery Materials Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd. and Hunan Shanshan Energy Technology Co., Ltd., and the deputy general manager, chairman and general manager of NBSS.
Li Fengfen	Director and deputy general manager of the Company. She had served as the deputy director of the planning department, head of the president's office, the assistant to the president and the vice president of Shanshan Holdings. She is the incumbent chairman of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. and its subsidiaries.
Zhu Zhiyong	Director and deputy general manager of the Company. He has been serving as the president of Chinese Polarizer Business of LG Chem (Nanjing) since 2004, and currently serves as director and general manager of Shanjin Optoelectronics (Suzhou) Co., Ltd.
Li Keqin	Director and CFO of the Company. He served as the vice president and chief financial officer of Ningbo Shanshan Fashion Clothing Branch Management Co., Ltd., the deputy CFO and head of finance division of NBSS, and vice general manager and CFO of Jinzhou Yongshan Lithium Industry Co., Ltd.
Zhang Chunyi	Independent director of the Company. He worked at the Shanghai Open University (formerly Shanghai TV University) from 1984 to February 2023 and previously served the dean and associate professor of the accounting and finance department of the faculty of economics and management of the Shanghai Open University.
Xu Yanxiu	Independent director of the Company. He used to serve as a Member of the Supervision and Judicial Working Committee of the Standing Committee of the 15th Ningbo Municipal People's Congress. He is currently a member of the 17th Chinese People's Political Consultative Conference (CPPCC) of Yinzhou District, Ningbo, an arbitrator of Ningbo Arbitration Commission, Supervisor of Ningbo Lawyer's Association, head and managing partner and the first-class lawyer of Grandall (Ningbo) Law Firm, director of Ningbo Donghai Bank, and independent director of Ningbo Fuda Co., Ltd.
Zhang Yunfeng	Independent director of the Company. He used to serve as the investment director and fund partner of Zhonghe Venture Capital Management Co., Ltd., executive director, chief operating officer, chief investment officer and special advisor to the Board of Yingde Gases, chairman of Xinjiang Haoyuan Natural Gas Co., Ltd; currently serves as director and general manager of Shanghai Yuanhan Energy Technology Co., Ltd.
Zhu	Independent director of the Company. He has been working at Tongji University since 2005 and has been committed to research in fields relating to optical

Jingtao	thin films and relevant technology. He is currently a professor at the faculty of physics and engineering of Tongji University.
Gao Ming	Deputy general manager of the Company. He had served as the general manager of Shenzhen Office of Sino-Australian International Trust Co., Ltd., the general manager of South China Office of China Minsheng Trust Co., Ltd., the president of Ningbo Yilai Investment Holdings Co., Ltd., and vice president of Shanshan Holdings Co., Ltd. He was a director of Jinzhou Yongshan Lithium Industry Co., Ltd. from January 2019 to March 2024.
Chen Ying	Secretary to the Board of Directors of the Company. She had served as the head of the securities affairs division, deputy director of the securities affairs department and a representative of securities affairs department of NBSS.

Explanation on other information

Applicable Not applicable

1. On 12 February 2025, the Company convened the 18th meeting of the 11th Board of Directors, at which the *Proposal on the Adjustment of Senior Management Positions of the Company* was considered and approved. Mr. Zhao Zhigang ceased to serve as deputy general manager of the Company and has been reassigned to another position.
2. Due to a court ruling on compulsory enforcement, 1,810,000 shares of the Company held by Mr. Zheng Ju, the Vice Chairman of the Company, were subject to judicial compulsory execution through centralized bidding trading.
3. Because the performance assessment targets for the third release period of the Company's 2022 Equity Incentive Plan were not achieved, the repurchase and cancellation of 112,500 and 73,500 restricted shares held by Ms. Li Fengfeng and Mr. Zhu Zhiyong, the incentive recipients, respectively, were completed during the Period.

## (II) Particulars of Engagement of Existing and Resigned Directors and Senior Management during the Reporting Period

### 1. Engagement in shareholding companies

√Applicable □Not applicable

Name	Name of shareholding company	Positions held in shareholding company	Date of commencement of service term	Date of end of service term
Zhou Ting	Shanshan Holdings Co., Ltd.	Chairman	15 November 2024	7 February 2025
	Shanshan Holdings Co., Ltd.	Director	15 November 2024	to date
	Shanshan Group Co., Ltd.	Chairman, director	20 November 2024	to date
Zheng Ju	Shanshan Holdings Co., Ltd.	Director	12 February 2018	to date
	Shanshan Group Co., Ltd.	Director	2 September 2019	to date
	Ningbo Yinzhou Jielun Investment Co., Ltd.	Chairman	26 February 2024	to date
	Ningbo Yinzhou Jielun Investment Co., Ltd.	General manager	19 May 2016	to date
Li Zhihua	Shanshan Holdings Co., Ltd.	Director	8 April 2020	to date
Explanation on the engagement in shareholding companies	None			

### 2. Position at other entities

√Applicable □Not applicable

Name	Name of other company	Position held in other company	Date of commencement of service term	Date of end of service term
Zhou Ting	GUANHUI EDUCATION	Director	12 September 2018	to date
Zheng Ju	Shanghai Xianyi Investment Co., Ltd.	Executive director, general manager	9 November 2016	to date
	Ningbo Juhua Industrial Holdings Co., Ltd.	Executive director, general manager	18 July 2023	to date
Zhuang Wei	BASF Shanshan Battery Material Co., Ltd.	Director	17 June 2024	to date
	BASF Shanshan Battery Material (Ningxia) Co., Ltd.	Director	21 June 2024	to date

Name	Name of other company	Position held in other company	Date of commencement of service term	Date of end of service term
	BASF Shanshan Battery Material (Ningxiang) Co., Ltd.	Director	18 June 2024	to date
Li Zhihua	BASF Shanshan Battery Material Co., Ltd.	Director	13 November 2003	to date
	BASF Shanshan Battery Material (Ningxia) Co., Ltd.	Director	15 January 2016	to date
	BASF Shanshan Battery Material (Ningxiang) Co., Ltd.	Director	11 March 2014	to date
	Dongguan Dadao Electronic Products Co., Ltd.	Manager, director, chief financial officer	12 August 2024	to date
Li Fengfeng	Shanghai Shanchong Business Consulting Partnership Enterprise (Limited Partnership)	Executive partner	23 September 2019	to date
	Shanghai Shanhe Business Consulting Partnership Enterprise (Limited Partnership)	Executive partner	16 October 2019	to date
	Shanghai Shanhao Business Consulting Partnership Enterprise (Limited Partnership)	Executive partner	30 March 2021	to date
Zhang Chunyi	Shanghai Open University	Dean, associate professor	1984	February 2023
	Maxscend Microelectronics Company Limited	Independent director	25 August 2023	24 August 2026
Xu Yanxiu	Grandall (Ningbo) Law Firm	Head, managing partner and the first-class lawyer	March 2019	to date
	Ningbo Donghai Bank Co., Ltd.	Director	March 2020	March 2026
	Ningbo Fuda Co., Ltd.	Independent director	23 April 2020	25 April 2026
Zhang Yunfeng	Yuanhan Holdings (Jiangsu) Co., Ltd.	Chairman, executive director, general manager	12 June 2024	to date
	Shanghai Yuanhan Energy Technology Co., Ltd.	Chairman and general manager	24 January 2018	to date
	Hangzhou Teamwin Energy Technology Development Co., Ltd.	Chairman	23 September 2019	to date
	Hangzhou Teamwin Energy Import & Export Co., Ltd.	Executive director, general manager	20 April 2020	to date
	Suining Yuanhan Energy Technology Co., Ltd.	Director	21 August 2020	to date
	Jingmen Yuanhan Battery Materials Co., Ltd.	Chairman	23 October 2023	to date
	Green Tech (Shanghai) Technology Development Co., Ltd.	Director	20 October 2022	to date

Name	Name of other company	Position held in other company	Date of commencement of service term	Date of end of service term
	Shanghai Yunli Enterprise Management Consulting Co., Ltd.	Executive director	16 May 2016	to date
	Wuli Venture Capital Management (Wuhan) Co., Ltd.	Chairman	27 November 2025	to date
Zhu Jingtao	Tongji University	Professor	June 2007	to date
	Suzhou Hongce Photoelectric Technology Co., Ltd.	General manager	26 August 2015	to date
	Haikou Hengxing Technology Co., Ltd.	General manager	10 June 2022	to date
	Shenzhen Honghaina Micro Technology Co., Ltd.	General manager	29 February 2024	to date
	Shenzhen Hongce Precision Optical Technology Co., Ltd.	General manager	7 March 2024	to date
Gao Ming	Shanghai Jinyuda Management Consulting Co., Ltd.	Executive director	13 September 2021	to date
Explanation on the engagement in other companies	None			

### (III) Particulars of Remuneration of the Directors and Senior Management

Applicable Not applicable

Decision-making procedures for the remuneration of the directors and senior management	The remuneration packages for the Company's non-independent directors and senior management are formulated by the Remuneration and Evaluation Committee of the Board of Directors. The remuneration package for non-independent directors has been approved by the general meeting, while the remuneration package for senior management has been approved by the Board of Directors. Independent directors receive allowances in accordance with resolutions of the general meeting.
Whether a director recuses himself from the Board's discussion of his remuneration matters	Yes
Details of recommendations issued by the Remuneration and Evaluation Committee or the specialized meeting of independent directors on matters relating to the remuneration of directors and senior management	The Remuneration and Evaluation Committee under the Board of Directors has considered and approved the remuneration packages for non-independent directors and senior management, and agreed to submit them to the Board of Directors for consideration.

Basis for determining the remuneration of the directors and senior management	The remuneration of the Company's directors and senior management is determined based on their specific positions within the Company and its subsidiaries, taking into account the Company's actual operating conditions and with reference to industry and regional remuneration levels, in accordance with the Company's remuneration and benefits management and performance management systems. Allowances are granted in accordance with resolutions of the general meeting.
Particulars of actual remuneration paid to the directors and senior management	For details, please refer to the "Particulars of Changes in the Shareholding and Remuneration of Existing and Resigned Directors and Senior Management during the Reporting Period".
Total actual remuneration received by all directors and senior management at the end of the Reporting Period	For details, please refer to the "Particulars of Changes in the Shareholding and Remuneration of Existing and Resigned Directors and Senior Management during the Reporting Period".
Basis and completion of assessment for remuneration actually received by all directors and senior management as of the end of the Reporting Period	The performance appraisal of the Company's non-independent directors and senior management personnel has been carried out in accordance with the Company's performance management policies and has been reviewed and confirmed by the Remuneration and Evaluation Committee of the Board of Directors. The allowances received by the Company's independent directors are not subject to performance assessment.
Deferred payment arrangements for remuneration actually received by all directors and senior management at the end of the Reporting Period	The performance bonuses of the Company's directors and senior management attributable to 2025 totaling RMB 10.9961 million will be paid after the disclosure of the Company's 2025 Annual Report. Among which, the performance bonus of the Chairwoman Ms. Zhou Ting is RMB1.5925 million, the performance bonus of the director Mr. Zhuang Wei is RMB0.975 million, the performance-based remuneration of the director and general manager Mr. Li Zhihua is RMB3.91 million (including the performance bonus of RMB0.91 million and the project bonus of RMB3 million <sup>note</sup> ), the performance bonus of the director and deputy general manager Ms. Li Fengfeng is RMB1.55 million, the performance bonus of the director and the deputy general manager Mr. Zhu Zhiyong is RMB1.27 million, the performance bonus of the director and the chief financial officer Mr. Li Keqin is RMB0.3943 million, the performance bonus of the deputy general manager Mr. Gao Ming is RMB0.91 million, and the performance bonus of the board secretary Ms. Chen Ying is RMB0.3943 million. The above matters related to directors' remuneration still need to be submitted to the Company's 2025 annual shareholders' meeting for deliberation.
Clawback or withholding arrangements for remuneration actually received by all directors and senior management at the end of the Reporting Period	Not applicable

Note:

Disputes and litigations have been initiated among the Company, Shanshan New Energy, Yongquan Investment, and Xinya Process, Xinya Zhongning, Quzhou Shanshan, as well as other relevant parties (for details on the progress of such litigations, please refer to the relevant content under "Section III, V, (VI) Disposal of Major Assets and Equity Interests").

A lawsuit arose from a dispute over equity transfer. Mr. Li Zhihua, Director and General Manager of the Company, took the lead in advancing the resolution of the dispute, demonstrating full dedication and

responsibility, overcoming difficulties, and has successfully recovered part of the equity transfer payment, achieving interim victories in civil litigation and other legal measures. Mr. Li Zhihua established a special mechanism, facilitated cross-departmental collaboration, and coordinated with external legal counsel to build a multi-layered rights protection system integrating civil, criminal and whistleblowing measures, resolutely safeguarding the Company's interests and mitigating legal risks. Based on his contributions and the tangible results achieved, the Company intends to award Mr. Li Zhihua a pre-tax bonus of RMB 3 million.

#### (IV) Change of the Directors and Senior Management of the Company

Applicable Not applicable

Name	Position	Change	Reason for change
Zhao Zhigang	Deputy general manager	Resigned	Adjustment approved by the Board of Directors

#### (V) Explanation on Punishments by Securities Regulatory Authorities in the Past Three Years

Applicable Not applicable

### IV. Performance of Duties by Directors

#### (I) Attendance of Directors at the Board Meetings and General Meetings

Director Name	Independent director or not	Attendance at Board meetings						Attendance at general meetings
		Attendance required for the year	Personal presence	Remote presence	Proxy presence	Number of absences	Two consecutive absences from meetings	Number of attendances at general meetings
Zhou Ting	No	4	4	3	0	0	No	1
Zheng Ju	No	4	4	4	0	0	No	0
Zhuang Wei	No	4	4	3	0	0	No	0
Li Zhihua	No	4	4	3	0	0	No	1
Li Fengfeng	No	4	4	3	0	0	No	2
Zhu Zhiyong	No	4	4	4	0	0	No	1
Li Keqin	No	4	4	3	0	0	No	2
Zhang Chunyi	Yes	4	4	3	0	0	No	1
Xu Yanxiu	Yes	4	4	3	0	0	No	2
Zhang Yunfeng	Yes	4	4	3	0	0	No	2
Zhu Jingtao	Yes	4	4	3	0	0	No	1

Explanation on two consecutive absences from Board meetings

Applicable Not applicable

Board meetings held during the year	4
Of which: on-site meetings	0
Meetings via communication	3
On-site meetings plus communication	1

**(II) Objections Raised by Directors in Respect of Matters Related to the Company**

□Applicable √Not applicable

**V. Specialized Committees under the Board of Directors**

√Applicable □Not applicable

**(I) Members of Specialized Committees under the Board of Directors**

Category of specialized committees	Name of member
Strategy Committee	Zhou Ting (Chairman), Zhuang Wei, Li Fengfeng, Zhu Zhiyong, Zhang Yunfeng
Audit Committee	Zhang Chunyi (Chairman), Zheng Ju, Xu Yanxiu
Nomination Committee	Zhang Yunfeng (Chairman), Zheng Ju, Zhu Jingtao
Remuneration and Evaluation Committee	Xu Yanxiu (Chairman), Li Zhihua, Zhang Chunyi

**(II) During the Reporting Period, the Audit Committee Held 7 Meetings**

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
20 January 2025	Heard a report from the Company's management on the overall operating performance in 2024, and communicated on matters including the annual results forecast and annual audit arrangements.	Conducted further communication regarding the Company's business operation and accounting treatments. It is recommended to pay attention to the potential impacts of the performance forecasts and develop relevant contingency plans	None
27 March 2025	Heard a report from the annual audit firm on significant matters identified during the audit of the Company's 2024 annual report that are required to be communicated in accordance with regulations and relate to the Board's responsibility for overseeing the financial reporting process.	Conducted further communication and understanding regarding key matters such as changes in major financial indicators and accounting treatments	None
21 April 2025	Reviewed key audit matters of the 2024 annual report, preliminary audit opinions, and relevant financial statements, and held thorough communications with the annual audit CPAs regarding the key audit matters and preliminary opinions.	Adopted	None
24 April 2025	I. Proposal on the Financial and Accounting Reports of the Company for 2024 Audited by the Accounting Firm; II. Proposal on the Re-appointment of Pan-	Adopted	None

	China Certified Public Accountants LLP as the Auditor of the Company for 2025; III. <i>2024 Annual Report of Audit Committee of the Board of Directors of Ningbo Shanshan Co., Ltd. on Duty Performance</i> ; IV. <i>Report of the Audit Committee of the Board of Directors of Ningbo Shanshan Co., Ltd. on the Performance of Supervisory Duties over the Accounting Firm</i> ; V. <i>Evaluation Report of Ningbo Shanshan Co., Ltd. on the Performance of the Accounting Firm for 2024</i> ; VI. <i>2024 Annual Internal Control Evaluation Report of Ningbo Shanshan Co., Ltd.</i> ; VII. Proposal on the First Quarterly Report for 2025 (Unaudited) of Ningbo Shanshan Co., Ltd.		
28 August 2025	Proposal on the Full Text and Summary of the 2025 Semi-Annual Report of Ningbo Shanshan Co., Ltd.	Adopted	None
29 October 2025	Proposal on the Third Quarterly Report for 2025 (Unaudited) of Ningbo Shanshan Co., Ltd.	Adopted	None
25 December 2025	Heard a special report from the annual audit firm on the preliminary audit work for 2025, and communicated on arrangements for subsequent audit work.	Conducted further communication and understanding regarding matters such as the calculation of major financial data, compliance of accounting treatments, and fund transactions	None

**(III) During the Reporting Period, the Nomination Committee Held 1 Meeting**

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
12 February 2025	Proposal on the Adjustment of Positions of the Company's Senior Management.	Adopted	None

**(IV) During the Reporting Period, the Remuneration and Evaluation Committee held 2 Meetings**

Convening date	Agenda of meeting	Important opinions and recommendations	Other performance of duties
12 February 2025	Proposal on Cancellation of Certain Stock Options and Repurchase and Cancellation of Certain Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan.	Adopted	None
24 April 2025	Proposal on the Remuneration Packages for the Company's Directors and Senior Management.	Adopted	None

**(V) Particulars of the Existence of Any Disagreement**

Applicable Not applicable

**VI. Statement about the Company's Exposure to Risks by the Audit Committee**

Applicable Not applicable

The Audit Committee had no objection to the matters under supervision during the Reporting Period.

**VII. Particulars of Employees of the Parent Company and Its Major Subsidiaries at the End of the Reporting Period****(I) Employees**

Number of the existing employees of the Parent Company	96
Number of the existing employees of major subsidiaries	6,317
Total number of the existing employees	6,413
Number of the retired employees for whom the Parent Company and its major subsidiaries are required to bear the expenses	0
Professional composition	
Professional category	Number of professional employees
Production staff	4,268
Sales personnel	64
Technical personnel	639
Management	230
R&D team members	441
Functional personnel	771
Total	6,413
Education level	
Education level category	Number (person)
Doctor	18
Master	336
Bachelor	1,421
College and below	4,638
Total	6,413

**(II) Remuneration Policy**

Applicable Not applicable

The Company's remuneration follows the principles of fairness, equity, cost control and budgeting, and implements a remuneration system based on job evaluation, performance evaluation, and market-oriented salaries to provide employees with competitive remuneration and benefits.

In response to the business development of NBSS, the performance evaluation of the industrial companies takes the net return on assets as the core indicator, and growth and risk control as auxiliary indicators, to evaluate the performance of the industrial company's management team. We will fully inspire employees' creativity, initiative and enthusiasm to keep up with the organization's business strategy and achieve the organization's business goals.

**(III) Training Programs**

Applicable Not applicable

Upholding the core philosophy of "talent-driven development," the Company regards talent as the key driving force behind its growth and is committed to building a comprehensive, multidimensional talent development system. It focuses on enhancing the capabilities of its management team, systematically strengthening the management functions across finance, human resources, administration, and internal controls. The Company and its subsidiaries have also advanced practical, skills-based training programs in core business areas such as R&D, production, and marketing, with the aim of empowering key personnel and promoting the dual improvement of employees' professional competencies and overall capabilities. Particular emphasis is placed on the development of the internal trainer team, which is being cultivated into a professional force for knowledge transfer and experience sharing - laying a solid talent foundation to support the Company's pursuit of high-quality, sustainable growth.

#### **(IV) Labour Outsourcing**

Applicable Not applicable

Total man-hours of outsourced labour (hour)	3,033,181
Total remuneration paid for outsourced labour (RMB0'000)	9,823.48

### **VIII. Plan of Profit Distribution or Capitalization of Surplus Reserve**

#### **(I) The Formulation, Implementation or Adjustment of the Company's Cash Dividend Policy**

Applicable Not applicable

##### 1. Basic principles for profit distribution of the Company:

(1) The Company's profit distribution policy shall maintain continuity and stability, attach importance to reasonable return on investment for investors, and shall be for the long-term interest of the Company, in the interest of all shareholders as a whole, and for the sustainable development of the Company;

(2) Where cash dividend is feasible, the Company shall give priority to adopt dividend distribution in cash.

##### 2. Specific policies of the Company for profit distribution are:

###### (1) Form of profit distribution:

The Company distributes dividends in the form of cash, stock or a combination of cash and stock.

###### (2) Conditions for cash dividends:

(a) The distributable profit of the Company (i.e. any remaining profits after tax after making up for the losses and making contributions to the reserve) is positive in the current year and the cash flow is sufficient, and the implementation of cash dividends will not affect the Company's subsequent sustainable operation;

(b) The Company's accumulated profits available for distribution are positive;

(c) The Company has no events such as material investment plan or significant cash expenditure, excluding projects using proceeds raised in the coming twelve months. Major investment plan or major cash expenditure means that the accumulated expenditures of the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months amount to

or exceed 10% of the latest audited net assets of the Company.

(3) Proportion of cash dividends:

In principle, annual profit distribution shall be made once a year when the conditions for cash dividend are met. The Company adopts a fixed proportion policy for cash dividend, that is, the profit distributed in cash every year shall not be less than 10% of the distributable profit realized by the Company in that year, and the accumulated profits distributed in cash in the last three years shall not be less than 30% of the annual distributable profits realized by the Company in the last three years.

(4) The Board shall propose a differentiated cash dividend policy in accordance with the procedures as required by this Articles of Association, taking into full account various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, and based on the following situations:

(a) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, when profit distribution is made, the cash dividends shall at least account for 80% of the profit distribution;

(b) If the Company is at the mature stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 40% of the profit distribution;

(c) If the Company is at the growth stage of development and has significant capital expenditure arrangements, when profit distribution is made, the cash dividends shall at least account for 20% of the profit distribution.

The specific stage of the Company during the actual dividend distribution shall be determined by the Board of Directors of the Company in accordance with the specific circumstances. The proportion of cash dividends in this profit distribution is calculated as cash dividends divided by the sum of cash dividends and stock dividends.

(4) Conditions for issuing stock dividends:

The Company may adopt stock dividends for profit distribution under the premise of ensuring the minimum cash dividend proportion and the reasonable size of the Company's share capital and shareholding structure, after meeting the above-mentioned conditions for cash dividends and taking into account factors such as the Company's growth and dilution of net assets per share, and considering that the issuance of stock dividends is beneficial to the overall interests of all shareholders of the Company, the specific dividend proportion shall be considered and approved by the Board of Directors of the Company and submitted to the general meeting for deliberation and decision.

3. Procedures for considering the Company's profit distribution plan:

The Board of Directors shall formulate the profit distribution scheme according to the established profit distribution policy and submit it to the general meeting for deliberation. The profit distribution scheme shall be deliberated and approved by the general meeting with more than two-thirds of the voting rights held by the shareholders present at the general meeting.

Independent Directors can collect views from minority shareholders to put forward the profit distribution proposal and directly propose to the Board for consideration.

Before the general meeting considers the profit distribution plan, the Company shall take various ways to fully discuss and communicate with the shareholders, especially the minority shareholders holding shares of the Company, regarding the cash dividend plan, listen to the opinions and demands of the minority shareholders, and promptly respond to the concerns of the minority shareholders.

When resolution is made by general meeting on the profit distribution scheme, the Board shall complete the dividend (or share) distribution issues in 2 months after the general meeting.

The Company shall disclose in detail the formulation and implementation of the cash dividend policy during the Reporting Period in its periodic reports.

#### 4. Change in the Company's profit distribution policy:

The dividend policy shall not be adjusted at will to lower the level of return to shareholders after it is determined. The Company may adjust or change the cash dividend policy if the Company needs to adjust the dividend policy in the event of force majeure such as war, natural disasters, or changes in the Company's external business environment that have a significant impact on the Company's production and operation, or when the Company's operating conditions change significantly, or for the needs of production and operation, investment planning and long-term development, or when the relevant provisions of the dividend policy are modified by regulatory authorities.

If it is necessary to adjust or change the profit distribution policy, the conditions stipulated in the Articles of Association shall be satisfied and the relevant proposals shall be subject to detailed demonstration.

The profit distribution policy proposed by the Board shall be approved by more than half of the Board members and then submitted to the general meeting for deliberation and approved by more than two-thirds of the voting rights held by the shareholders attending the general meeting. The relevant proposal submitted to the general meeting shall explain the reasons for changing the profit distribution policy in detail. When the general meeting considers matters related to the adjustment to the profit distribution policy, the Company shall provide methods such as an online voting to facilitate shareholders' participation in the general meeting.

#### 5. Plan for the use of undistributed profits for the current year

The Company's undistributed profits for the year will be retained by the Company for production and operation and carried forward for distribution in future years.

### **Formulation and implementation of profit distribution plan during the Reporting Period**

The Company's profit distribution proposal for 2024 was as follows: According to the audit report issued by Pan-China Certified Public Accountants LLP, the Company's consolidated financial statements for 2024 recorded a net profit attributable to shareholders of the listed company of RMB-367,136,028.73, and the parent company's financial statements recorded a net profit of RMB-305,639,501.63. In view of the overall loss in the Company's performance in 2024, and in accordance with the relevant provisions of

the *Articles of Association*, the Company does not meet the preconditions for cash dividend distribution. Taking into comprehensive consideration the Company's current production and operating conditions as well as the needs of its future business development, and in order to safeguard the long-term interests of the Company and its shareholders, no cash dividends will be distributed, no bonus shares will be issued, and no capital reserve will be capitalized into share capital for 2024.

The above proposal was considered and approved by the 19th meeting of the 11th Board of Directors of the Company and then submitted to the 2024 Annual General Meeting of the Company for consideration and approval.

(For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE)

## (II) Special Description of the Cash Dividend Policy

Applicable Not applicable

Whether in compliance with the requirements of the Articles of Association and resolutions of the general meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and payout ratio for dividend distribution are clear and definite	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the relevant decision-making procedure and mechanism are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the independent directors have performed their duties and responsibilities and played their proper roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders are given opportunities to express their opinions and demands freely, and whether their legitimate rights and interests are adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## (III) Reasons in Detail for Not Proposing Cash Dividend on Ordinary Shares in case of Positive Profit and Distributable Profit of the Parent Company to Holders of Ordinary Shares during the Reporting Period and the Use of and Plan for Such Undistributed Profit

Applicable Not applicable

Reasons for not proposing a cash profit distribution plan during the Reporting Period despite profitability and positive distributable profits of the parent company available to shareholders	Use of and plan for the undistributed profits
In light of the current development status of the industry in which the Company's core business operates, the Company's strategic development plans, and the actual capital requirements for ongoing project construction and R&D investment, as well as a comprehensive consideration of the Company's cash flow situation, the impact of the controlling shareholder's restructuring, and the external financing environment, the Company has decided not to distribute cash dividends, issue bonus shares, or convert capital reserves into share capital for the fiscal year 2025. This decision aims to enhance financial robustness, ensure sustainable development, further solidify the Company's leading position in the industry, and achieve the long-term interests of all shareholders. For more details, please refer to the "Announcement on Shanshan Co., Ltd.'s Proposal Not to Distribute Profits for the Fiscal Year 2025" disclosed on the Shanghai Stock Exchange's website.	The Company's undistributed profits will be carried forward to future years and primarily used for daily production and operations, including but not limited to equipment upgrades for existing production lines, new project construction, technological R&D and process innovation, business expansion, etc. This will ensure the smooth implementation of the Company's current production and operation plans and future business development strategies, further enhance the Company's core competitiveness, and achieve sustained, stable, and sound development.

**(IV) Plan for Profit Distribution and Capitalization of Surplus Reserve during the Reporting Period**□Applicable Not applicable**(V) Cash Dividend Distribution over the Most Recent Three Fiscal Years**Applicable □Not applicable

Unit: Yuan Currency: RMB

Total cash dividends distributed over the most recent three fiscal years (tax inclusive) (1)	437,401,038.60
Total amount used for share repurchase and cancellation over the most recent three fiscal years (2)	0
Total amount of cash dividends and share repurchase and cancellation over the most recent three fiscal years (3) = (1) + (2)	437,401,038.60
Average annual net profit over the most recent three fiscal years (4)	285,372,693.16
Cash dividend payout ratio over the most recent three fiscal years (%) (5) = (3) / (4)	153.27
Net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements for the most recent fiscal year	457,916,266.13
Undistributed profits at the end of the most recent fiscal year in the parent company's financial statements	528,170,769.25

**IX. Share Option Incentive Scheme, Employee Share Scheme or Other Employee Incentives and Their Impact****(I) Related Matters Under the Incentive Schemes Which Were Disclosed in the Extraordinary Announcements and Had No Further Progress or Change in Implementation**Applicable □Not applicable

Item overview	Resolutions are publicized
<p>On 12 February 2025, the 18th Meeting of the 11th Board of Directors and the 12th Meeting of the 11th Supervisory Committee deliberated and approved the <i>Proposal on Cancellation of Certain Stock Options and Repurchase and Cancellation of Certain Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan</i>.</p> <p>On 6 March 2025 and 27 May 2025, the Company completed the cancellation procedures for the aforesaid stock options and the restricted stock repurchase and cancellation procedures at the CSDC Shanghai Branch, respectively.</p>	For details, please refer to the relevant announcements of the Company released on the designated information disclosure media and the website of the SSE on 13 February 2025 and 23 May 2025.

**(II) Incentives Which Were Undisclosed in Announcement or Might Have Had Subsequent Progress**

Share option incentive scheme

□Applicable Not applicable

Employee share scheme

□Applicable Not applicable

Other incentives

□Applicable Not applicable

**(III) Share Incentives Granted to Directors and Senior Management during the Reporting Period**

Applicable Not applicable

**(IV) Description of the Establishment and Implementation of the Appraisal and Incentive Mechanism for Senior Management During the Reporting Period**

Applicable Not applicable

The Company establishes and gradually improves a fair and transparent performance evaluation and assessment system and incentive and restraint mechanism for senior management personnel, linking the remuneration of senior management personnel with benefits. The performance appraisal of the Company's senior management personnel is conducted in accordance with the Company's performance management regulations and is reviewed and confirmed by the Remuneration and Evaluation Committee of the Board of Directors.

The Company's remuneration follows the principles of fairness, equity, cost control and budgeting, and implements a remuneration system based on job evaluation, performance evaluation, and market-oriented salaries to provide employees with competitive remuneration and benefits.

**X. Construction and Implementation of Internal Control System during the Reporting Period**

Applicable Not applicable

The Company has built an internal control construction system based on the internal control framework system of NBSS, and each subsidiary has formulated their own internal control system and strictly implemented them, covering 16 management business cycles and 102 internal control management sub-systems, including comprehensive management, internal control management, personnel management, information management, public affairs, security management, financial management, procurement management, sales management, credit management, investment management, engineering project management, R&D management, securities management, brand management and risk asset management. In 2025, the Company newly introduced systems for social welfare management, anti-monopoly and anti-unfair competition management, and tax management. In the first half of the year, all subsidiaries completed revisions to their internal control systems in accordance with the internal control framework of NBSS, further strengthening policies related to contract management, anti-commercial bribery and anti-corruption, information security and data protection, and engineering project management.

The current internal control systems cover the major aspects of the Company's operational management. The system design is sound and reasonable, with no material omissions. The Company's headquarters has established an Audit and Supervision Department and an Internal Control Department, which are responsible for the establishment, improvement, and effective implementation of internal control systems for both the Company and its subsidiaries. These departments conduct inspections and supervision of the formulation and execution of Company policies and follow up on the rectification of any issues identified during inspections. The internal control system is capable of preventing, detecting, and correcting significant errors and frauds that may arise during the Company's operations in a timely manner. During the Reporting Period, there were no material deficiencies in the protection of the

Company's assets, or in ensuring the authenticity, accuracy, and timeliness of accounting records and accounting information, as well as with respect to the completeness, reasonableness, and effectiveness of the internal control systems.

Explanation on material defects regarding internal control during the Reporting Period

Applicable Not applicable

#### **XI. Management and Control over Subsidiaries during the Reporting Period**

Applicable Not applicable

In accordance with the *Company Law*, the *Securities Law* and other laws and regulations and the relevant provisions of *Articles of Association*, the Company has formulated the *Internal Control Framework System of Ningbo Shanshan Co., Ltd.* while taking into account the Company's actual situation. Under the framework of the Company's overall policy and objectives, the subsidiaries manage themselves and operate their corporate assets legally and effectively, while implementing the Company's rules and regulations for subsidiaries without affecting their independent business management.

The Company manages the subsidiaries by appointing their directors, supervisors and important senior management (such as the chairman and the chief financial officer), clearly stipulating the reporting system and consideration procedures for material matters, and participating in the review and decision-making of major investments of subsidiaries and matters related to the board of directors of subsidiaries. In addition, the Audit and Supervision Department and the Internal Control Department of the Company regularly inspect and supervise the subsidiaries in terms of administration, personnel, capital, finance, investment, procurement, engineering, safety and environmental protection, risk assets, connected transactions, disclosure of information, and construction and implementation of systems, and supervise the subsidiaries to rectify the internal control deficiencies found, so as to continuously enhance the Company's operation and management as well as the ability to prevent risks.

During the Reporting Period, the Company did not lose the control over its subsidiaries.

Risk warning on abnormalities in the management and control of subsidiaries

Applicable Not applicable

#### **XII. Relevant Statement regarding the Internal Control Audit Report**

Applicable Not applicable

For details, please refer to the *Internal Control Audit Report of Ningbo Shanshan Co., Ltd. for 2025* disclosed on the website of the SSE.

Whether to disclose the internal control audit report: Yes

Type of opinion on the audit report of internal control: unqualified standard opinion

Whether a non-standard internal control audit opinion was issued during the Reporting Period or the previous year

Yes No

### XIII. Rectification of Problems Identified by Self-Examination during the Special Action on Governance of Listed Companies

Not applicable

### XIV. Environmental Information of Listed Companies and Their Major Subsidiaries Included in the List of Enterprises Subject to Mandatory Environmental Information Disclosure

√ Applicable □ Not applicable

Number of enterprises included in the list of enterprises subject to mandatory environmental information disclosure		10
No.	Enterprise name	Index for accessing environmental information disclosure reports
1	Shanjin Optoelectronics (Nanjing) Co., Ltd.	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
2	Shanjin Optoelectronics Technology (Zhangjiagang) Co., Ltd.	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=../sps/views/yfpl/views/yfplHomeNew/index.js</a>
3	Shanjin Optoelectronics (Guangzhou) Co., Ltd.	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex">https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex</a>
4	Shanghai Shanshan Technology Co., Ltd.	<a href="https://e2.sthj.sh.gov.cn:8081/jsp/view/hjpl/index.jsp">https://e2.sthj.sh.gov.cn:8081/jsp/view/hjpl/index.jsp</a>
5	Ningbo Shanshan New Material Technology Co., Ltd.	<a href="https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search">https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search</a>
6	Fujian Shanshan Technology Co., Ltd.	<a href="http://220.160.52.213:10053/idp-province/#/home">http://220.160.52.213:10053/idp-province/#/home</a>
7	Inner Mongolia Shanshan Technology Co., Ltd.	<a href="http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplHomeNew/index.js&amp;cantonCode=150000">http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplHomeNew/index.js&amp;cantonCode=150000</a>
8	Inner Mongolia Shanshan New Material Co., Ltd.	<a href="http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplHomeNew/index.js&amp;cantonCode=150000">http://111.56.142.62:40010/support-yfpl-web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplHomeNew/index.js&amp;cantonCode=150000</a>
9	Sichuan Shanshan New Material Co., Ltd.	<a href="https://103.203.219.138:8082/eps/index/enterprise-search">https://103.203.219.138:8082/eps/index/enterprise-search</a>
10	Yunnan Shanshan New Material Co., Ltd.	<a href="http://183.224.17.39:10097/ynyfpl/frontal/index.html#/home/index">http://183.224.17.39:10097/ynyfpl/frontal/index.html#/home/index</a>

### XV. Social Responsibility Commitments

#### (I) Whether to Disclose a Separate Social Responsibility Report, Sustainability Report or ESG Report

√ Applicable □ Not applicable

For details, please refer to the *Environmental, Social and Governance (ESG) Report of Ningbo Shanshan Co., Ltd. for 2025* disclosed on the website of the SSE.

**(II) Social Responsibility Commitments**

Applicable Not applicable

**XVI. Particulars of Consolidating and Expanding the Results of Poverty Alleviation and Rural Revitalization**

Applicable Not applicable

**XVII. Others**

Applicable Not applicable

## Section V Important Matters

### I. Performance of Commitments

#### (I) Commitments of Obligors, Including the De Facto Controller, Shareholders, Related Parties and Acquirer of the Company and the Company During or Subsisting at the Time of the Reporting Period

√Applicable □Not applicable

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
Commitments made in the report on acquisition or the report on the change in shareholding	Others	Shanshan Group, Pengze Trading, Yinzhou Jielun, Shanshan Holdings, and Mr. Zheng Yonggang	Commitments on the truthfulness, accuracy and completeness of the information provided, commitments on maintaining the independence of the listed company, commitments on avoiding horizontal competition, commitments on reducing and regulating related transactions, commitments on the absence of the circumstances stipulated in Article 6 of the <i>Measures for the Administration of Acquisition of Listed Companies</i> and compliance with Article 50 of the <i>Measures for the Administration of Acquisition of Listed Companies</i> .	31 December 2021, 22 September 2022	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 1 January 2022 and 23 September 2022.	Yes
Commitments in relation to refinancing	Addressing horizontal competition	Shanshan Group	Shanshan Group currently has no engagement and guarantees that it will not engage in business activities that compete with the business of Ningbo Shanshan Co., Ltd. directly or indirectly through any other means in future, and is willing to bear the compensation liability for the economic	April 2001	No	The commitment was made in April 2001 and long-term effective.	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
			loss caused to Ningbo Shanshan Co., Ltd. by the violation of the above commitments.				
	Addressing horizontal competition	Shanshan Holdings, Shanshan Group, and Mr. Zheng Yonggang (the Covenantors)	<p>There is no substantial competition between the enterprises directly or indirectly controlled by the Covenantors and NBSS and its holding companies. During the Period when the Covenantors are the (indirect) controlling shareholder/de facto controller of NBSS, the Covenantors and the enterprises controlled by the Covenantors other than NBSS and its holding companies will avoid engaging in any business that competes with the main business of NBSS and its holding companies, and will not engage in any activity that causes damage to the interests of NBSS and its holding companies. If the Covenantors and the enterprises controlled by the Covenantors other than NBSS and its holding companies encounter business opportunities within the scope of the main business of NBSS and its holding companies, the Covenantors will facilitate the transfer of such opportunities to NBSS and its holding companies. In case of any breach of the above commitments, the Covenantors shall bear all losses caused to NBSS.</p>	May 2015	No	The commitment was made in May 2015 and became effective since its issuance, and continues to be valid and irrevocable during the period when the Covenantors are the (indirect) controlling shareholder/de facto controller of NBSS.	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
	Others	Shanshan Group, Pengze Trading, Yinzhou Jielun	Commitments on the source of funds for subscribing to this non-public offering of A-shares of NBSS	25 June 2021	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 26 June 2021.	Yes
	Others	Directors, senior management, controlling shareholders and de facto controllers of NBSS	Commitments on taking mitigation and remediation measures for the immediate return dilution resulting from this non-public offering of shares.	9 June 2020, 26 April 2021	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020 and 27 April 2021.	Yes
	Others	NBSS	The Company does not provide financial assistance or compensation to investors participating in the subscription, either directly or through interested parties.	9 June 2020	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020.	Yes
	Shares subject to trading restrictions	Shanshan Group, Pengze Trading, Yinzhou Jielun	The shares subscribed for by the target subscribers in this non-public issue shall not be transferred within 36 months from the closing date of this issuance, and the shares of the Company increased after the closing of this issuance as a result of bonus issue and the conversion of capital reserve to share capital by the Company shall also comply with the above-mentioned	9 June 2020, 26 April 2021 and 29 April 2021	Yes	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 10 June 2020, 27 April 2021 and 30 April 2021.	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
			arrangement of lock-up period. The reduction of the shares subscribed by the target subscribers after the expiry of the lock-up period is subject to the relevant regulations of the CSRC, the SSE and other regulatory authorities.				
Commitments in relation to equity incentive	Others	NBSS	The Company promises that none of the major shareholders or de facto controllers who hold more than 5% of shares and their spouses, parents and children participate in this incentive plan.	23 February 2022	Yes	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 24 February 2022.	Yes
	Others	NBSS	The Company undertakes that it will not provide loans and financial support in any other forms, including providing guarantee for loans, to the incentive recipients with respect to the acquisition of the relevant equity under this incentive scheme.	23 February 2022	Yes	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 24 February 2022.	Yes
Other commitments	Addressing horizontal competition	NBSS	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 4 February 2020.	1 February 2020	No	Until both of Shaanxi Maoye Industry and Trade Co., Ltd. (陕西茂叶工贸有限公司) and Ningbo Liankangcai Brand Management Co., Ltd. (宁波联康财品牌管理有限责任公司) cease to be	Yes

Background	Type	Party(ies)	Details	Effective time	Whether the commitments have a performance deadline	Validity period	Whether the commitments have been strictly performed in a timely manner
						shareholders of Shanshan brand companies.	
	Addressing horizontal competition	Shanshan Group	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 13 December 2016.	12 December 2016	No	The Agreement shall remain valid and irrevocable from the date of its entry into force through the term when Shanshan Group is the controlling shareholder of the listed company.	Yes
	Addressing related transactions	NBSS, Mr. Zheng Yonggang	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 9 June 2016.	8 June 2016.	No	For details, please refer to the relevant announcements of the Company released on the designated journals and media and the website of the SSE on 9 June 2016.	Yes

**(II) The Company's Explanation on Whether the Profit Forecast on Assets or Projects Was Met and Its Reasons in the Situation That Profit in the Company's Assets or Projects Is Estimated, and the Period of Which Includes the Reporting Period**

Met Not Met Not applicable

**(III) Performance Commitment**

Applicable Not applicable

Changes in performance commitments

Applicable Not applicable

**II.Appropriation of Funds by the Controlling Shareholders and Other Related Parties for Non-Operating Purpose during the Reporting Period**Applicable Not applicable**III.Illegal Guarantee**Applicable Not applicable**IV.Explanation of the Board on the “Modified Audit Report” from Auditors**Applicable Not applicable**V.The Company’s Analysis of and Explanation on Accounting Policies, Changes in Accounting Estimates or Reasons and Impacts of Rectification on Significant Accounting Errors****(I)The Company’s Analysis of and Explanation on Accounting Policies as Well as Reasons and Impacts of Changes in Accounting Estimates**Applicable Not applicable**(II)The Company’s Analysis of and Explanation on Reasons and Impacts of Rectification on Significant Accounting Errors**Applicable Not applicable**(III)Communication with Former Accountants**Applicable Not applicable**(IV)Approval Procedures and Other Explanations**Applicable Not applicable**VI.Appointment and Removal of Accountants**

Unit: 0’000 Currency: RMB

	Current
Name of the domestic auditor	Pan-China Certified Public Accountants LLP
Remuneration of the domestic auditor	300
Duration of audit of the domestic auditor	2
Names of certified public accountants of the domestic auditor	Lu Yaping, Wang Run
Cumulative years of audit services of certified public accountants of the domestic auditor	Lu Yaping (2), Wang Run (2)

	Name	Remuneration
Accounting firm engaged for internal control audit	Pan-China Certified Public Accountants LLP	100

Explanation on appointment and removal of accountants

Applicable Not applicable

The Company’s 2024 Annual General Meeting considered and approved the proposal on the re-appointment of Pan-China Certified Public Accountants LLP as the Company’s accounting and internal control auditor for 2025.

During the Reporting Period, there was no change or dismissal of the accounting firm.

**Explanation on change of accountant during the audit period**

Applicable Not applicable

Explanation on reduction of audit fee by more than 20% (inclusive) from the previous year

Applicable Not applicable

**VII.Exposure to Delisting Risk****(I) Reasons for Delisting Risk Warning**

Applicable Not applicable

**(II) Measures to Be Taken by the Company**

Applicable Not applicable

**(III) Termination of Listing and Reasons Thereof**

Applicable Not applicable

**VIII.Matters Relating to Bankruptcy Reorganization**

Applicable Not applicable

**IX.Material Litigation and Arbitration**

The Company was involved in any material litigation or arbitration during the year The Company was not involved in any material litigation or arbitration during the year

During the Reporting Period, other non-material litigation matters of the Company are detailed in note “XIII. Commitments and Contingencies - (II) Contingencies” to financial statements.

**X.Alleged Violations of and Penalty and Rectification Order Against the Listed Company and its Directors, Senior Management, Controlling Shareholders, and Ultimate Controllers**

Applicable Not applicable

**XI.Explanation on the Integrity of the Company, Its Controlling Shareholders and De Facto Controllers during the Reporting Period**

Applicable Not applicable

During the Reporting Period, the Company maintains a good record of integrity. There are no circumstances in which the Company has failed to fulfill obligations determined by legally effective court rulings, or has failed to repay significant overdue debts.

As of the end of the Reporting Period, the Company’s controlling shareholder, Shanshan Group, its wholly-owned subsidiary Pengze Trading, and its controlling shareholder, Shanshan Holdings were subject to enforcement measures by relevant courts due to litigation, including being listed as judgment debtors and being subject to restrictions on high consumption. Among them, Shanshan Holdings was designated as a dishonest judgment debtor subject to enforcement by the relevant court due to debt disputes. Additionally, Shanshan Group and its wholly-owned subsidiary, Pengze Trading, were ordered by the Yinzhou Court to undergo substantive consolidation and reorganization on 20 March 2025. For the latest reorganization progress, please refer to “(III) Other Description on Controlling Shareholder and De Facto Controller under sub-section IV of Section VI.”

## **XII. Major Related Party Transactions**

### **(I) Related Party Transactions Related to Daily Operations**

#### **1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes**

Applicable Not applicable

#### **2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation**

Applicable Not applicable

#### **3. Matters undisclosed in extraordinary announcements**

Applicable Not applicable

### **(II) Related Party Transactions in Relation to Acquisition and Disposal of Assets or Equity Interests**

#### **1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes**

Applicable Not applicable

#### **2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation**

Applicable Not applicable

#### **3. Matters undisclosed in extraordinary announcements**

Applicable Not applicable

#### **4. Disclosable performance for the Reporting Period of related party transactions with agreed-upon performance targets**

Applicable Not applicable

### **(III) Significant Related Party Transactions in Relation to Joint External Investment**

#### **1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes**

Applicable Not applicable

#### **2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation**

Applicable Not applicable

#### **3. Matters undisclosed in extraordinary announcements**

Applicable Not applicable

### **(IV) Amounts Due From/to Related Parties**

#### **1. Matters which were disclosed in extraordinary announcements without subsequent progress or changes**

Applicable Not applicable

## 2. Matters disclosed in extraordinary announcements with progress or change in the follow-up implementation

Applicable Not applicable

## 3. Matters undisclosed in extraordinary announcements

Applicable Not applicable

## (V) Financial Business Between the Company and Its Related Financial Company, and Between the Financial Company Held by the Company and Its Related Parties

Applicable Not applicable

## (VI) Others

Applicable Not applicable

For details of other non-major related transactions, please refer to Note “XI. Related Parties and Related Transactions” to financial statements.

## XIII. Material Contracts and Their Implementation

### (I) Custody, Contracting or Leasing Business

#### 1. Custody

Applicable Not applicable

#### 2. Contracting

Applicable Not applicable

#### 3. Leasing

Applicable Not applicable

### (II) Guarantees

Applicable Not applicable

Unit: 0'000 Currency: RMB

Guarantees in favor of external parties provided by the Company (excluding guarantees provided to subsidiaries)														
Guarantor	Relationship between guarantor and listed company	Secured party	Guarantee amount	Commencement date of the guarantee (date of the agreement)	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Guarantee overdue	Overdue amount	Counter guarantee available	Guarantee provided to related parties	Related relationship
/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Total amount of guarantees incurred during the Reporting Period (excluding the guarantees provided to subsidiaries)										0				
Total balance of guarantee as at the end of the Reporting Period (A) (excluding the guarantees provided for subsidiaries)										0				
Guarantees provided by the Company and its subsidiaries to subsidiaries														
Total guarantee to subsidiaries incurred during the Reporting Period										285,057.14				

Total balance of guarantee provided to subsidiaries as at the end of the Reporting Period (B)	886,876.88
Total guaranteed amount of the Company (including guarantees provided to subsidiaries)	
Total amount of guarantees (A+B)	886,876.88
Total guaranteed amount as a percentage of net assets of the Company (%)	40.38
Of which:	
Amount of guarantees provided to shareholders, de facto controller and their related parties (C)	0.00
Amount of debt guarantees directly or indirectly provided to the parties with the gearing ratio exceeding 70% (D)	51,930.64
Total amount of guarantees exceeding 50% of net assets (E)	0.00
Total amount of the above three types of guarantees (C+D+E)	51,930.64
Explanations on outstanding guarantee which may assume joint and several liabilities for repayment	None
Explanations on guarantees	The statistics on "Guarantees by the Company and its subsidiaries to subsidiaries" include mutual guarantees within the scope of consolidation.

### (III) Cash Asset Management Entrusted to Others

#### 1. Entrusted wealth management

##### (1). Entrusted wealth management in general

Applicable Not applicable

##### (2). Single entrusted wealth management

Applicable Not applicable

##### (3). Impairment provision for entrusted wealth management

Applicable Not applicable

#### 2. Entrusted loan

##### (1). Entrusted loan in general

Applicable Not applicable

##### (2). Single entrusted loan

Applicable Not applicable

##### (3). Impairment provision for entrusted loan

Applicable Not applicable

### (IV) Other Major Contracts

Applicable Not applicable

### XIV. Use of Proceeds Raised

Applicable Not applicable

**XV. Description of Other Significant Events That Have a Significant Impact on the Value Judgments and Investment Decisions Made by Investors**

Applicable Not applicable

## Section VI Changes in Shares and Particulars of Shareholders

### I. Changes in Share Capital

#### (I) Changes in Shares

##### 1. Changes in Shares

Unit: share

	Before this change		Increase or decrease of this change (+, -)					After this change	
	Quantity	Percentage (%)	Issue of new shares	Share dividend	Capitalization of capital reserve into share capital	Others	Subtotal	Quantity	Percentage (%)
I. Shares subject to trading restrictions	496,159,676	22.02				-81,856,559	-81,856,559	414,303,117	18.42
1. State-owned shares									
2. Shares held by state-owned legal persons									
3. Shares held by other domestic investors	495,414,176	21.99				-81,471,209	-81,471,209	413,942,967	18.40
Including: Shares held by domestic non-state-owned legal persons	488,402,766	21.67				-77,873,254	-77,873,254	410,529,512	18.25
Shares held by domestic natural persons	7,011,410	0.31				-3,597,955	-3,597,955	3,413,455	0.15
4. Shares held by overseas investors	745,500	0.03				-385,350	-385,350	360,150	0.02
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons	745,500	0.03				-385,350	-385,350	360,150	0.02
II. Tradable shares not subject to trading restrictions	1,757,236,492	77.98				77,873,254	77,873,254	1,835,109,746	81.58
1. RMB-denominated ordinary shares	1,757,236,492	77.98				77,873,254	77,873,254	1,835,109,746	81.58
2. Domestic-listed foreign shares									
3. Overseas-listed foreign shares									
4. Others									
III. Total number of shares	2,253,396,168	100				-3,983,305	-3,983,305	2,249,412,863	100

**2. Explanations on changes in shares**√Applicable Not applicable

1. On 27 May 2025, the Company implemented and completed the procedures for the repurchase and cancellation of certain restricted shares under the 2022 Equity Incentive Plan, respectively, and a total of 3,983,305 restricted shares were cancelled.

2. Upon application, 48,293,254 shares and 29,580,000 shares subject to selling restrictions held by the relevant shareholders were released for trading on 31 October 2025 and 27 November 2025, respectively.

**3. Impact of share changes on financial indicators such as earnings per share and net assets per share in the most recent year and period**√Applicable Not applicable

During the Reporting Period, the Company repurchased and canceled 3,983,305 restricted shares under the equity incentive plan, and the total share capital of the Company changed to 2,249,412,863 shares. The above changes in share capital resulted in changes in the basic earnings per share and net assets per share of the Company for the year 2025, the effect is set out in the table below:

Item	Based on new share capital (excluding the closing balance of the special securities account for repurchases)	Based on old share capital (excluding the opening balance of the special securities account for repurchases)
Basic earnings per share (RMB/share)	0.213	0.213
Diluted earnings per share (RMB/share)	0.213	0.213
Net assets per share attributable to shareholders of the listed company (RMB/share)	10.223	10.204

**4. Other disclosures the Company deems necessary or required by securities regulators**Applicable Not applicable

**(II) Changes in Restricted Shares**

√Applicable □Not applicable

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium during the year	Increase in the number of shares subject to trading moratorium during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of release from trading moratorium
Shanshan Group Co., Ltd.	205,264,756	0	0	205,264,756	Lock-up period for non-public issuance of shares	Subject to the relevant announcement to be issued by the Company at that time
Ningbo Pengze Trading Co., Ltd.	205,264,756	0	0	205,264,756		
Ningbo Yinzhou Jielun Investment Co., Ltd.	77,873,254	0	-77,873,254	0	/	/
Shanghai Haiyi Supply Chain Management Co., Ltd.	0	48,293,254	48,293,254	0	/	31 October 2025
Wei Wei	0	29,580,000	29,580,000	0	/	27 November 2025
Li Fengfeng	225,000	0	-112,500	112,500	Lock-up period for restricted incentive shares	Proposed repurchase and cancellation, subject to the relevant announcement to be issued by the Company at that time
Zhu Zhiyong	147,000	0	-73,500	73,500		
Other equity incentive recipients	7,384,910	0	-3,797,305	3,587,605		
Total	496,159,676	77,873,254	-3,983,305	414,303,117	/	/

**II. Issuance and Listing of Securities****(I) Particulars about Issuances of Securities during the Reporting Period**

□Applicable √Not applicable

Particulars about issuances of securities during the Reporting Period (particulars of bonds with different interest rates during duration shall be provided separately):

Applicable Not applicable

**(II) Changes in Total Number of Shares, Structure of Shareholders, and Structure of Assets and Liabilities of the Company**

Applicable Not applicable

During the Period, the total number of shares of the Company decreased from 2,253,396,168 shares at the beginning of the period to 2,249,412,863 shares at the end of the period as a result of the repurchase and cancellation of certain restricted shares under the Equity Incentive Plan. There were corresponding changes in the accounts related to assets and owners' equity of the Company, and there was no impact on the accounts of liabilities.

**(III) Existing Shares Held by Internal Employees of the Company**

Applicable Not applicable

**III. Shareholders and De Facto Controllers**

**(I) Total Number of Shareholders**

Total number of ordinary shareholders as of the end of the Reporting Period (shareholder)	166,415
Number of shareholders of ordinary shares as at the end of the month immediately preceding the publication date of the annual report(shareholder)	204,833

**(II) Top Ten Shareholders and Top Ten Circulating Shareholders (or Shareholders not Subject to Trading Restrictions) as of the End of the Reporting Period**

Unit: share

Shareholding of the top ten shareholders (excluding the shares lent through refinancing)							
Name of shareholder (full name)	Changes during the Reporting Period	Number of shares held as at the end of the Reporting Period	Proportion (%)	Number of shares held subject to trading moratorium	Shares pledged, marked or frozen		Nature of shareholders
					Status of shares	Quantity	
Shanshan Group Co., Ltd.	-	320,296,700	14.24	205,264,756	Pledged	287,012,100	Domestic non-state-owned legal person
					Marked	287,012,036	
					Frozen	33,284,600	
	0	205,264,756	9.13	205,264,756	Pledged	205,264,756	

Ningbo Pengze Trading Co., Ltd.					Marked	205,264,756	Domestic non-state-owned legal person
Wei Wei	53,292,040	53,292,040	2.37	0	None	0	Domestic natural person
Shanghai Haiyi Supply Chain Management Co., Ltd.	38,843,454	38,843,454	1.73	0	None	0	Domestic non-state-owned legal person
Shoutai Jinxin (Shanghai) Investment Management Co., Ltd. – Shoutai Jinxin Jiangnan No.1 Private Securities Investment Fund	34,042,417	34,042,417	1.51	0	None	0	Others
Shanshan Holdings Co., Ltd.	-39,419,986	32,792,203	1.46	0	Pledged	29,430,541	Domestic non-state-owned legal person
					Marked	29,430,541	
					Frozen	3,361,662	
Bailian Group Co., Ltd. (百联集团有限公司)	0	30,743,625	1.37	0	None	0	State-owned legal person
Hong Kong Securities Clearing Company Limited	-408,795	29,021,738	1.29	0	None	0	Overseas legal person
Agricultural Bank of China Limited –CSI 500 Open-Ended Index Securities Investment Fund	10,166,555	26,375,921	1.17	0	None	0	Others

Industrial and Commercial Bank of China Limited – GF Guozheng New Energy Vehicle Battery Exchange-Traded Open-End Index Securities Investment Fund	11,591,861	16,089,003	0.72	0	None	0	Others
Shareholding conditions of the top ten shareholders not subject to selling restrictions (excluding the shares lent through refinancing)							
Name of shareholder	Number of tradable shares not subject to trading moratorium	Type and number of shares					
		Category	Quantity				
Shanshan Group Co., Ltd.	115,031,944	RMB-denominated ordinary shares	115,031,944				
Wei Wei	53,292,040	RMB-denominated ordinary shares	53,292,040				
Shanghai Haiyi Supply Chain Management Co., Ltd.	38,843,454	RMB-denominated ordinary shares	38,843,454				
Shoutai Jinxin (Shanghai) Investment Management Co., Ltd. – Shoutai Jinxin Jiangnan No.1 Private Securities Investment Fund	34,042,417	RMB-denominated ordinary shares	34,042,417				
Shanshan Holdings Co., Ltd.	32,792,203	RMB-denominated ordinary shares	32,792,203				
Bailian Group Co., Ltd. (百联集团有限公司)	30,743,625	RMB-denominated ordinary shares	30,743,625				
Hong Kong Securities Clearing Company Limited	29,021,738	RMB-denominated ordinary shares	29,021,738				
Agricultural Bank of China Limited –CSI 500 Open-Ended Index Securities Investment Fund	26,375,921	RMB-denominated ordinary shares	26,375,921				

Industrial and Commercial Bank of China Limited – GF Guozheng New Energy Vehicle Battery Exchange-Traded Open-End Index Securities Investment Fund	16,089,003	RMB-denominated ordinary shares	16,089,003
Chen Weili	10,477,600	RMB-denominated ordinary shares	10,477,600
Explanations on the special account for repurchase among the top ten shareholders	The top 10 shareholders have “securities account for share repurchase of Ningbo Shanshan Co., Ltd.”, holding 101,219,494 tradable shares not subject to trading restrictions.		
Explanation on the above-mentioned shareholders' proxy voting rights, entrusted voting rights, and waiver of voting rights	Not applicable		
Note on connected relationship or acting in concert of the above shareholders	<p>Shanshan Holdings is the controlling shareholder of Shanshan Group, and Pengze Trading is a wholly-owned subsidiary of Shanshan Group.</p> <p>Shanshan Group and Pengze Trading were ruled by the court on 20 March 2025 to enter into substantive Consolidation and Reorganization proceedings. For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange. For the latest progress on the reorganization, please refer to "(III) Other Description on Controlling Shareholder and De Facto Controller under sub-section IV" in this section.</p> <p>Except for the above, the Company is not aware of any related relationships or its persons acting in concert among other shareholders.</p>		
Preferred shareholders with their voting rights restored and the number of shares they hold	Not applicable		

## Explanations:

1. As of the end of the Reporting Period, Shanshan Group Co., Ltd. held 320,296,700 shares of the Company, and pledged 287,012,100 shares in total. Both the shareholding and the cumulative pledged shares include a total of 64 shares transferred by Shanshan Group Co., Ltd. to the dedicated guarantee and trust accounts, namely “Shanshan Group–Lianchu Securities–22 Shan EB1 Guarantee and Trust Property Account”, “Shanshan Group–Lianchu Securities–22 Shan EB2 Guarantee and Trust Property Account”, “Shanshan Group–Lianchu Securities–22 Shan EB3 Guarantee and Trust Property Account”, and “Shanshan Group–Lianchu Securities–22 Shan EB4 Guarantee and Trust Property Account”, in connection with the non-public issuance of exchangeable corporate bonds.

2. The figures marked in the table include judicial markings and judicial freezing/pledge quantities. In addition to the pledged, frozen, and marked shares shown in the table, the shares held by Shanshan

Group Co., Ltd., Shanshan Holdings Co., Ltd., and Ningbo Pengze Trading Co., Ltd. at the end of the period were also subject to waiting-list freeze, with cumulative quantities under waiting-list freeze amounting to 444,429,316 shares, 1,119,963,177 shares, and 53,544,756 shares, respectively.

3. As of the end of the Reporting Period, the Company had 0 GDR in existence.

4. During the Reporting Period, changes in Shanshan Group's shareholding were mainly due to the conversion of 429,979,936 shares by holders of its exchangeable corporate bonds and the forced liquidation of 31,945,400 shares in its margin account due to judicial enforcement assistance; changes in Shanshan Holdings' shareholding were mainly due to judicial disposal conducted by relevant courts.

**Lending of shares through refinancing by shareholders holding 5% or more, top ten shareholders, and top ten holders of shares not subject to sales restrictions**

Applicable Not applicable

**Changes from previous period due to lending/returning of shares through refinancing by top ten shareholders and top ten holders of shares not subject to sales restrictions**

Applicable Not applicable

**The number of shares held by the top ten shareholders subject to trading restrictions and the restriction conditions**

Applicable Not applicable

Unit: share

No.	Name of shareholders subject to trading restrictions	Number of shares held subject to trading restrictions	Listing and trading of shares subject to trading restrictions		Trading restriction conditions
			Date eligible for listing and trading	Number of shares newly eligible for listing and trading	
1	Shanshan Group Co., Ltd.	205,264,756			Not transferable within 36 months commencing from the listing date. The specific time for lifting sales restrictions shall be subject to the relevant announcements of the Company at that time.
1	Ningbo Pengze Trading Co., Ltd. (宁波朋泽贸易有限公司)	205,264,756			
3	Li Fengfeng	112,500			

4	Ding Xiaoyang	90,000			These are restricted shares subject to the fourth lock-up period initially granted under the Company's 2022 Equity Incentive Plan, which will be released from repurchased for cancellation in accordance with the relevant provisions of the Company's 2022 Equity Incentive Plan, subject to the relevant announcements of the Company at that time.
5	Zhu Zhiyong	73,500			
6	Geng Hailong	67,500			
6	Jiang Ninglin	67,500			
8	Zhang Hua	60,000			
8	Li Peng	60,000			
10	Wu Zhihong	52,500			
10	Qu Bo	52,500			
10	Qiao Yongmin	52,500			
Note on connected relationship or acting in concert of the above shareholders		<p>Pengze Trading is a wholly-owned subsidiary of Shanshan Group.</p> <p>Ms. Li Fengfeng is a director and deputy general manager of the Company, the person in charge of the Company's anode material business, and the chairwoman of Shanghai Shanshan Lithium Battery Material Technology Co., Ltd. (a subsidiary of the Company) and its subsidiaries.</p> <p>Mr. Zhu Zhiyong is the director and deputy general manager of the Company, the head of the Company's polarizer business, and the director and general manager of Shanjin Optoelectronics (Suzhou) Co., Ltd., the Company's subsidiary.</p> <p>The other natural person shareholders are the main management and core technical personnel of the Company's subsidiaries.</p>			

### (III) Strategic Investors or General Legal Persons Who Become the Top Ten Shareholders due to the Placement of New Shares

Applicable Not applicable

## IV. Controlling Shareholder and De Facto Controller

### (I) Controlling Shareholder

#### 1. Legal person

Applicable Not applicable

Name	Shanshan Holdings Co., Ltd.
Responsible person or legal representative	Zhou Shunhe
Date of incorporation	30 August 2004

Principal business	Industrial investment, investment management, research and development and sales of clothing, knitgoods, clothing fabrics, and related high-tech materials, precious metals, building materials, chemical products (except dangerous chemicals, monitoring chemicals, civil explosive, precursor chemicals), stationery, machinery, equipment and accessories, daily necessities, fuel oil, lubricants, auto parts, wood, plastic raw materials and products, packaging materials, sales of pulp, paper, paper products and metal materials, import and export of goods and technology, business information consulting. (For items subject to approval according to laws, operation activities may not be commenced until the approval has been obtained from the relevant authorities)
Shareholdings in other domestic and overseas listed companies during the Reporting Period	Equity investments in domestic listed companies: Huachuang Yunxin (600155), Yongshan Lithium (603399)
Explanation on other matters	None
Name	Shanshan Group Co., Ltd.
Responsible person or legal representative	Zhou Min <sup>Note</sup>
Date of incorporation	28 June 1994
Principal business	General items: clothing manufacturing; apparel wholesale; apparel retail; shoes and hats wholesale; shoes and hats retail; hardware product wholesale; hardware product retail; wholesale of sporting goods and equipment; retail of sporting goods and equipment; stationery product wholesale; stationery product retail; daily necessities wholesale; daily necessities sales; cosmetics wholesale; cosmetics retail; auto parts wholesale; sales of leather products; sales of clothing accessories; sales of sewing machines; sales of gold and silver products; sales of metal chains and other metal products; sales of metal materials; sales of electrical machinery and equipment; sales of machinery and equipment; sales of construction materials; sales of building and ornament materials; sales of daily necessities; sales of wood; sales of paper products; sales of daily glass products; sales of rubber products; sales of plastic products; sales of packaging materials and products; sales of animal husbandry and fishery feed; sales of coal and products; sales of petroleum products (not including dangerous chemicals); sales of lubricants; sales of solar thermal utilization equipment; sales of solar thermal power generation equipment; sales of original motive new energy equipment; solar power generation technology services; technology research and development of new materials; non-residential real estate leasing; housing leasing; property management; business management consulting; certification consulting; financial consulting; social and economic consulting services; consulting services of corporate credit management; information technology consulting

	services; consulting planning services; information consulting services (excluding licensing information consulting services); marketing planning; corporate image planning (freely operated by the enterprise legally based on the business license except for items requiring approval according to the law). Licensed items: food business; food business (sale of bulk food); food business (sale of prepackaged food); import and export agency; import and export of goods; import and export of technology (approvals from competent authorities shall be obtained for the operation of the activities requiring approval in accordance with the laws. The specific items shall be subject to the approval).
Shareholdings in other domestic and overseas listed companies during the Reporting Period	The investments in overseas listed company: Huishang Bank (03698.HK)
Explanation on other matters	None

Note: According to the "Announcement on the Change of Legal Representative and Chairman" disclosed by Shanshan Group on the website of the Shanghai Stock Exchange on 20 November 2024, there has been a change in the legal representative of Shanshan Group; please refer to the original announcement for further details. As of the date hereof, the industrial and commercial registration for such change has not yet been completed.

## 2. Natural person

Applicable Not applicable

## 3. Special note that there is no controlling shareholder in the Company

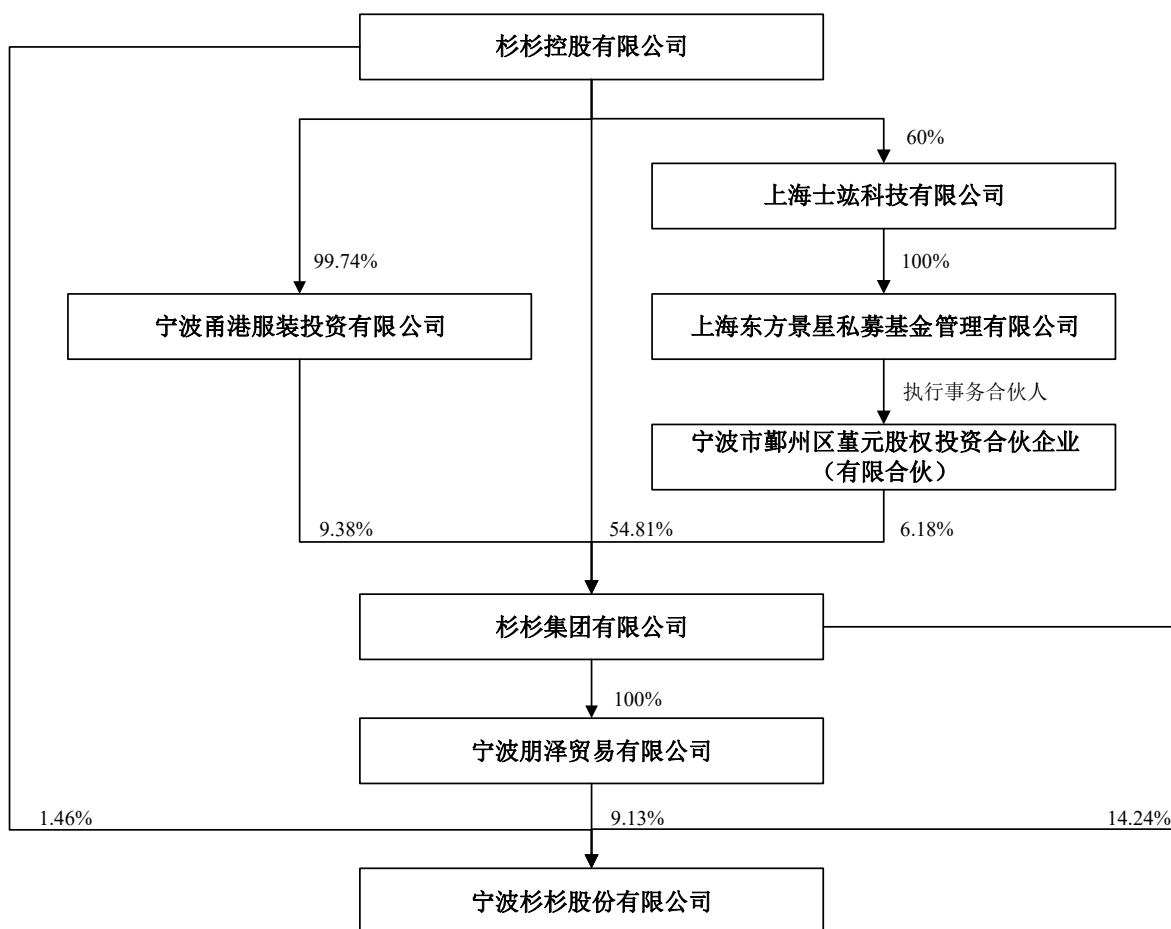
Applicable Not applicable

## 4. Explanation on changes in controlling shareholder during the Reporting Period

Applicable Not applicable

## 5. Chart of the ownership and controlling relationships between the Company and the controlling shareholder

Applicable Not applicable



杉杉控股有限公司	Shanshan Holdings Co., Ltd.
上海士竑科技有限公司	Shanghai Shihong Technology Co., Ltd.
宁波东方景星私募基金管理有限公司	Ningbo Orient Jingxing Private Equity Fund Management Co., Ltd.
执行事务合伙人	Executive partner
宁波市鄞州区堇元股权投资合伙企业(有限合伙)	Ningbo Yinzhou District Jinyuan Equity Investment Partnership (Limited Partnership)
宁波甬港服装投资有限公司	Ningbo Yonggang Garment Investment Co., Ltd.
杉杉集团有限公司	Shanshan Group Co., Ltd.
宁波朋泽贸易有限公司	Ningbo Pengze Trading Co., Ltd.
宁波杉杉股份有限公司	Ningbo Shanshan Co., Ltd.

Note: The above chart reflects the shareholding status as of 31 December 2025.

**(II) De Facto Controller****1. Legal person**

Applicable Not applicable

**2. Natural person**

Applicable Not applicable

Name	
Nationality	China
Whether to obtain the right of abode in other countries or regions	No
Major occupations and positions	Former chairman of NBSS, the chairman of the board of directors of Shanshan Holdings, and the chairman of Shanshan Holdings.
Domestic and foreign listed companies in which it had a controlling interest in the past 10 years	NBSS, Zhejiang IDC Fluid Control Co., Ltd. (renamed as “STO Express Co., Ltd.”), Shandong Jiangquan Industry Co., Ltd. (renamed as “Gresgying Digital Energy Technology Co., Ltd.”), Jinzhou Jixiang Molybdenum Co., Ltd. (renamed as “Jinzhou Yongshan Lithium Industry Co., Ltd.”), Shanshan Brand Operation Co., Ltd., and FY Financial Leasing (Shenzhen) Co., Ltd.

**3. Special note that there is no de facto controller in the Company**

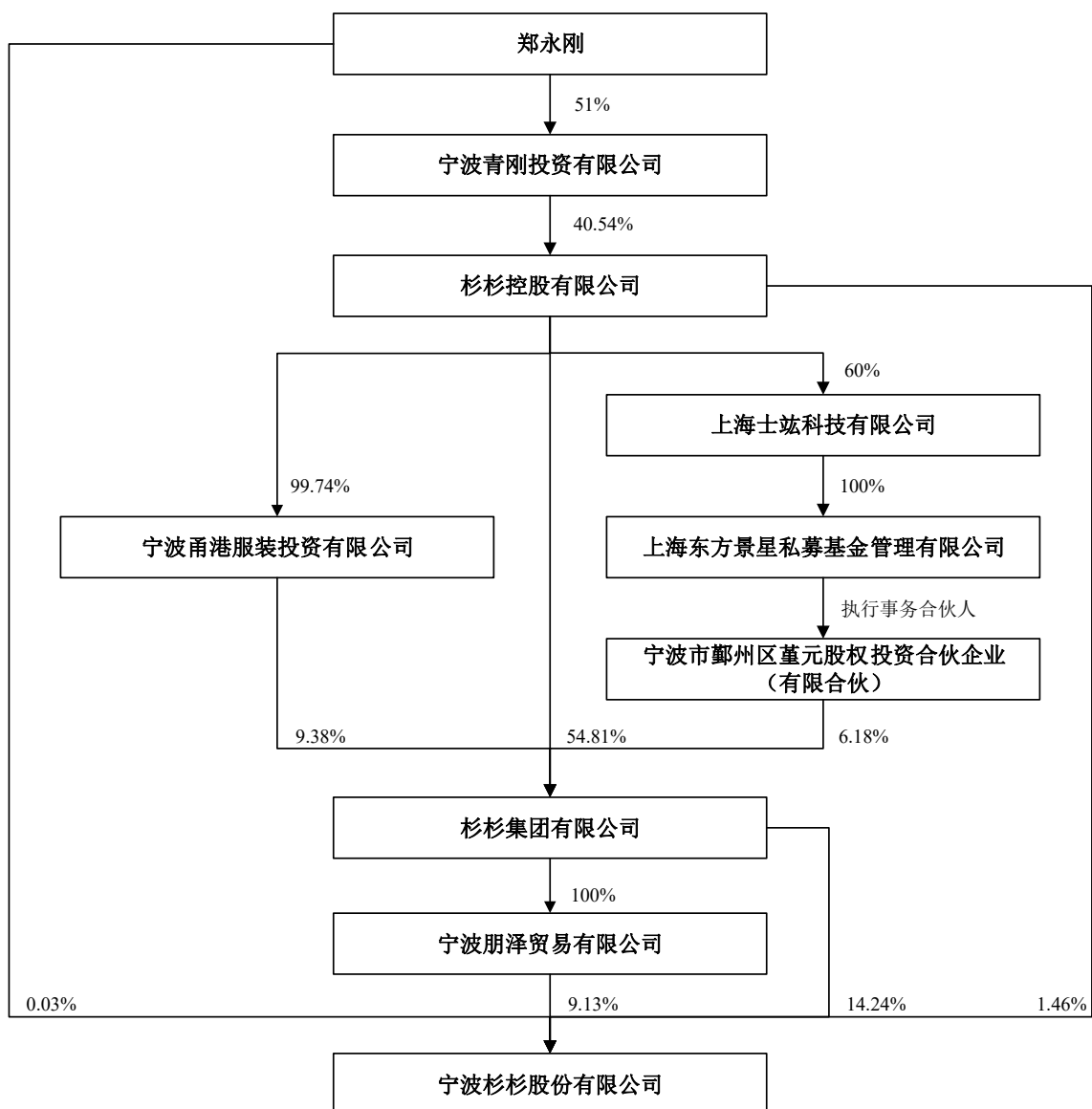
Applicable Not applicable

**4. Explanation on changes in the Company’s control right during the Reporting Period**

Applicable Not applicable

**5. Chart of the ownership and controlling relationships between the Company and the de facto controller**

Applicable Not applicable



郑永刚	Zheng Yonggang
宁波青刚投资有限公司	Ningbo Qinggang Investment Co., Ltd.
杉杉控股有限公司	Shanshan Holdings Co., Ltd.
上海士兹科技有限公司	Shanghai Shihong Technology Co., Ltd.
宁波东方景星私募基金管理有限公司	Ningbo Orient Jingxing Private Equity Fund Management Co., Ltd.
执行事务合伙人	Executive partner
宁波市鄞州区堇元股权投资合伙企业(有限合伙)	Ningbo Yinzhou District Jinyuan Equity Investment Partnership (Limited Partnership)
宁波甬港服装投资有限公司	Ningbo Yonggang Garment Investment Co., Ltd.
杉杉集团有限公司	Shanshan Group Co., Ltd.
宁波朋泽贸易有限公司	Ningbo Pengze Trading Co., Ltd.
宁波杉杉股份有限公司	Ningbo Shanshan Co., Ltd.

Note: The above chart reflects the shareholding status as of 31 December 2025.

**6. The de facto controller controls the Company through trust or other asset management methods**

Applicable Not applicable

**(III) Other Description on Controlling Shareholder and De Facto Controller**

Applicable Not applicable

**1. Determination of the de facto controller**

On 10 February 2023, Mr. Zheng Yonggang, the former de facto controller of the Company, passed away due to illness. The shares and related interests held by him in the Company are intended to be disposed of according to relevant laws and regulations. As of the date of this Report, the Company has not received any legally binding written document or notice confirming the Company's new de facto controller.

**2. Reorganization application against the controlling shareholder**

On 21 January 2025, China Construction Bank Corporation Ningbo Branch, Ningbo Yinzhou Rural Commercial Bank Co., Ltd. Ningchuan Sub-branch, and Industrial Bank Co., Ltd. Ningbo Branch submitted an application to the Yinzhou Court for the reorganization of the Company's controlling shareholder, Shanshan Group Co., Ltd. On 25 February 2025, the Yinzhou Court accepted the reorganization application filed by the relevant applicant(s) against the Company's controlling shareholder, Shanshan Group, and on 20 March 2025 ruled for the substantive consolidation and reorganization of Shanshan Group and its wholly owned subsidiary, Pengze Trading.

On 15 May 2025, the first creditors' meeting was convened in the consolidated bankruptcy reorganization case of Shanshan Group and Pengze Trading, at which eight proposals or reports were mainly heard or considered, including the *Report on Submission to the Creditors' Meeting for Verification of Claims*. The voting period for the *Plan for the Election of the Creditors' Committee*, the *Rules of Procedure of the Creditors' Committee*, the *Plan for the Establishment of the Investor Selection Group*, and the *Plan for Convening and Voting at Creditors' Meetings by Non-on-site Means* expired at 12:00 noon on 19 May 2025, and all were approved.

From 30 May 2025 to 5 June 2025, the second creditors' meeting was convened in the

consolidated bankruptcy reorganization case of Shanshan Group and Pengze Trading, at which the *Announcement on the Recruitment of Intended Investors* was considered and approved. Accordingly, on 9 June 2025, Shanshan Group published on the website of the SSE the *Announcement of Shanshan Group Co., Ltd. on the Public Recruitment of Reorganization Investors for the Substantive Consolidation and Reorganization Case of the Company and Its Wholly Owned Subsidiary*, publicly recruiting reorganization investors in accordance with relevant laws and regulations.

In September 2025, following the selection process, Jiangsu New Yangzi Trading Co., Ltd. (江苏新扬子商贸有限公司), Jiangsu Xinyang Ship Investment Co., Ltd. (江苏新扬船投资有限公司), Xiamen TCL Technology Industry Investment Partnership (Limited Partnership) (厦门TCL科技产业投资合伙企业(有限合伙)), and the Shenzhen Branch of China Orient Asset Management Co., Ltd. were determined as the reorganization investors for Shanshan Group and Pengze Trading. On 29 September 2025, Shanshan Group, Pengze Trading, the administrator, and the consortium formed by the aforementioned reorganization investors entered into the *Reorganization Investment Agreement*.

On 21 October 2025, the third creditors' meeting was convened in the consolidated bankruptcy reorganization case of Shanshan Group and Pengze Trading. The voting period for the proposal *Reorganization Plan (Draft) of Shanshan Group Co., Ltd. and Ningbo Pengze Trading Co., Ltd.* expired at 17:00 on 30 October 2025 and was not approved.

On 7 November 2025, the administrator of Shanshan Group published on the website of the Shanghai Stock Exchange the *Announcement of Shanshan Group Co., Ltd. on the Termination of the Reorganization Investment Agreement in the Substantive Consolidation and Reorganization Case of the Company and Its Wholly Owned Subsidiary and the Continued Recruitment of Intended Investors*, and continued to recruit intended investors.

In February 2026, following selection, the consortium composed of Wanwei Group, Conch Group, and Ningbo Financial Asset was selected, with Wanwei Group and Ningbo Financial Asset acting as the reorganization investors for Shanshan Group and Pengze Trading. On 6 February 2026, Shanshan Group, Pengze Trading, the administrator, and the reorganization investors Wanwei Group and Ningbo Financial Asset entered into the *Reorganization Investment Agreement*.

On 2 March 2026, the fourth creditors' meeting and investors' group meeting were convened in the consolidated bankruptcy reorganization case of Shanshan Group and Pengze Trading. The

voting period for the proposal *Reorganization Plan (Draft) of Shanshan Group Co., Ltd. and Ningbo Pengze Trading Co., Ltd.* (hereinafter referred to as “Reorganization Plan”) expired at 17:00 on 15 April 2026, and the plan was approved by all voting groups.

On 21 April 2026, Yinzhou Court ruled to approve the reorganization plan, and terminate the reorganization proceeding for Shanshan Group and Pengze Trading.

In accordance with the Reorganization Plan, the reorganization investor Wanwei Group will collectively control the voting rights corresponding to 492,276,856 shares of the Company (representing 21.88% of the Company’s total share capital), among which, Wanwei Group directly holds 303,670,737 shares (representing 13.50% of the Company’s total share capital), Shanshan Group and Pengze Trading intend to hold the all voting rights of the remaining 188,606,119 shares in total (representing 8.38% of the Company’s total share capital) in concert with Wanwei Group. Shanshan Group and Pengze Trading will no longer be deemed as acting in concert with Shanshan Holding and Mr. Zheng Yonggang. If the above-mentioned Reorganization Plan is implemented smoothly, there will be a change in control of the Company, with Wanwei Group becoming the new controlling shareholder and the State-owned Assets Supervision and Administration Commission of Anhui Provincial People's Government becoming the new de facto controller.

Following the court's ruling to approve the reorganization plan, the process has entered the execution phase. Shanshan Group and Pengze Trading are responsible for the implementation of the reorganization plan, while the administrator is responsible for supervising its execution. There remains uncertainty as to whether the reorganization plan can be successfully completed. At the same time, Wanwei Group should complete the concentration of undertakings filing, and the outcomes remain uncertain. The Company will continue to monitor the progress of the above matters and will strictly fulfil its information disclosure obligations in a timely manner in accordance with applicable laws, regulations, and normative documents.

For further details, please refer to the relevant announcements published by the Company and Shanshan Group on the website of the SSE.

The Company maintains an independent and complete business structure and possesses the capability to operate autonomously. The Company remains independent from its controlling shareholder in terms of assets, business, and finance. Currently, the reorganization of the controlling shareholder has not had any material or substantive impact on the Company’s day-to-day production

and operations. Going forward, the Company will continue to make every effort to carry out all aspects of its business operations and management to ensure the sound operation of the listed company.

**V. The Cumulative Pledged Shares of the Controlling Shareholder or the Largest Shareholder of the Company and Its Persons Acting in Concert Account for More Than 80% of the Shares Held by the Company**

Applicable Not applicable

Unit: Yuan Currency: RMB

Name of shareholder	Total amount of pledged share financing	Specific purpose	Repayment deadline	Source of repayment funds
Shanshan Group	1,692,848,151.24	Pledge financing; guarantee for repayment of exchangeable corporate bonds; guarantee provided to third parties	25 June 2026, etc.	Subject to the reorganization plan
Shanshan Holdings	45,000,000.00	Guarantee for subsidiary's pledge financing	25 June 2024	Outstanding
	12,000,000.00	Guarantee for subsidiary's pledge financing	21 July 2024	Outstanding
Pengze Trading	997,902,537.66	Pledge financing; guarantee for repayment of exchangeable corporate bonds; guarantee	25 June 2026, etc.	Subject to the reorganization plan

**VI. Other Legal Person Shareholders Holding More Than 10% of the Shares**

Applicable Not applicable

**VII. Explanations on Restrictions on Reduction of Shares**

Applicable Not applicable

**VIII. Specific Implementation of Share Repurchase during the Reporting Period**

Applicable Not applicable

**IX. Information regarding Preference Shares**

Applicable Not applicable

**Section VII Information regarding Bonds**

**I. Corporate Bonds (Including Enterprise Bonds) and Debt Financing Instruments by Non-Financial Enterprises**

Applicable Not applicable

**II. Convertible Corporate Bonds**

Applicable Not applicable

## Section VIII Financial Report

### I. Auditor's Report

√Applicable Not applicable

PCCPAAR [2026] No. 11386

To the Shareholders of Ningbo Shanshan Co., Ltd.:

### I. Audit Opinion

We have audited the financial statements of Ningbo Shanshan Co., Ltd. (the “Company”), which comprise the consolidated and parent company balance sheets as at December 31, 2025, the consolidated and parent company income statements, consolidated and parent company cash flow statements, and consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with China Accounting Standards for Business Enterprises.

### II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Certified Public Accountant's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the “Chinese Certified Public Accountant Independence Standard No. 1 – Independence Requirements for Financial Statement Audit and Review Engagements” and the China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities.

In conducting our audit, we have complied with the independence requirements applicable to audits of public interest entities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III. Key Audit Matters

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

#### (I) Revenue recognition

##### 1. Key audit matters

Please refer to section III (XXVI), V (II) 1 and XV (I) 2 of notes to the financial statements for details.

The Company is mainly engaged in polarizer and lithium battery anode material businesses. In 2025, the operating revenue amounted to 21,587.02 million yuan, of which, 11,426.67 million yuan was from polarizer business, accounting for 52.93%; 10,148.26 million yuan was from lithium battery anode material business, accounting for 47.01%.

As operating revenue is one of the key performance indicators of the Company, there might be inherent risks that the Company's management (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations, we have identified revenue recognition as a key audit matter.

##### 2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

- (1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;
- (2) We checked sales contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;
- (3) We performed analysis procedure on operating revenue by month, product, customer, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason;
- (4) For revenue from domestic sales, we checked supporting documents related to selected items, including sales contracts, orders, sales invoices, outbound delivery orders, delivery receipts, customer statements, etc.; for revenue from overseas sales, we

selected items to check relevant supporting documents including sales contracts, bills of clearance, waybills, sales invoices, etc.;

(5) We performed confirmation procedures on sales amount of selected items in combination with confirmation procedure of accounts receivable;

(6) We performed cut-off tests to check whether the revenue was recognized in the appropriate period;

(7) We obtained sales return records subsequent to the balance sheet date and checked whether there was revenue not eligible for recognition at the balance sheet date; and

(8) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

## (II) Impairment of long-term equity investments

### 1. Key audit matters

Please refer to section III (XXI) and V (I) 9 of notes to the financial statements for details.

As of December 31, 2025, the book balance of long-term equity investments amounted to 6,410.29 million yuan, with provision for impairment of 450.19 million yuan, and the carrying amount of 5,960.09 million yuan.

As the amount of long-term equity investments are significant and impairment test involves significant judgment of the Management, we have identified impairment of goodwill and long-term equity investments as a key audit matter.

### 2. Responsive audit procedures

Our main audit procedures for impairment of long-term equity investments are as follows:

(1) We obtained understandings of key internal controls related to impairment of long-term equity investments, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;

(2) We assessed the reasonableness of the Management's judgment on whether there is indication of impairment on long-term equity investments in combination with the industry status, development prospects, and operating conditions of the investees;

- (3) We assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;
- (4) We assessed the appropriateness of valuation methods and significant assumptions used by the Management in impairment test and the relevance of the selection of comparable listed companies using the market method;
- (5) We tested whether the Management's calculation of equity value of the target company was accurate; and
- (6) We checked whether information related to impairment of long-term equity investments had been presented appropriately in the financial statements.

#### **IV. Other Information**

The Management is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

The Management is responsible for preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises, as well as designing, implementing and maintaining internal control relevant to the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **VI. Certified Public Accountant's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

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

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

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

(IV) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(VI) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain sole responsibility for our audit opinion. We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern that we identify during our audit.

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

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

Pan-China Certified Public Accountants LLP Chinese Certified Public Accountant: Lu Yaping  
(Engagement Partner)

Hangzhou · China

Chinese Certified Public Accountant: Wang Run

Date of Report: April 28, 2026

*The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and financial performance and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*

Ningbo Shanshan Co., Ltd.  
Consolidated balance sheet as at December 31, 2025  
(Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2024
Current assets:			
Cash and bank balances	1	2,619,871,500.01	2,770,648,155.32
Settlement funds			
Loans to other banks			
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable	2	21,459,451.40	
Accounts receivable	3	4,644,323,051.66	5,209,137,732.79
Receivables financing	4	59,573,414.23	42,218,961.77
Advances paid	5	1,040,335,342.26	1,285,909,859.83
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance reserve receivable			
Other receivables	6	256,596,284.03	1,097,253,963.21
Financial assets under reverse repo			
Inventories	7	7,063,833,924.71	5,975,613,109.65
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	8	664,898,004.72	883,046,379.81
Total current assets		16,370,890,973.02	17,263,828,162.38
Non-current assets:			
Loans and advances			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	9	5,960,091,643.44	6,316,406,745.05
Other equity instrument investments	10	100,376,840.46	126,486,318.53
Other non-current financial assets	11	217,684,588.93	237,037,307.86
Investment property			
Fixed assets	12	16,958,817,568.44	14,256,097,096.93
Construction in progress	13	969,707,106.39	3,789,117,779.51
Productive biological assets			
Oil & gas assets			
Right-of-use assets	14	819,700,416.38	1,138,539,755.86
Intangible assets	15	2,306,619,474.53	1,884,619,658.23
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill	16	1,133,835,512.95	828,320,718.55
Long-term prepayments	17	44,194,556.79	73,684,563.51
Deferred tax assets	18	241,557,541.29	278,647,868.69
Other non-current assets	19	12,502,935.99	15,196,329.49
Total non-current assets		28,765,088,185.59	28,944,154,142.21
Total assets		45,135,979,158.61	46,207,982,304.59

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.  
 Consolidated balance sheet as at December 31, 2025 (continued)  
 (Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2024
Current liabilities:			
Short-term borrowings	21	5,503,635,800.93	5,627,645,926.84
Central bank loans			
Loans from other banks			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	22	246,138,749.68	190,995,331.81
Accounts payable	23	4,173,855,838.10	4,524,023,879.56
Advances received	24	188,984.47	1,827,784.11
Contract liabilities	25	57,709,480.71	32,640,936.49
Financial liabilities under repo			
Absorbing deposit and interbank deposit			
Deposits for agency security transaction			
Deposits for agency security underwriting			
Employee benefits payable	26	176,053,443.07	121,959,994.92
Taxes and rates payable	27	108,245,043.78	240,634,882.88
Other payables	28	295,083,683.50	439,067,901.48
Handling fees and commissions payable			
Reinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	29	4,673,139,291.05	2,796,533,361.27
Other current liabilities	30	6,928,404.27	3,391,582.34
Total current liabilities		15,240,978,719.56	13,978,721,581.70
Non-current liabilities:			
Insurance policy reserve			
Long-term borrowings	31	5,268,385,599.43	7,804,461,602.92
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	32	718,744,121.76	742,150,463.93
Long-term payables	33	17,045,742.96	235,291,929.72
Long-term employee benefits payable			
Provisions	34	41,259,522.64	36,047,544.20
Deferred income	35	551,383,123.13	484,764,556.10
Deferred tax liabilities	18	323,996,613.64	392,057,243.31
Other non-current liabilities			
Total non-current liabilities		6,920,814,723.56	9,694,773,340.18
Total liabilities		22,161,793,443.12	23,673,494,921.88
Equity:			
Share capital	36	2,249,412,863.00	2,253,396,168.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	37	8,784,900,909.01	9,014,799,973.78
Less: Treasury shares	38	1,413,658,051.37	1,469,285,164.43
Other comprehensive income	39	-223,049,904.16	-233,336,549.38
Special reserve	40		10,880.60
Surplus reserve	41	292,801,918.55	292,801,918.55
General risk reserve			
Undistributed profit	42	12,270,427,193.56	11,723,056,845.38
Total equity attributable to the parent company		21,960,834,928.59	21,581,444,072.50
Non-controlling interest		1,013,350,786.90	953,043,310.21
Total equity		22,974,185,715.49	22,534,487,382.71
Total liabilities & equity		45,135,979,158.61	46,207,982,304.59

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.  
 Parent company balance sheet as at December 31, 2025  
 (Expressed in Renminbi Yuan)

Assets	Note No.	Closing balance	December 31, 2024
Current assets:			
Cash and bank balances		215,340,705.96	831,626,951.71
Held-for-trading financial assets			
Derivative financial assets			
Notes receivable		6,553,099.78	
Accounts receivable	1	1,124,004.36	6,562,671.54
Receivables financing			
Advances paid		672,559.47	3,290,290.50
Other receivables	2	2,764,442,706.58	2,756,065,020.15
Inventories			
Including: Data resources			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		8,720,585.48	
Total current assets		2,996,853,661.63	3,597,544,933.90
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	3	13,322,237,751.18	14,550,062,601.02
Other equity instrument investments		8,184,066.66	36,550,000.00
Other non-current financial assets			
Investment property			
Fixed assets		70,244,131.96	75,657,622.25
Construction in progress			
Productive biological assets			
Oil & gas assets			
Right-of-use assets			4,407,024.23
Intangible assets		2,087,810.43	2,582,756.47
Including: Data resources			
Development expenditures			
Including: Data resources			
Goodwill			
Long-term prepayments		1,433,466.06	1,884,051.27
Deferred tax assets		34,483,597.08	36,596,330.46
Other non-current assets			
Total non-current assets		13,438,670,823.37	14,707,740,385.70
Total assets		16,435,524,485.00	18,305,285,319.60

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.  
 Parent company balance sheet as at December 31, 2025 (continued)  
 (Expressed in Renminbi Yuan)

Liabilities & Equity	Note No.	Closing balance	December 31, 2024
Current liabilities:			
Short-term borrowings		2,367,298,336.10	2,394,317,883.32
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		15,107,207.61	57,204,142.08
Advances received		188,983.66	1,828,953.58
Contract liabilities			
Employee benefits payable		7,254,843.20	4,874,237.69
Taxes and rates payable		1,350,000.99	117,753,902.35
Other payables		1,640,067,665.20	1,533,804,279.28
Liabilities held for sale			
Non-current liabilities due within one year		2,464,579,709.31	1,547,718,353.54
Other current liabilities			
Total current liabilities		6,495,846,746.07	5,657,501,751.84
Non-current liabilities:			
Long-term borrowings		840,742,927.77	2,100,200,000.00
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions		3,000,000.00	3,000,000.00
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		843,742,927.77	2,103,200,000.00
Total liabilities		7,339,589,673.84	7,760,701,751.84
Equity:			
Share capital		2,249,412,863.00	2,253,396,168.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		7,437,635,686.69	7,667,534,751.46
Less: Treasury shares		1,413,658,051.37	1,469,285,164.43
Other comprehensive income		-553,829.54	14,445,120.76
Special reserve			
Surplus reserve		294,927,373.13	294,927,373.13
Undistributed profit		528,170,769.25	1,783,565,318.84
Total equity		9,095,934,811.16	10,544,583,567.76
Total liabilities & equity		16,435,524,485.00	18,305,285,319.60

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.  
Consolidated income statement for the year ended December 31, 2025  
(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Total operating revenue		21,587,015,199.83	18,679,729,021.40
Including: Operating revenue	1	21,587,015,199.83	18,679,729,021.40
Interest income			
Premiums earned			
Revenue from handling fees and commissions			
II. Total operating cost		20,675,811,190.08	18,581,442,611.07
Including: Operating cost	1	17,858,034,441.31	15,998,865,492.53
Interest expenses			
Handling fees and commissions			
Surrender value			
Net payment of insurance claims			
Net provision of insurance policy reserve			
Premium bonus expenditures			
Reinsurance expenses			
Taxes and surcharges	2	148,364,579.67	116,873,393.98
Selling expenses	3	272,696,434.57	244,079,808.05
Administrative expenses	4	570,214,681.35	663,823,128.02
R&D expenses	5	1,201,573,789.26	1,036,996,234.72
Financial expenses	6	624,927,263.92	520,804,553.77
Including: Interest expenses	6	595,205,330.31	573,783,400.78
Interest income	6	32,968,746.93	68,395,411.82
Add: Other income	7	228,011,034.07	276,941,688.38
Investment income (or less: losses)	8	-116,735,387.86	-559,093,421.00
Including: Investment income from associates and joint ventures	8	-119,410,987.86	-505,592,763.50
Gains from derecognition of financial assets at amortized cost			
Gains on foreign exchange (or less: losses)			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)	9	-18,581,000.00	-7,980,334.68
Credit impairment loss	10	-34,452,531.88	-74,376,805.92
Assets impairment loss	11	-354,606,335.51	-361,239,853.22
Gains on asset disposal (or less: losses)	12	3,581,810.51	396,365,363.16
III. Operating profit (or less: losses)		618,421,599.08	-231,096,952.95
Add: Non-operating revenue	13	7,685,721.87	10,415,951.87
Less: Non-operating expenditures	14	7,962,708.92	53,606,188.28
IV. Profit before tax (or less: total loss)		618,144,612.03	-274,287,189.36
Less: Income tax expenses	15	99,918,620.13	45,437,902.58
V. Net profit (or less: net loss)		518,225,991.90	-319,725,091.94
(I) Categorized by the continuity of operations			
1. Net profit from continuing operations (or less: net loss)		518,225,991.90	-319,725,091.94
2. Net profit from discontinued operations (or less: net loss)			
(II) Categorized by the portion of equity ownership			
1. Net profit attributable to owners of parent company (or less: net loss)		457,916,266.13	-367,136,028.73
2. Net profit attributable to non-controlling shareholders (or less: net loss)		60,309,725.77	47,410,936.79
VI. Other comprehensive income after tax		99,738,478.19	269,999,128.83
Items attributable to the owners of the parent company		99,740,727.27	270,000,641.32
(I) Not to be reclassified subsequently to profit or loss		101,740,683.47	298,987,113.87
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss		1,011,164.46	-3,350,304.38
3. Changes in fair value of other equity instrument investments		100,729,519.01	318,921,789.69
4. Changes in fair value of own credit risk			
5. Others			-16,584,371.44
(II) To be reclassified subsequently to profit or loss		-1,999,956.20	-28,986,472.55
1. Items under equity method that may be reclassified to profit or loss		-4,810,997.69	7,712,933.26
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve		2,811,041.49	-36,699,405.81
7. Others			
Items attributable to non-controlling shareholders		-2,249.08	-1,512.49
VII. Total comprehensive income		617,964,470.09	-49,725,963.11
Items attributable to the owners of the parent company		557,656,993.40	-97,135,387.41
Items attributable to non-controlling shareholders		60,307,476.69	47,409,424.30
VIII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)		0.21	-0.17
(II) Diluted EPS (yuan per share)		0.21	-0.17

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

Ningbo Shanshan Co., Ltd.  
 Parent company income statement for the year ended December 31, 2025  
 (Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
I. Operating revenue	1	59,321,165.69	50,385,211.97
Less: Operating cost	1	2,402,057.53	13,880,797.50
Taxes and surcharges		1,654,007.86	8,052,084.60
Selling expenses		1,275,157.30	1,523,585.01
Administrative expenses		86,139,164.93	145,897,830.35
R&D expenses			
Financial expenses		191,915,198.03	224,080,907.34
Including: Interest expenses		184,854,367.91	230,500,215.97
Interest income		755,432.11	14,123,504.64
Add: Other income		1,392,567.13	2,303,329.51
Investment income (or less: losses)	2	32,401,155.60	-531,430,355.73
Including: Investment income from associates and joint ventures		-25,048,087.28	-248,134,925.64
Gains from derecognition of financial assets at amortized cost			
Gains on net exposure to hedging risk (or less: losses)			
Gains on changes in fair value (or less: losses)			
Credit impairment loss		-47,816,166.36	176,355,085.09
Assets impairment loss		-1,017,226,258.13	
Gains on asset disposal (or less: losses)		-382,119.21	409,882,495.95
II. Operating profit (or less: losses)		-1,255,695,240.93	-285,939,438.01
Add: Non-operating revenue		1,278,631.38	282,893.59
Less: Non-operating expenditures		269,743.90	16,915,438.23
III. Profit before tax (or less: total loss)		-1,254,686,353.45	-302,571,982.65
Less: Income tax expenses		2,112,733.38	3,067,518.98
IV. Net profit (or less: net loss)		-1,256,799,086.83	-305,639,501.63
(I) Net profit from continuing operations (or less: net loss)		-1,256,799,086.83	-305,639,501.63
(II) Net profit from discontinued operations (or less: net loss)			
V. Other comprehensive income after tax		-13,594,413.06	-12,221,742.56
(I) Not to be reclassified subsequently to profit or loss		-7,354,768.88	-19,934,675.82
1. Remeasurements of the net defined benefit plan			
2. Items under equity method that will not be reclassified to profit or loss		1,011,164.46	-3,350,304.38
3. Changes in fair value of other equity instrument investments		-8,365,933.34	
4. Changes in fair value of own credit risk			
5. Others			-16,584,371.44
(II) To be reclassified subsequently to profit or loss		-6,239,644.18	7,712,933.26
1. Items under equity method that may be reclassified to profit or loss		-6,239,644.18	7,712,933.26
2. Changes in fair value of other debt investments			
3. Profit or loss from reclassification of financial assets into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedging reserve			
6. Translation reserve			
7. Others			
VI. Total comprehensive income		-1,270,393,499.89	-317,861,244.19
VII. Earnings per share (EPS):			
(I) Basic EPS (yuan per share)			
(II) Diluted EPS (yuan per share)			

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

## Ningbo Shanshan Co., Ltd.

## Consolidated cash flow statement for the year ended December 31, 2025

(Expressed in Renminbi Yuan)

Items	Note No.	Current period cumulative	Preceding period comparative
<b>I. Cash flows from operating activities:</b>			
Cash receipts from sale of goods or rendering of services		20,388,645,235.66	18,522,018,993.65
Net increase of client deposit and interbank deposit			
Net increase of central bank loans			
Net increase of loans from other financial institutions			
Cash receipts from original insurance contract premium			
Net cash receipts from reinsurance			
Net increase of policy-holder deposit and investment			
Cash receipts from interest, handling fees and commissions			
Net increase of loans from others			
Net increase of repurchase			
Net cash receipts from agency security transaction			
Receipts of tax refund		200,313,884.76	569,002,906.02
Other cash receipts related to operating activities	1 (1)	434,638,802.10	440,578,518.23
Subtotal of cash inflows from operating activities		21,023,597,922.52	19,531,600,417.90
Cash payments for goods purchased and services received		16,382,477,567.81	15,335,889,076.41
Net increase of loans and advances to clients			
Net increase of central bank deposit and interbank deposit			
Cash payments for insurance indemnities of original insurance contracts			
Net increase of loans to others			
Cash payments for interest, handling fees and commissions			
Cash payments for policy bonus			
Cash paid to and on behalf of employees		1,401,777,857.09	1,312,483,573.31
Cash payments for taxes and rates		562,452,456.84	449,333,073.21
Other cash payments related to operating activities	1 (2)	417,803,610.66	573,677,520.40
Subtotal of cash outflows from operating activities		18,764,511,492.40	17,671,383,243.33
Net cash flows from operating activities		2,259,086,430.12	1,860,217,174.57
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdrawal of investments		107,488,661.93	1,002,684,085.92
Cash receipts from investment income		75,937,657.94	14,609,836.75
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets		151,773,711.66	709,957,565.46
Net cash receipts from the disposal of subsidiaries & other business units		13,199,710.43	143,472,950.00
Other cash receipts related to investing activities	1 (3)	652,360,426.28	935,849,490.41
Subtotal of cash inflows from investing activities		1,000,760,168.24	2,806,573,928.54
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets		1,569,012,873.85	3,825,802,840.76
Cash payments for investments			681,967,358.85
Net increase of pledged borrowings			
Net cash payments for the acquisition of subsidiaries & other business units			
Other cash payments related to investing activities	1 (4)		163,538,850.00
Subtotal of cash outflows from investing activities		1,569,012,873.85	4,671,309,049.61
Net cash flows from investing activities		-568,252,705.61	-1,864,735,121.07
<b>III. Cash flows from financing activities:</b>			
Cash receipts from absorbing investments			38,969,532.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments			38,969,532.00
Cash receipts from borrowings		9,342,993,461.94	12,530,551,228.43
Other cash receipts related to financing activities	1 (5)	50,000,000.00	445,590,286.87
Subtotal of cash inflows from financing activities		9,392,993,461.94	13,015,111,047.30
Cash payments for the repayment of borrowings		10,184,940,697.45	12,903,070,863.50
Cash payments for distribution of dividends or profits and for interest expenses		537,869,760.38	1,034,129,555.04
Including: Cash paid by subsidiaries to non-controlling shareholders as dividend or profit			
Other cash payments related to financing activities	1 (6)	501,590,928.34	1,251,925,660.59
Subtotal of cash outflows from financing activities		11,224,401,386.17	15,189,126,079.13
Net cash flows from financing activities		-1,831,407,924.23	-2,174,015,031.83
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
		-15,677,478.39	-14,860,461.49
<b>V. Net increase in cash and cash equivalents</b>			
		-156,251,678.11	-2,193,393,439.82
Add: Opening balance of cash and cash equivalents		1,831,148,236.87	4,024,541,676.69
<b>VI. Closing balance of cash and cash equivalents</b>			
		1,674,896,558.76	1,831,148,236.87

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

**Ningbo Shanshan Co., Ltd.**  
**Parent company cash flow statement for the year ended December 31, 2025**  
*(Expressed in Renminbi Yuan)*

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	12,988,846.94	43,144,031.33
Receipts of tax refund		
Other cash receipts related to operating activities	16,459,794.11	3,679,208,891.97
Subtotal of cash inflows from operating activities	29,448,641.05	3,722,352,923.30
Cash payments for goods purchased and services received	853,695.68	2,586,639.28
Cash paid to and on behalf of employees	27,708,580.13	37,484,713.36
Cash payments for taxes and rates	8,088,006.52	34,253,692.84
Other cash payments related to operating activities	166,772,679.62	2,665,666,731.53
Subtotal of cash outflows from operating activities	203,422,961.95	2,739,991,777.01
Net cash flows from operating activities	-173,974,320.90	982,361,146.29
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	20,000,000.00	
Cash receipts from investment income	2,066,768.00	2,566,768.00
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	58,846,910.43	695,120,698.76
Net cash receipts from the disposal of subsidiaries & other business units	13,199,710.43	53,472,950.00
Other cash receipts related to investing activities	4,197,211,466.28	612,507,287.67
Subtotal of cash inflows from investing activities	4,291,324,855.14	1,363,667,704.43
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	1,641,799.11	603,522,208.92
Cash payments for investments		10,000,000.00
Net cash payments for the acquisition of subsidiaries & other business units		
Other cash payments related to investing activities	4,188,581,100.00	15,000,000.00
Subtotal of cash outflows from investing activities	4,190,222,899.11	628,522,208.92
Net cash flows from investing activities	101,101,956.03	735,145,495.51
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		
Cash receipts from borrowings	2,594,500,000.00	3,916,000,000.00
Other cash receipts related to financing activities	123,359,930.57	71,982,000.23
Subtotal of cash inflows from financing activities	2,717,859,930.57	3,987,982,000.23
Cash payments for the repayment of borrowings	2,923,700,000.00	4,284,940,000.00
Cash payments for distribution of dividends or profits and for interest expenses	212,124,702.29	658,478,399.02
Other cash payments related to financing activities	111,059,784.94	738,445,996.73
Subtotal of cash outflows from financing activities	3,246,884,487.23	5,681,864,395.75
Net cash flows from financing activities	-529,024,556.66	-1,693,882,395.52
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-155,840.76	99,145.15
V. Net increase in cash and cash equivalents	-602,052,762.29	23,723,391.43
Add: Opening balance of cash and cash equivalents	758,267,021.14	734,543,629.71
VI. Closing balance of cash and cash equivalents	156,214,258.85	758,267,021.14

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

## Ningbo Shanshan Co., Ltd.

## Consolidated statement of changes in equity for the year ended December 31, 2025

(Expressed in Renminbi Yuan)

Items	Current period cumulative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	2,253,396,168.00				9,014,799,973.78	1,469,285,164.43	-233,336,549.38	10,880.60	292,801,918.55		11,723,056,845.38	953,043,310.21	22,534,487,382.71
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	2,253,396,168.00				9,014,799,973.78	1,469,285,164.43	-233,336,549.38	10,880.60	292,801,918.55		11,723,056,845.38	953,043,310.21	22,534,487,382.71
III. Current period increase (or less: decrease)	-3,983,305.00				-229,899,064.77	-55,627,113.06	10,286,645.22	-10,880.60			547,370,348.18	60,307,476.69	439,698,332.78
(I) Total comprehensive income							99,740,727.27				457,916,266.13	60,307,476.69	617,964,470.09
(II) Capital contributed or withdrawn by owners	-3,983,305.00				-104,952,511.58	-55,627,113.06							-53,308,703.52
1. Ordinary shares contributed by owners													
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity					-53,308,703.52								-53,308,703.52
4. Others	-3,983,305.00				-51,643,808.06	-55,627,113.06							0.00
(III) Profit distribution													
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners													
4. Others													
(IV) Internal carry-over within equity							-89,454,082.05				89,454,082.05		
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings							-89,454,082.05				89,454,082.05		
6. Others													
(V) Special reserve								-10,880.60					-10,880.60
1. Current period appropriation													
2. Current period use								-10,880.60					-10,880.60
(VI) Others					-124,946,553.19								-124,946,553.19
IV. Balance at the end of current period	2,249,412,863.00				8,784,900,909.01	1,413,658,051.37	-223,049,904.16	-0.00	292,801,918.55		12,270,427,193.56	1,013,350,786.90	22,974,185,715.49

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

## Ningbo Shanshan Co., Ltd.

## Consolidated statement of changes in equity for the year ended December 31, 2025 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative												
	Equity attributable to parent company											Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
	Preferred shares	Perpetual bonds	Others										
I. Balance at the end of prior year	2,258,223,223.00				9,073,484,147.89	981,321,182.46	-77,894,085.74	1,724,238.27	292,801,918.55		12,102,150,807.75	923,686,616.30	23,592,855,683.56
Add: Cumulative changes of accounting policies													
Error correction of prior period													
Business combination under common control													
Others													
II. Balance at the beginning of current year	2,258,223,223.00				9,073,484,147.89	981,321,182.46	-77,894,085.74	1,724,238.27	292,801,918.55		12,102,150,807.75	923,686,616.30	23,592,855,683.56
III. Current period increase (or less: decrease)	-4,827,055.00				-58,684,174.11	487,963,981.97	-155,442,463.64	-1,713,357.67			-379,093,962.37	29,356,693.91	-1,058,368,300.85
(I) Total comprehensive income							270,000,641.32				-367,136,028.73	47,409,424.30	-49,725,963.11
(II) Capital contributed or withdrawn by owners	-4,827,055.00				-58,684,174.11	487,963,981.97						-18,051,217.90	-569,526,428.98
1. Ordinary shares contributed by owners					20,717,834.00	554,293,989.97						-16,072,959.52	-549,649,115.49
2. Capital contributed by holders of other equity instruments													
3. Amount of share-based payment included in equity					-23,661,552.95							-1,978,258.38	-25,639,811.33
4. Others	-4,827,055.00				-55,740,455.16	-66,330,008.00							5,762,497.84
(III) Profit distribution											-437,401,038.60		-437,401,038.60
1. Appropriation of surplus reserve													
2. Appropriation of general risk reserve													
3. Appropriation of profit to owners											-437,401,038.60		-437,401,038.60
4. Others													
(IV) Internal carry-over within equity							-425,443,104.96				425,443,104.96		
1. Transfer of capital reserve to capital													
2. Transfer of surplus reserve to capital													
3. Surplus reserve to cover losses													
4. Changes in defined benefit plan carried over to retained earnings													
5. Other comprehensive income carried over to retained earnings							-425,443,104.96				425,443,104.96		
6. Others													
(V) Special reserve								-1,713,357.67				-1,512.49	-1,714,870.16
1. Current period appropriation								10,880.60					10,880.60
2. Current period use								-1,724,238.27				-1,512.49	-1,725,750.76
(VI) Others													
IV. Balance at the end of current period	2,253,396,168.00				9,014,799,973.78	1,469,285,164.43	-233,336,549.38	10,880.60	292,801,918.55		11,723,056,845.38	953,043,310.21	22,534,487,382.71

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

## Ningbo Shanshan Co., Ltd.

## Parent company statement of changes in equity for the year ended December 31, 2025

(Expressed in Renminbi Yuan)

Items	Current period cumulative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	2,253,396,168.00				7,667,534,751.46	1,469,285,164.43	14,445,120.76		294,927,373.13	1,783,565,318.84	10,544,583,567.76
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	2,253,396,168.00				7,667,534,751.46	1,469,285,164.43	14,445,120.76		294,927,373.13	1,783,565,318.84	10,544,583,567.76
III. Current period increase (or less: decrease)	-3,983,305.00				-229,899,064.77	-55,627,113.06	-14,998,950.30			-1,255,394,549.59	-1,448,648,756.60
(I) Total comprehensive income							-13,594,413.06			-1,256,799,086.83	-1,270,393,499.89
(II) Capital contributed or withdrawn by owners	-3,983,305.00				-104,952,511.58	-55,627,113.06					-53,308,703.52
1. Ordinary shares contributed by owners											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity					-53,308,703.52						-53,308,703.52
4. Others	-3,983,305.00				-51,643,808.06	-55,627,113.06					0.00
(III) Profit distribution											
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners											
3. Others											
(IV) Internal carry-over within equity							-1,404,537.24			1,404,537.24	
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings							-1,404,537.24			1,404,537.24	
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others					-124,946,553.19						-124,946,553.19
IV. Balance at the end of current period	2,249,412,863.00				7,437,635,686.69	1,413,658,051.37	-553,829.54		294,927,373.13	528,170,769.25	9,095,934,811.16

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

## Ningbo Shanshan Co., Ltd.

## Parent company statement of changes in equity for the year ended December 31, 2025 (continued)

(Expressed in Renminbi Yuan)

Items	Preceding period comparative										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total equity
		Preferred shares	Perpetual bonds	Others							
I. Balance at the end of prior year	2,258,223,223.00				7,745,144,150.74	981,321,182.46	-5,337,173.48		294,927,373.13	2,558,609,895.87	11,870,246,286.80
Add: Cumulative changes of accounting policies											
Error correction of prior period											
Others											
II. Balance at the beginning of current year	2,258,223,223.00				7,745,144,150.74	981,321,182.46	-5,337,173.48		294,927,373.13	2,558,609,895.87	11,870,246,286.80
III. Current period increase (or less: decrease)	-4,827,055.00				-77,609,399.28	487,963,981.97	19,782,294.24			-775,044,577.03	-1,325,662,719.04
(I) Total comprehensive income							-12,221,742.56			-305,639,501.63	-317,861,244.19
(II) Capital contributed or withdrawn by owners	-4,827,055.00				-77,609,399.28	487,963,981.97					-570,400,436.25
1. Ordinary shares contributed by owners						554,293,989.97					-554,293,989.97
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payment included in equity											
4. Others	-4,827,055.00				-77,609,399.28	-66,330,008.00					-16,106,446.28
(III) Profit distribution										-437,401,038.60	-437,401,038.60
1. Appropriation of surplus reserve											
2. Appropriation of profit to owners										-437,401,038.60	-437,401,038.60
3. Others											
(IV) Internal carry-over within equity							32,004,036.80			-32,004,036.80	
1. Transfer of capital reserve to capital											
2. Transfer of surplus reserve to capital											
3. Surplus reserve to cover losses											
4. Changes in defined benefit plan carried over to retained earnings											
5. Other comprehensive income carried over to retained earnings							32,004,036.80			-32,004,036.80	
6. Others											
(V) Special reserve											
1. Current period appropriation											
2. Current period use											
(VI) Others											
IV. Balance at the end of current period	2,253,396,168.00				7,667,534,751.46	1,469,285,164.43	14,445,120.76		294,927,373.13	1,783,565,318.84	10,544,583,567.76

Legal representative: Ting Zhou

Officer in charge of accounting: Keqin Li

Head of accounting department: Lie Xu

## **Ningbo Shanshan Co., Ltd.**

### **Notes to Financial Statements**

For the year ended December 31, 2025

Monetary unit: RMB Yuan

#### **I. Company profile**

Ningbo Shanshan Co., Ltd. (the “Company”), under the approval of Ningbo Economic System Reform Office, was registered at Ningbo Administration for Market Regulation on December 14, 1992. Headquartered in Ningbo City, Zhejiang Province, the Company currently holds a corporate business license with unified social credit code of 91330200704803055M, with registered capital of 2,253.40 million yuan, total share of 2,249,412,863 shares (each with par value of one yuan), of which, 414,303,117 shares are restricted outstanding A shares, and 1,835,109,746 shares are unrestricted outstanding A shares. The Company’s shares were listed on the Shanghai Stock Exchange in January 1996.

The Company belongs to computer, communication and other electronic equipment manufacturing industry and is mainly engaged in R&D, production and sales of anode materials and polarizers.

The financial statements were approved and authorized for issue by the 23<sup>rd</sup> meeting of the 11<sup>th</sup> session of the Board of Directors dated April 28, 2026.

#### **II. Preparation basis of the financial statements**

##### **(I) Preparation basis**

The financial statements have been prepared on the basis of going concern.

##### **(II) Assessment of the ability to continue as a going concern**

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the balance sheet date.

#### **III. Significant accounting policies and estimates**

Important note: The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, inventories, depreciation of fixed assets, construction in progress, intangible assets, revenue recognition, etc., based on the Company’s actual production and operation features.

##### **(I) Statement of compliance**

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

## (II) Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

## (III) Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

## (IV) Functional currency

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB) Yuan, while the functional currency of subsidiaries engaged in overseas operations is the currency of the primary economic environment in which they operate.

## (V) Determination method and basis for selection of materiality

The Company prepares and discloses financial statements in compliance with the principle of materiality. The items disclosed in notes to the financial statements involving materiality judgements, determination method and basis for selection of materiality are as follows:

Disclosed items involving materiality judgements	Determination method and basis for selection of materiality
Significant receivables with provision for bad debts made on an individual basis	With individual balance exceeding 5.00 million yuan and with individual provision exceeding 10% of total provisions for bad debts of receivables
Significant receivables written off	With individual balance exceeding 5.00 million yuan and with individual amount written off exceeding 10% of total receivables
Significant construction in progress	With individual project budget exceeding 0.5% of total assets
Significant joint ventures and associates	With carrying amount of individual long-term investment exceeding 3% of the group's total assets
Significant subsidiaries, not wholly-owned subsidiaries	With net assets exceeding 5% of the group's net assets or with net profit exceeding 10% of the group's net profit
Significant cash flows from investing activities	With individual balance exceeding 10% of total assets

## (VI) Accounting treatments of business combination under and not under common control

## 1. Accounting treatment of business combination under common control

Assets and liabilities (including goodwill generated due to the ultimate controlling party's acquisition of the combined party) arising from business combination are measured based on carrying amount of assets and liabilities of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the net assets acquired and that of the combination consideration (or total par value of shares issued) is adjusted to capital reserve (capital premium), if the balance of capital reserve (capital premium) is insufficient to offset, any excess is adjusted to retained earnings.

## 2. Accounting treatment of business combination not under common control

The combination cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control of the acquiree on the acquisition date. When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree, the excess is recognized as goodwill; otherwise, the difference is recognized in profit or loss. All acquired identifiable assets, liabilities and contingent liabilities of the acquiree which are eligible for recognition are measured at fair value on the acquisition date.

Related direct costs incurred for a business combination are recognized in profit or loss when incurred; transaction costs of equity or debt securities issued for a business combination are included in the initial recognition amount of the equity or debt securities.

(VII) Judgement criteria for control and compilation method of consolidated financial statements

#### 1. Judgement of control

The consolidation scope of the consolidated financial statements is determined on the basis of control and includes the Company and all its subsidiaries. An investor controls an investee if and only if the investor has all the following: (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the investor's returns.

#### 2. Compilation method of consolidated financial statements

The Company regards the entire group as an accounting entity and prepares the consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position and financial performance and cash flows of the group. The impact of internal transactions between the Company and its subsidiaries and of internal transactions between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, the losses shall be fully recognized. If the accounting policies and accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made in accordance with the accounting policies and accounting periods of the Company when preparing consolidated financial statements.

The equity, net profit or loss and the current comprehensive income of subsidiaries attributable to non-controlling shareholders shall be separately listed under the equity item in the consolidated balance sheet, under the net profit item in the consolidated income statement and under the total comprehensive income item. The non-controlling interest shall be offset by the excess of current loss shared by the non-controlling shareholders of the subsidiary over the opening balance of non-controlling interest.

#### (1) Obtaining of subsidiaries or businesses

During the reporting period, if a subsidiary or business is obtained through business combination under common control, the financial performance and cash flows of the subsidiary or business from the beginning of the current period to the end of the reporting period will be included in the

consolidated financial statements, and the opening balance of the consolidated financial statements and the relevant items of the comparative statements will be adjusted accordingly as if the consolidated reporting entity had been in existence since the point when the ultimate controlling party began to control it.

If the investee under common control can be controlled due to additional investment or other reasons, the equity investment held before the acquisition of control of the combined party, and the relevant profit or loss, other comprehensive income and other changes in net assets that have been recognized from the later of: 1) the date when the original equity is acquired; and 2) the date when the combining party and the combined party are under common control to the combination date shall be offset against the opening balance of retained earnings or profit or loss for the period of comparative statement, respectively.

During the reporting period, if a subsidiary or a business is obtained through business combination not under common control, it shall be included into the consolidated financial statements from the date of acquisition based on the fair value of each identifiable asset, liability and contingent liability determined at the date of acquisition.

If the Company is able to exercise control over an investee not under common control due to additional investment or other reasons, the equity of the acquiree held before the acquisition date shall be remeasured at the fair value of the equity on the acquisition date, with the difference between the fair value and its carrying amount shall be included in the current investment income. Other comprehensive income related to the equity of the acquiree held before the acquisition date that can be reclassified subsequently to profit or loss and other changes in equity under the equity method shall be transferred to the current investment income of the acquisition date.

## (2) Disposal of subsidiaries

### 1) General treatment method

When the control over the investee is lost due to the disposal of part of the equity investment or other reasons, the remaining equity investment after the disposal shall be remeasured at its fair value on the date of loss of control. The difference between the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity and the sum of the goodwill and the originally proportionate share in the net assets of the original subsidiary calculated continuously from the date of acquisition or merger, shall be included in the investment income of the period when the control is lost. Other comprehensive income related to the equity investment of the original subsidiary that can be subsequently reclassified into profit or loss, and other changes in equity under the equity method, shall be transferred into investment income of the current period when the control is lost.

## 2) Disposal of a subsidiary in stages

For disposal of a subsidiary in stages resulting in the Company's loss of control, if the terms, conditions and economic effect of each transaction meet one or more of the following conditions, these transactions are usually considered as a "bundled transaction":

- a. these transactions are entered into at the same time or in contemplation of each other;
  - b. these transactions form a single transaction designed to achieve an overall commercial effect;
  - c. the occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- and
- d. one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

If it is a "bundled transaction", stages as a whole are considered as one transaction in accounting treatment; the difference between the disposal consideration and the share of the net assets of the subsidiary corresponding to the disposal investment before losing control shall be recognized as other comprehensive income in the consolidated financial statements and transferred to the profit or loss of the period when control is lost.

If it is not a "bundled transaction", before losing control, it shall be accounted for as a partial disposal of the equity investment in the subsidiary without losing control; when losing control, it shall be accounted for in accordance with the general treatment method for disposing of subsidiaries.

## (3) Acquisition of non-controlling interest

The difference between the long-term equity investment newly acquired due to the acquisition of non-controlling interest and the proportionate share of the net assets of the subsidiary that continuously calculated according to the newly increased holding proportion from the acquisition date combination date is adjusted to the capital reserve (capital premium) in the consolidated balance sheet. If the balance of capital reserve (capital premium) is insufficient to offset, any excess is adjusted to retained earnings.

## (4) Partial disposal of equity investment in subsidiaries without loss of control

The difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary continuously calculated from acquisition date or combination date is adjusted to capital reserve (capital premium) in the consolidated balance sheet. If the balance of capital reserve (capital premium) is insufficient to offset, any excess is adjusted to retained earnings.

## (VIII) Classification of joint arrangements and accounting treatment of joint operations

1. Joint arrangements include joint operations and joint ventures.
2. When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- (1) its assets, including its share of any assets held jointly;
- (2) its liabilities, including its share of any liabilities incurred jointly;
- (3) its revenue from the sale of its share of the output arising from the joint operation;
- (4) its share of the revenue from the sale of the assets by the joint operation; and
- (5) its expenses, including its share of any expenses incurred jointly.

(IX) Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

(X) Foreign currency translation

1. Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

2. Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot exchange rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot exchange rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

(XI) Financial instruments

1. Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement

approach applies; (3) financial guarantee contracts not fall within the above categories (1) and (2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category (1); (4) financial liabilities at amortized cost.

## 2. Recognition criteria, measurement method and derecognition of financial assets and financial liabilities

### (1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, they are measured at the transaction price in accordance with “CASBE 14 – Revenues”.

### (2) Subsequent measurement of financial assets

#### 1) Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

#### 2) Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

#### 3) Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

4) Financial assets at fair value through profit or loss

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 – Transfer of Financial Assets".

3) Financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1)

The Company measures its financial liabilities at the higher of: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 – Revenues".

4) Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

a. the contractual rights to the cash flows from the financial assets expire; or

b. the financial assets have been transferred and the transfer qualifies for derecognition in accordance with “CASBE 23 – Transfer of Financial Assets”.

2) Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

### 3. Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset. Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively: (1) if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability; (2) if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions for derecognition, the entire carrying amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

### 4. Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available to measure fair value. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

(1) Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date;

(2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

(3) Level 3 inputs are unobservable inputs for the asset or liability. Level 3 inputs include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

#### 5. Impairment of financial instruments

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in "CASBE 14 – Revenues", the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an

amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

#### 6. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: (1) currently has a legally enforceable right to set off the recognized amounts; and (2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

## (XII) Recognition criteria and accrual method for expected credit losses of receivables

## 1. Receivables with expected credit losses measured on a collective basis by similar credit risk features

Categories	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	The expected credit loss rate is determined by combining historical loss rates with forward-looking adjustments
Trade acceptance receivable		
Accounts receivable – Portfolio grouped with ages	Portfolio grouped with ages	The expected credit loss rate is determined by combining historical loss rates with forward-looking adjustments
Accounts receivable – Portfolio grouped with balances due from related parties within the consolidation scope [Note]	Nature of receivables	The expected credit loss rate is determined by combining historical loss rates with forward-looking adjustments
Other receivables – Portfolio grouped with ages	Portfolio grouped with ages	The expected credit loss rate is determined by combining historical loss rates with forward-looking adjustments
Other receivables – Portfolio grouped with balances due from related parties within the consolidation scope [Note]	Nature of receivables	The expected credit loss rate is determined by combining historical loss rates with forward-looking adjustments
Other receivables – Portfolio grouped with business categories	Business categories	The expected credit loss rate is determined based on the common credit risk characteristics of business categories as well as forward-looking factors

Note: Within the consolidation scope of Ningbo Shanshan Co., Ltd.

2. Recognition criteria for receivables with expected credit losses measured on an individual basis  
For receivables whose credit risk is significantly different from that of portfolios, the Company accrues expected credit losses on an individual basis.

## (XIII) Inventories

## 1. Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials, supplies, etc. to be consumed in the production process or in the rendering of services.

## 2. Accounting method for dispatched inventories

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

## 3. Inventory system

Perpetual inventory method is adopted.

#### 4. Amortization method of low-value consumables and packages

##### (1) Low-value consumables

One-off method is adopted.

##### (2) Packages

One-off method is adopted.

#### 5. Provision for inventory write-down

##### (1) Recognition criteria and accrual method of provision for inventory write-down

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of inventories to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

##### (2) Provision for inventory write-down made on a collective basis

Categories	Basis for determination of portfolio	Determination basis of net realizable value
Portfolio grouped with ages	The period of inventory age that significantly affects the realizable value	The net realizable value of related inventories is comprehensively evaluated with reference to historical obsolete risks and future market demand.
On an individual basis		The net realizable value is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges.

#### (XIV) Non-current assets or disposal groups held for sale, discontinued operations

##### 1. Classification of non-current assets or disposal groups held for sale

Non-current assets or disposal groups are accounted for as held for sale when the following conditions are all met: (1) the asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets or disposal groups; (2) its sales must be highly probable, i.e., the Company has made a decision on the sale plan and has obtained a firm purchase commitment, and the sale is expected to be completed within one year.

When the Company acquires a non-current asset or disposal group with a view to resale, it shall classify the non-current asset or disposal group as held for sale at the acquisition date only if the requirement of “expected to be completed within one year” is met at that date and it is highly probable that other criteria for held for sale will be met within a short period (usually within three

months).

An asset or a disposal group is still accounted for as held for sale when the Company remains committed to its plan to sell the asset or disposal group in the circumstance that non-related party transactions fail to be completed within one year due to one of the following reasons: (1) a buyer or others unexpectedly set conditions that will extend the sale period, while the Company has taken timely actions to respond to the conditions and expects a favorable resolution of the delaying factors within one year since the setting; (2) a non-current asset or disposal group classified as held for sale fails to be sold within one year due to rare cases, and the Company has taken action necessary to respond to the circumstances during the initial one-year period and the criteria for held for sale are met.

## 2. Accounting treatments of non-current assets or disposal groups held for sale

### (1) Initial measurement and subsequent measurement

For initial measurement and subsequent measurement as at the balance sheet date of a non-current asset or disposal group held for sale, where the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the write-down is recognized in profit or loss as assets impairment loss, meanwhile, provision for impairment of assets held for sale shall be made.

For a non-current asset or disposal group classified as held for sale at the acquisition date, the asset or disposal group is measured on initial recognition at the lower of its initial measurement amount had it not been so classified and fair value less costs to sell. Apart from the non-current asset or disposal group acquired through business combination, the difference arising from the initial recognition of a non-current asset or disposal group at the fair value less costs to sell shall be included into profit or loss.

The assets impairment loss recognized for a disposal group held for sale shall reduce the carrying amount of goodwill in the disposal group first, and then reduce its carrying amount based on the proportion of each non-current asset's carrying amount in the disposal group.

No provision for depreciation or amortization shall be made on non-current assets held for sale or non-current assets in disposal groups held for sale, while interest and other expenses attributable to the liabilities of a disposal group held for sale shall continue to be recognized.

### (2) Reversal of assets impairment loss

When there is a subsequent increase in fair value less costs to sell of a non-current asset held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the impairment loss that has been recognized after the non-current asset was classified as held for sale. The reversal shall be included into profit or loss. Assets impairment loss that has been recognized before the classification is not reversed.

When there is a subsequent increase in fair value less costs to sell of a disposal group held for sale at the balance sheet date, the write-down shall be recovered, and shall be reversed not in excess of the non-current assets impairment loss that has been recognized after the disposal group was classified as held for sale. The reversal shall be included into profit or loss. The reduced carrying amount of goodwill and non-current assets impairment loss that has been recognized before the classification is not reversed.

For the subsequent reversal of the impairment loss that has been recognized in a disposal group held for sale, the carrying amount is increased based on the proportion of carrying amount of each non-current asset (excluding goodwill) in the disposal group.

(3) Non-current asset or disposal group that is no longer classified as held for sale and derecognized  
A non-current asset or disposal group that does not meet criteria for held for sale and no longer classified as held for sale, or a non-current asset that removed from a disposal group held for sale shall be measured at the lower of: 1) its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization or impairment that would have been recognized had it not been classified as held for sale; and 2) its recoverable amount.

When a non-current asset or disposal group classified as held for sale is derecognized, unrecognized gains or losses shall be included into profit or loss.

### 3. Recognition criteria of discontinued operations

A component of the Company that has been disposed of, or is classified as held for sale and can be clearly distinguished is recognized as a discontinued operation when it fulfills any of the following conditions:

- (1) it represents a separate major line of business or a separate geographical area of operations;
- (2) it is part of a related plan to dispose of a separate major line of business or a separate geographical area of operations; or
- (3) it is a subsidiary acquired exclusively with a review to resale.

### 4. Presentation method of discontinued operations

The Company presents gains or losses from continuing operations and gains or losses from discontinued operations separately in the income statement. Operating gains or losses including impairment loss of discontinued operations and its reversal amount, and gains or losses on disposal are presented as gains or losses from discontinued operations. For discontinued operations presented in the current period, the information previously presented as gains or losses from continuing operations is reclassified as gains or losses from discontinued operations for the comparative period in the current financial statements. For discontinued operations that no longer meet criteria for held for sale, the information previously presented as gains or losses from

discontinued operations is reclassified as gains or losses from continuing operations for the comparative period in the current financial statements.

#### (XV) Long-term equity investments

##### 1. Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

##### 2. Determination of investment cost

(1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determined whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

1) In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

2) In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

(3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

### 3. Subsequent measurement and recognition method of profit or loss

For a long-term equity investment with control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

### 4. Disposal of a subsidiary in stages resulting in the Company’s loss of control

#### (1) Judgement principles of “bundled transaction”

For disposal of a subsidiary in stages resulting in the Company’s loss of control, the Company determines whether it is a “bundled transaction” based on the agreement terms for each stage, disposal consideration obtained separately, object of the equity sold, disposal method, disposal time point, etc. If the terms, conditions and economic effect of each transaction meet one or more of the following conditions, these transactions are usually considered as a “bundled transaction”:

- 1) these transactions are entered into at the same time or in contemplation of each other;
  - 2) these transactions form a single transaction designed to achieve an overall commercial effect;
  - 3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- and
- 4) one transaction considered on its own is not economically justified, but it is economically justified when considered together with other transactions.

#### (2) Accounting treatments of non-bundled transactions

##### 1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained

thereof is recognized in profit or loss. If the disposal does not result in the Company's loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company's loss of control, joint control, or significant influence, the remained equity is accounted for according to "CASBE 22 – Financial Instruments: Recognition and Measurement".

## 2) Consolidated financial statements

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

## (3) Accounting treatment of bundled transaction

### 1) Stand-alone financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the carrying amount of long-term equity investments corresponding to the disposed investments is recognized as other comprehensive income at the stand-alone financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

### 2) Consolidated financial statements

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control over a subsidiary, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income at the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

## (XVI) Investment property

1. Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

2. The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed

assets and intangible assets.

#### (XVII) Fixed assets

##### 1. Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

##### 2. Depreciation method of different categories of fixed assets

Categories	Depreciation method	Useful life (years)	Residual value proportion (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20-35	3	4.85-2.77
Machinery	Straight-line method	8-10	3	12.13-9.70
Transport equipment	Straight-line method	4-10	3	24.25-9.70
Other equipment	Straight-line method	5-8	3	19.40-12.13
Fixed assets decoration	Straight-line method	3-5	0	33.33-20.00

#### (XVIII) Construction in progress

1. Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

2. Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress is not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

Categories	Standards and time point of transferring construction in progress to fixed assets
Buildings and structures	When (1) the main construction project and supporting projects have been completed and accepted; (2) for buildings and structures that have reached the designed usable conditions but have not yet been settled, they shall be transferred to fixed assets at an estimated value based on the actual cost of the project from the date they reach designed usable conditions.
Machinery	When (1) the relevant equipment and other supporting facilities have been installed; (2) if there are industry standards and specifications, they shall be implemented in accordance with the industry standards; if not, the standard shall be that the equipment can maintain continuous and stable operation for a period of time; (3) the products produced by the equipment have reached the predetermined qualified state.

### (XIX) Borrowing costs

#### 1. Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

#### 2. Borrowing costs capitalization period

(1) The borrowing costs are not capitalized unless the following requirements are all met: 1) the asset disbursements have already incurred; 2) the borrowing costs have already incurred; and 3) the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

(2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

(3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

#### 3. Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the excess of the accumulative capital disbursements over the special borrowings by the capitalization rate of the general borrowing used.

### (XX) Intangible assets

1. Intangible assets include land use right, patent right, software, etc. The initial measurement of intangible assets is based on its cost.

2. For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably, if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method with details as follows:

Items	Useful life and determination basis	Amortization method
Land use right	The useful life is determined to be 20-50 years according to the period registered on the certificate of titles	Straight-line method
Patent right	The useful life is determined to be 5-20 years based on the expected benefit period.	Straight-line method
Software and others	The useful life is determined to be 5-10 years based on the expected benefit period.	Straight-line method
Customer relationship	The useful life is determined to be 10 years based on the expected benefit period.	Straight-line method

Intangible assets with indefinite useful lives are not amortized, but their useful lives are reviewed annually.

### 3. Permitted scope of R&D costs

#### (1) Personnel costs

Personnel costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, occupational injuries premiums, maternity premiums and housing provident funds for the Company's R&D personnel, as well as labor costs for external R&D personnel.

If R&D personnel serve for multiple R&D projects at the same time, personnel costs are recognized based on their working hour records provided by the Company's administrative department, and proportionately allocated among different R&D projects.

If personnel directly engaged in R&D activities and external R&D personnel are engaged in non-R&D activities at the same time, the Company, based on their working hour records at different positions, allocates personnel costs actually incurred between R&D expenses and production and operating expenses using reasonable methods such as the ratio of actual working hours.

#### (2) Direct input costs

Direct input costs refer to relevant expenses actually incurred by the Company for R&D activities, which include: 1) materials, fuel and power costs directly consumed by R&D activities; 2) development and manufacturing costs of molds and craft equipment used for intermediate tests and trial production, acquisition costs of samples, prototypes and general testing methods that do not constitute fixed assets, and inspection costs of trial production; and 3) operation and maintenance, adjustment, inspection, testing and repairing costs of instruments and equipment used for R&D activities.

#### (3) Depreciation and long-term prepayments

Depreciation refers to the depreciation of instruments, equipment and in-use buildings used for R&D activities.

For instruments, equipment and in-use buildings both used for R&D activities and non-R&D activities, necessary records shall be kept on their usage, and depreciation actually incurred is

allocated between R&D expenses and production and operating expenses in a reasonable manner based on the actual working hours, the usable area, etc.

Long-term prepayments refer to those incurred during renovation, modification, decoration and repairing of R&D facilities, which are collected based on actual amount and amortized evenly over a specified period.

(4) Amortization of intangible assets

Amortization of intangible assets refer to the amortization of software, intellectual property, and non-patented technology (proprietary technology, licenses, design and calculation methods, etc.) used for R&D activities.

(5) Design expenses

Design expenses refer to expenses incurred for the conception, development and manufacturing of new products and techniques, design of processes, technical specifications, process specification formulation, operational characteristics, etc., including expenses incurred for creative design activities to obtain innovative, creative and breakthrough products.

(6) Equipment commissioning and testing expenses

Equipment commissioning expenses refer to expenses incurred for R&D activities during tooling preparation, including expenses incurred for activities such as development of special and specialized production machines, changes in production and quality control procedures, development of new methods and standards, etc.

Expenses incurred for routine tooling preparation and industrial engineering for the purpose of large-scale/mass and commercial production are not included in the permitted scope.

Testing expenses include clinical trial fees for new drug development, on-site testing fees for exploration and production technologies, field testing fees, etc.

(7) R&D outsourcing expenses

R&D outsourcing expenses refer to expenses incurred for R&D activities outsourced to other domestic or foreign organizations or individuals (outcomes of R&D activities are owned by the Company and closely related to the Company's main business operations).

(8) Other expenses

Other expenses refer to expenses other than those mentioned above that are directly related to R&D activities, including technical books and materials fees, data translation fees, expert consultation fees, high-tech R&D insurance premiums, R&D outcomes search, demonstration, evaluation, appraisal and acceptance fees, intellectual property application, registration and agency fees, conference fees, business travelling fees, communication fees, etc.

4. Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete the intangible asset and use or sell it; (3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; (4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (5) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

5. Criteria for distinguishing the research phase from the development phase of an internal project to create an intangible asset:

Research phase: the phase of original and planned investigation and research activities to acquire and understand new scientific or technical knowledge, etc.

Development phase: the phase of activity in which research results or other knowledge are applied to a program or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

#### (XXI) Impairment of part of long-term assets

For long-term assets such as long-term equity investments, investment property at cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated.

For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

#### (XXII) Long-term prepayments

Long-term prepayments are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

#### (XXIII) Employee benefits

1. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

## 2. Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

## 3. Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

(1) The Company recognizes in the accounting period in which an employee provides service the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

1) In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

2) When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

3) At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

## 4. Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: (1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or (2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits.

## 5. Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

### (XXIV) Provisions

1. Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.
2. The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

### (XXV) Share-based payment

#### 1. Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

#### 2. Accounting treatment for settlements, modifications and cancellations of share-based payment plans

##### (1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service or fulfills certain performance conditions, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as

transaction cost or expense, with a corresponding increase in equity.

(2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service or fulfills certain performance conditions, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

(3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

(XXVI) Revenue

1. Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met,

otherwise, the performance obligation is satisfied at a point in time: (1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; (2) the customer can control goods as they are created by the Company's performance; (3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: (1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; (2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; (3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; (4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; (5) the customer has accepted the goods; (6) other evidence indicating the customer has obtained control over the goods.

## 2. Revenue measurement principle

(1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

(2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration only to the extent that it is high probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(3) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period.

(4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price at contract inception of the distinct good underlying each performance obligation and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

### 3. Revenue recognition method

Product sales and processing services: According to the customer sales contract or order, the sales delivery order is issued and the shipment is completed. Revenue is recognized when the customer's goods receipt or delivery receipt or sales confirmation list is received, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

#### (XXVII) Costs to obtain a contract and costs to fulfill a contract

The Company recognizes as an asset the incremental costs to obtain a contract if those costs are expected to be recovered. If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

1. the costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), costs that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;
2. the costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and
3. the costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

(XXVIII) Contract assets, contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers' payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

(XXIX) Government grants

1. Government grants shall be recognized if, and only if, the following conditions are all met: (1) the Company will comply with the conditions attaching to the grants; (2) the grants will be received. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

2. Government grants related to assets

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

3. Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses

incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

4. Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

5. Policy interest subvention

(1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidised interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidised interest rate.

(2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidised interest shall offset relevant borrowing cost.

(XXX) Deferred tax assets and deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence indicating that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

3. At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

4. The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: (1) business combination; and (2) the transactions or items directly recognized in equity.

5. Deferred tax assets and deferred tax liabilities shall offset each other and be presented on a net basis when the following conditions are all met: (1) the Company has the legal right to settle off current tax assets against current tax liabilities; (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority on either: 1) the same taxable entity;

or 2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### (XXXI) Leases

##### 1. The Company as the lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

##### (1) Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the 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.

##### (2) Lease liabilities

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in

the periods in which they are incurred.

After the commencement date, if there is a change in the following items: 1) actual fixed payments; 2) amounts expected to be payable under residual value guarantees; 3) an index or a rate used to determine lease payments; 4) assessment result or exercise of purchase option, extension option or termination option, the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

## 2. The Company as the lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

### (1) Operating lease

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

### (2) Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

## 3. Sale and leaseback

### (1) The Company as the lessee

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company measures the right-of-use asset arising from the leaseback at the proportion of the original carrying amount of the asset that relates to the right of use retained by the Company. Accordingly, the Company recognizes only the amount of any gain or loss that relates to the rights transferred to the lessor.

Otherwise, the Company continues the recognition of the transferred assets, and recognizes a

financial liability equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement” at the same time.

(2) The Company as the lessor

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is accounted for as a sale of that asset.

If the transfer of an asset is accounted for as a sale of the asset, the Company accounts for the purchase of assets in accordance with other applicable standards, and accounts for the lease of assets in accordance with the “CASBE 21 – Leases”.

Otherwise, the Company does not recognize the transferred asset, but recognizes a financial asset equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement”.

(XXXII) Segment reporting

**Operating segments are determined based on the structure of the Company’s internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:**

- 1. that engages in business activities from which it may earn revenues and incur expenses;**
- 2. whose financial performance is regularly reviewed by the Management to make decisions about resource to be allocated to the segment and to assess its performance; and**
- 3. for which accounting information regarding financial position, financial performance and cash flows is available through analysis.**

(XXXIII) Other significant accounting policies and estimates

Accounting treatment related to share repurchase

When the Company repurchases its shares for the purpose of reducing its registered capital or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase; if the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

## IV. Taxes

### (I) Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	13%, 9%, 6%, 5%, 3%
Consumption tax (Japan)	The difference between total sales and total purchases	10%, 8%
Land appreciation tax	The incremental amount arising from the transfer of state-owned land use right and the buildings and structures that are constructed on the land	30%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of lease income	1.2%, 12%
Urban maintenance and construction tax	Turnover tax actually paid	7%, 5%, 1%
Education surcharge	Turnover tax actually paid	3%, 5%
Local education surcharge	Turnover tax actually paid	2%
Enterprise income tax	Taxable income	25%, 23.2%, 20%, 16.5%, 15%, 14%, 9%, 8.25%, 0%
Local income tax (Dusseldorf)	Taxable income	15.4%
Solidarity surcharge (Germany)	The actual corporate income tax paid	5.5%

Different enterprise income tax rates applicable to different taxpayers:

Taxpayers	Income tax rate
Shanjin Optoelectronics Vietnam Co., Ltd.	0%
Shanshan New Material (Hong Kong) Limited	8.25%
South Korea Shanjin Optoelectronics Co., Ltd.	9%
Shanshan New Material (Luxembourg) Sarl	14%
Shanghai Shanshan Technology Co., Ltd.	15%
Ningbo Shanshan New Materials Technology Co., Ltd.	15%
Chenzhou Shanshan New Materials Co., Ltd.	15%
Fujian Shanshan Technology Co., Ltd.	15%
Inner Mongolia Shanshan Technology Co., Ltd.	15%
Inner Mongolia Shanshan New Materials Co., Ltd.	15%
Shanghai Shanshan New Materials Co., Ltd.	15%
Sichuan Shanshan New Materials Co., Ltd.	15%
Yunnan Shanshan New Materials Co., Ltd.	15%
Ningbo Shanshan Silicon-based Materials Co., Ltd.	15%

Taxpayers	Income tax rate
Sichuan Shanshan New Energy Co., Ltd.	15%
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	15%
Shanjin Optoelectronics (Nanjing) Co., Ltd.	15%
HongKong Shanshan Resources Co., Ltd.	16.5%
Shanshan New Materials (Finland) Co., Ltd.	20%
Taiwan Shanjin Optoelectronics Co., Ltd.	20%
Shanjin Tokyo Co., Ltd.	23.2%
Taxpayers other than the above-mentioned	25%

## (II) Tax preferential policies

1. According to the list of high-tech enterprises accredited and filed by the government certification agency, Shanghai Shanshan Technology Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd., Chenzhou Shanshan New Materials Co., Ltd., Fujian Shanshan Technology Co., Ltd., Inner Mongolia Shanshan Technology Co., Ltd., Inner Mongolia Shanshan New Materials Co., Ltd., Sichuan Shanshan New Materials Co., Ltd., Yunnan Shanshan New Materials Co., Ltd., Ningbo Shanshan Silicon-based Materials Co., Ltd., Shanjin Optoelectronics (Guangzhou) Co., Ltd., Shanjin Optoelectronics (Nanjing) Co., Ltd. have passed the high-tech enterprise certification and obtained the high-tech enterprise certificate, and are subject to a reduced rate of 15% for enterprise income tax.

2. Pursuant to the “Notice on Enterprise Income Tax Policies for Key Industries in the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone” (Cai Shui [2020] No. 38) issued by the Ministry of Finance and the State Taxation Administration and the “Administrative Measures for the Recognition of Enterprises in Key Industries Eligible for Preferential Enterprise Income Tax in the Lin-gang Special Area of the China (Shanghai) Pilot Free Trade Zone” (Hu Cai Fa [2020] No. 12), the subsidiary Shanghai Shanshan New Materials Co., Ltd. was recognized as one of the first batch of enterprises in key industries eligible for preferential enterprise income tax in the Lin-gang Special Area in 2022, and its enterprise income tax shall be levied at a reduced rate of 15% for five years since 2021.

3. Pursuant to the “Announcement on the VAT Extra Deduction Policy for Advanced Manufacturing Enterprises” (Announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 43) and the the “Notice of the General Office of the Ministry of Industry and Information Technology on Relevant Matters Concerning the Formulation of the List of Advanced Manufacturing Enterprises Eligible for VAT Extra Deduction Policy in 2023” (Gong Xin Ting Cai Han [2023] No. 267), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are entitled to enjoy a 5% extra deduction of creditable input VAT for the current period from their VAT payable. The Company’s subsidiaries Shanghai Shanshan Technology Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd., Chenzhou

Shanshan New Materials Co., Ltd., Fujian Shanshan Technology Co., Ltd., Inner Mongolia Shanshan Technology Co., Ltd., Inner Mongolia Shanshan New Materials Co., Ltd., Shanjin Optoelectronics (Guangzhou) Co., Ltd. and Shanjin Optoelectronics (Nanjing) Co., Ltd. are entitled to enjoy a 5% extra deduction of creditable input VAT for the current period from their VAT payable as advanced manufacturing enterprises in the current period.

4. Shanjin Optoelectronics Vietnam Co., Ltd. was established in Trang Due Industrial Park, Dinh Vu-Cat Hai Economic Zone, Haiphong, Vietnam. Pursuant to the regulations about “preferential tax rates” in Articles 19 and 20 of Circular No. 78/2014/TT-BTC issued by the Ministry of Finance of Vietnam on June 18, 2014, income generated from new investment projects in economic zones and high-tech zones is entitled to a tax exemption for four years, followed by a 50% reduction in tax payable for the subsequent nine years (the standard tax rate prior to incentives is 20%). Shanjin Optoelectronics Vietnam Co., Ltd. is exempt from income tax from 2025 to 2028.

5. Pursuant to the “Announcement of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Western Development” (Cai Shui [2020] No. 23) and the “Catalogue of Encouraged Industries in the Western Region (2025 Edition)”, the Company’s subsidiary Sichuan Shanshan New Energy Co., Ltd. is qualified as an enterprise under the western development policy and is entitled to a reduced rate of 15% for enterprise income tax.

## V. Notes to items of consolidated financial statements

### (I) Notes to items of the consolidated balance sheet

#### 1. Cash and bank balances

Items	Closing balance	Opening balance
Cash on hand	139,750.90	91,807.27
Cash in bank	1,751,303,374.51	1,843,427,935.99
Other cash and bank balances	868,428,374.60	927,128,412.06
Total	2,619,871,500.01	2,770,648,155.32
Including: Deposited overseas	203,691,470.59	90,909,125.00

## 2. Notes receivable

## (1) Details

Items	Closing balance	Opening balance
Trade acceptance	21,459,451.40	
Total	21,459,451.40	

## (2) Provision for bad debts

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis	21,828,239.77	100.00	368,788.37	1.69	21,459,451.40
Including: Trade acceptance	21,828,239.77	100.00	368,788.37	1.69	21,459,451.40
Total	21,828,239.77	100.00	368,788.37	1.69	21,459,451.40

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on a collective basis					
Including: Trade acceptance					
Total					

## (3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on a collective basis		368,788.37				368,788.37
Total		368,788.37				368,788.37

## 3. Accounts receivable

## (1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	4,763,840,930.70	5,325,510,069.09

Ages	Closing balance	Opening balance
1-2 years	14,046,008.43	8,471,266.36
2-3 years	6,451,599.06	2,867,039.47
3-4 years	2,277,313.29	2,527,916.69
4-5 years	929,787.20	5,528,325.00
Over 5 years	6,471,835.51	4,909,877.39
Book balance	4,794,017,474.19	5,349,814,494.00
Less: Provision for bad debts	149,694,422.53	140,676,761.21
Carrying amount	4,644,323,051.66	5,209,137,732.79

## (2) Provision for bad debts

## 1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	28,012,530.51	0.58	26,966,456.81	96.27	1,046,073.70
Receivables with provision made on a collective basis	4,766,004,943.68	99.42	122,727,965.72	2.58	4,643,276,977.96
Total	4,794,017,474.19	100.00	149,694,422.53	3.12	4,644,323,051.66

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	104,625,517.77	1.96	15,889,462.27	15.19	88,736,055.50
Receivables with provision made on a collective basis	5,245,188,976.23	98.04	124,787,298.94	2.38	5,120,401,677.29
Total	5,349,814,494.00	100.00	140,676,761.21	2.63	5,209,137,732.79

## 2) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	4,753,840,930.70	116,651,820.86	2.45
1-2 years	6,576,712.96	1,657,015.55	25.20
2-3 years	732,685.45	219,805.64	30.00
3-4 years	2,157,313.29	1,502,022.39	69.62
Over 5 years	2,697,301.28	2,697,301.28	100.00
Subtotal	4,766,004,943.68	122,727,965.72	2.58

## 3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease			Closing balance
		Accrual	Write-off	Exchange rate changes	
Receivables with provision made on an individual basis	15,889,462.27	11,076,994.54			26,966,456.81
Receivables with provision made on a collective basis	124,787,298.94	-1,763,925.22	452,152.11	156,744.11	122,727,965.72
Total	140,676,761.21	9,313,069.32	452,152.11	156,744.11	149,694,422.53

## (3) Accounts receivable actually written off in the current period

In the current period, the Company wrote off provision for bad debts of accounts receivable of 452,152.11 yuan, of which, 416,253.18 yuan due from Ningbo Shanshan Garment Development Co., Ltd. was written off due to long-term irrecoverability as it had been deregistered.

## (4) Details of the top 5 debtors with largest balances of accounts receivable

Debtors	Closing book balance	Proportion to the accounts receivable (%)	Provision for bad debts of accounts receivable
Debtor A	878,550,930.92	18.33	43,927,546.55
Debtor B	645,836,180.60	13.47	1,033,337.89
Debtor C	642,878,536.19	13.41	32,143,926.80
Debtor D	338,372,959.01	7.06	541,396.73
Debtor E	281,698,916.91	5.88	11,022,864.02
Subtotal	2,787,337,523.63	58.15	88,669,071.99

Closing balance of top 5 debtors totaled 2,787,337,523.63 yuan, accounting for 58.15% of the total closing balance of accounts receivable, and provision for bad debts of accounts receivable made thereon totaled 88,669,071.99 yuan.

## 4. Receivables financing

## (1) Details

Items	Closing balance	Opening balance
Bank acceptance	55,624,131.60	40,178,673.10
Changhong Youdan	3,791,972.36	
BYD Chain	157,310.27	
CATL Rongdan		2,040,288.67
Total	59,573,414.23	42,218,961.77

## (2) Endorsed or discounted but undue receivables financing at the balance sheet date

Items	Closing balance derecognized
Bank acceptance	3,546,462,398.45
CATL Rongdan	1,019,826,207.02
BYD Chain	781,493,375.34
Subtotal	5,347,781,980.81

Due to the fact that the acceptor of bank acceptance is commercial bank, which is of high credit level, there is very little possibility of failure in recoverability when it is due. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank acceptance is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the China Commercial Instrument Law.

Due to the fact that Contemporary Amperex Technology Co., Ltd. and BYD Company Limited are publicly listed companies, which are of high credit level, there is very little possibility of failure in recoverability of CATL Rongdan and BYD Chain issued by them and their affiliated entities when they are due. Beside, Contemporary Amperex Technology Co., Ltd. and BYD Company Limited have signed non-recourse discount agreements with the bank, therefore, the Company derecognized the discounted CATL Rongdan and BYD Chain.

## 5. Advances paid

## (1) Age analysis

Ages	Closing balance				Opening balance			
	Book balance	% to total	Provision for impairment	Carrying amount	Book balance	% to total	Provision for impairment	Carrying amount
Within 1 year	1,026,638,889.17	98.68		1,026,638,889.17	1,274,782,361.03	99.14		1,274,782,361.03
1-2 years	10,881,499.01	1.05		10,881,499.01	10,596,938.56	0.82		10,596,938.56
2-3 years	2,789,699.08	0.27		2,789,699.08	504,504.54	0.04		504,504.54
Over 3 years	25,255.00			25,255.00	26,055.70			26,055.70
Total	1,040,335,342.26	100.00		1,040,335,342.26	1,285,909,859.83	100.00		1,285,909,859.83

## (2) Details of the top 5 debtors with largest balances

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Supplier A	398,313,266.86	38.29
Supplier B	99,267,244.74	9.54
Supplier C	67,177,337.87	6.46
Supplier D	64,210,079.43	6.17
Supplier E	63,275,138.53	6.08

Debtors	Book balance	Proportion to the total balance of advances paid (%)
Subtotal	692,243,067.43	66.54

## 6. Other receivables

## (1) Details

Items	Closing balance	Opening balance
Interest receivable		117,071.97
Dividend receivable	4,000,000.00	4,492,116.13
Other receivables	252,596,284.03	1,092,644,775.11
Total	256,596,284.03	1,097,253,963.21

## (2) Interest receivable

## 1) Details

Items	Closing balance	Opening balance
Time deposits		117,071.97
Subtotal		117,071.97

## (3) Dividend receivable

Items	Closing balance	Opening balance
Shanghai Shanchuang Mining Investment Co., Ltd.		492,116.13
Suiyong Holding Co., Ltd.	4,000,000.00	4,000,000.00
Subtotal	4,000,000.00	4,492,116.13

## (4) Other receivables

## 1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	77,445,411.47	867,463,880.97
1-2 years	9,062,852.07	293,750,283.64
2-3 years	291,351,248.55	31,321,771.57
3-4 years	7,482,221.30	19,880,305.12
4-5 years	17,494,927.10	38,043,135.04
Over 5 years	42,568,340.30	21,491,965.07
Book balance	445,405,000.79	1,271,951,341.41
Less: Provision for bad debts	192,808,716.76	179,306,566.30
Carrying amount	252,596,284.03	1,092,644,775.11

## 2) Provision for bad debts

## a. Details on categories

Categories	Closing balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	354,395,337.62	79.57	190,852,489.90	53.85	163,542,847.72
Receivables with provision made on a collective basis	91,009,663.17	20.43	1,956,226.86	2.15	89,053,436.31
Subtotal	445,405,000.79	100.00	192,808,716.76	43.29	252,596,284.03

(Continued)

Categories	Opening balance				
	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	375,288,028.45	29.50	177,247,852.66	47.23	198,040,175.79
Receivables with provision made on a collective basis	896,663,312.96	70.50	2,058,713.64	0.23	894,604,599.32
Subtotal	1,271,951,341.41	100.00	179,306,566.30	14.10	1,092,644,775.11

## b. Significant other receivables with provision for bad debts made on an individual basis

Debtors	Opening balance		Closing balance			Basis for provision made
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	
Zhejiang Sunyes Zhongning New Energy Co., Ltd.	244,862,000.00	73,458,600.00	244,862,000.00	97,944,800.00	40.00	The payment is overdue and involved in litigation. Please refer to section XIII (II) 1 of notes to the financial statements for details.
Shandong Fanyue Information Technology Co., Ltd.	44,100,000.00	44,100,000.00	44,100,000.00	44,100,000.00	100.00	Overdue and expected to be irrecoverable
Ningbo Liankangcai Brand Management Co., Ltd.	38,000,000.00	19,000,000.00	27,000,000.00	13,500,000.00	50.00	The final payment for the equity transfer receivable is overdue, posing a significant recovery risk. The transferee provided equity pledge guarantee.
Shenzhen Zhonglian Jinxin Commercial Service Co., Ltd.	14,113,178.00	7,056,589.00	14,113,178.00	11,290,542.40	80.00	Overdue and with significant risk of irrecoverability
Putian Hualin Vegetable Base Co., Ltd.	13,372,982.07	13,372,982.07	13,372,982.07	13,372,982.07	100.00	The Company prevailed in the lawsuit, but the judgment is unenforceable.
Subtotal	354,448,160.07	156,988,171.07	343,448,160.07	180,208,324.47	52.47	

## c. Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Risk-free portfolio	51,640,557.58		
Including: Portfolio grouped with financing deposits [Note 1]	327,541.95		
Portfolio grouped with government and state-owned funds [Note 2]	5,626,502.87		
Portfolio grouped with performance bond for SP service processing [Note 3]	45,686,512.76		
Portfolio grouped with ages	4,792,292.14	427,682.44	8.92
Portfolio grouped with security deposits	13,373,606.74	668,680.34	5.00
Portfolio grouped with advance payment	21,191,874.80	859,297.48	4.05
Including: Monthly settlement of individual social insurance premium and housing provident fund withheld in advance payment	4,005,925.21		
Portfolio grouped with petty cash	11,331.91	566.60	5.00
Subtotal	91,009,663.17	1,956,226.86	2.15

Note 1: No provision for bad debts was made as portfolio grouped with financing deposits has no risk of non-repayment.

Note 2: No provision for bad debts was made as portfolio grouped with government and state-owned funds has no risk of non-repayment.

Note 3: No provision for bad debts was made as portfolio grouped with performance bond for SP service processing has no risk of non-repayment.

## 3) Changes in provision for bad debts

## a. Details

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	2,058,713.64	100,127,509.90	77,120,342.76	179,306,566.30
Opening balance in the current period				
--Transferred to stage 2	-2,613.51	2,613.51		
--Transferred to stage 3	-7,159.29		7,159.29	
--Reversed to stage 2				

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
--Reversed to stage 1	133,202.82	-133,202.82		
Provision made in the current period	-225,873.00	28,652,440.64	2,038,598.88	30,465,166.52
Provision recovered in the current period		-5,656,773.33	-37,719.00	-5,694,492.33
Provision written off in the current period			11,268,479.93	11,268,479.93
Exchange rate changes	-43.80			-43.80
Closing balance	1,956,226.86	122,992,587.90	67,859,902.00	192,808,716.76
Provision proportion at the balance sheet date (%)	2.15	42.92	100.00	43.29

## b. Significant provisions collected or reversed

Debtors	Provisions collected	Reasons for reversal	Ways of collection	Basis and reasonableness for recognition of original provision for bad debts
Ningbo Liankangcai Brand Management Co., Ltd.	5,500,000.00		In the current period, equity transfer receivable of 11.00 million yuan was recovered in cash and bank balances, with provisions for bad debts decreased by 5.50 million yuan accordingly.	The final payment for the equity transfer receivable is overdue, posing a significant recovery risk. The transferee provided equity pledge guarantee.
Subtotal	5,500,000.00			

## 4) Other receivables actually written off in the current period

In the current period, the Company wrote off provision for bad debts of other receivables of 11,268,479.93 yuan, of which, 10,162,742.46 yuan due from Ningbo Shanshan Garment Development Co., Ltd. written off due to long-term irrecoverability as it had been deregistered.

## 5) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Zhejiang Sunyes Zhongning New Energy Co., Ltd.	Equity transfer payment	244,862,000.00	2-3 years	54.98	97,944,800.00
LG Chem Ltd.	Deposits	45,686,512.76	Within 1 year	10.26	
Shandong Fanyue Information Technology Co., Ltd.	Equity transfer payment	44,100,000.00	2-3 years	9.90	44,100,000.00
Ningbo Liankangcai Brand Management Co., Ltd.	Equity transfer payment	27,000,000.00	Over 5 years	6.06	13,500,000.00
Shenzhen Zhonglian Jinxin Commercial Service Co., Ltd.	Equity transfer payment	14,113,178.00	4-5 years	3.17	11,290,542.40

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Subtotal		375,761,690.76		84.37	166,835,342.40

## 7. Inventories

## (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for write-down	Carrying amount	Book balance	Provision for write-down	Carrying amount
Materials in transit	180,160,338.23		180,160,338.23	335,923,398.26		335,923,398.26
Raw materials	1,392,950,589.39	25,165,665.09	1,367,784,924.30	1,034,083,552.12	15,701,063.66	1,018,382,488.46
Work in process	2,669,248,512.21	215,130,333.19	2,454,118,179.02	2,155,425,767.21	95,880,137.77	2,059,545,629.44
Goods on hand	1,603,743,563.85	88,363,215.77	1,515,380,348.08	1,482,201,564.10	76,499,768.67	1,405,701,795.43
Materials on consignment for further processing	656,472,468.74	21,604,528.77	634,867,939.97	293,103,944.24	22,272,837.68	270,831,106.56
Revolving materials, packages and low-value consumables	911,522,195.11		911,522,195.11	886,209,501.99	980,810.49	885,228,691.50
Total	7,414,097,667.53	350,263,742.82	7,063,833,924.71	6,186,947,727.92	211,334,618.27	5,975,613,109.65

## (2) Provision for inventory write-down

## 1) Details

Items	Opening balance	Increase		Decrease		Closing balance
		Accrual	Others	Reversal or transfer-out	Exchange rate changes	
Raw materials	15,701,063.66	11,467,336.86		1,999,538.57	3,196.86	25,165,665.09
Work in process	95,880,137.77	130,985,082.31		9,662,808.77	2,072,078.12	215,130,333.19
Goods on hand	76,499,768.67	47,906,415.42		35,823,396.52	219,571.80	88,363,215.77
Materials on consignment for further processing	22,272,837.68	18,981,652.44		19,649,961.35		21,604,528.77
Revolving materials	980,810.49			980,810.49		
Total	211,334,618.27	209,340,487.03		68,116,515.70	2,294,846.78	350,263,742.82

## 2) Determination basis of net realizable value and reasons for the reversal or transfer-out of provision for inventory write-down

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for transfer-out of provision for inventory write-down
Raw materials	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down made in the preceding period increased	Inventories with provision for inventory write-down made in the preceding period were used in the current period.
Work in process			
Materials on consignment for further processing			
Revolving materials			
Goods on hand	Estimated selling price of relevant finished goods less estimated selling expenses, and relevant taxes and surcharges	Net realizable value of inventories with provision for inventory write-down	Inventories with provision for inventory write-down made in the preceding

Items	Determination basis of net realizable value	Reasons for reversal of provision for inventory write-down	Reasons for transfer-out of provision for inventory write-down
		made in the preceding period increased	period were sold in the current period.

## 8. Other current assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Input VAT to be credited	653,558,942.78		653,558,942.78	861,231,027.10		861,231,027.10
Prepaid income tax	10,977,519.65		10,977,519.65	21,084,957.71		21,084,957.71
Other prepaid taxes	361,542.29		361,542.29	730,395.00		730,395.00
Total	664,898,004.72		664,898,004.72	883,046,379.81		883,046,379.81

## 9. Long-term equity investments

## (1) Categories

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in joint ventures	101,164,163.22		101,164,163.22	104,472,187.65		104,472,187.65
Investments in associates	6,309,121,581.31	450,194,101.09	5,858,927,480.22	6,638,978,099.83	427,043,542.43	6,211,934,557.40
Total	6,410,285,744.53	450,194,101.09	5,960,091,643.44	6,743,450,287.48	427,043,542.43	6,316,406,745.05

## (2) Details

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Joint ventures						
Ningbo Levineng Energy Storage System Co., Ltd.	104,472,187.65				-3,308,024.43	
Subtotal	104,472,187.65				-3,308,024.43	
Associates						
BASF Shanshan Battery Materials Co., Ltd.	3,444,000,000.00	189,934,660.64			-77,786,414.26	1,428,646.49
Zhejiang Chouzhou Commercial Bank Co., Ltd.	1,711,849,274.93	137,050,000.00			85,837,704.11	-6,239,644.18
Suiyong Holding Co., Ltd.	520,694,652.53				-	1,011,164.46
Sunyes Zhongning Advanced Materials	165,600,000.00	79,233,851.26			-15,312,500.00	

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Technology (Quzhou) Co., Ltd.						
Ningbo Airport Logistics Development Co., Ltd.	183,708,163.32				5,381,865.34	
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	61,354,162.49	20,825,030.53		61,354,162.49		
Shanshan Brand Management Co., Ltd.	53,514,748.17				1,529,140.48	
Ningbo Shanqi Property Service Co., Ltd.	37,965,578.82				-582,952.22	
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	12,373,047.04				-5,598,122.14	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	13,596,379.40				2,586,566.85	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	3,820,848.48				-678,385.96	
Suzhou Shanyue Energy System Co., Ltd.	3,457,702.22				-326,271.94	
Winsky High-tech Group Co., Ltd.						
Subtotal	6,211,934,557.40	427,043,542.43		61,354,162.49	116,102,963.43	-3,799,833.23
Total	6,316,406,745.05	427,043,542.43		61,354,162.49	119,410,987.86	-3,799,833.23

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Joint ventures						
Ningbo Levineng Energy Storage System Co., Ltd.					101,164,163.22	
Subtotal					101,164,163.22	
Associates						
BASF Shanshan Battery Materials Co., Ltd.					3,367,642,232.23	189,934,660.64

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Zhejiang Chouzhou Commercial Bank Co., Ltd.	-123,699,578.97				1,667,747,755.89	137,050,000.00
Suiyong Holding Co., Ltd.					410,552,223.30	
Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.			13,668,031.06		136,619,468.94	92,901,882.32
Ningbo Airport Logistics Development Co., Ltd.		2,008,181.87			187,081,846.79	
Inner Mongolia Mengji New Carbon Materials Co., Ltd.						
Shanshan Brand Management Co., Ltd.		2,066,768.00			52,977,120.65	
Ningbo Shanqi Property Service Co., Ltd.			30,307,558.13		7,075,068.47	30,307,558.13
Jiangxi Zhanxiao New Energy Technology Co., Ltd.					6,774,924.90	
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.					16,182,946.25	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.					3,142,462.52	
Suzhou Shanyue Energy System Co., Ltd.					3,131,430.28	
Winsky High-tech Group Co., Ltd. [Note]						
Subtotal	-123,699,578.97	4,074,949.87	43,975,589.19		5,858,927,480.22	450,194,101.09
Total	-123,699,578.97	4,074,949.87	43,975,589.19		5,960,091,643.44	450,194,101.09

Note: Winsky High-tech Group Co., Ltd. is a long-term equity investment accounted for using equity method that has been written down to zero. Please refer to section VII (V) 4 of notes to the financial statements for details.

#### (4) Impairment test on long-term equity investments

Recoverable amount determined based on the fair value less costs of disposal

Items	Carrying amount before impairment	Recoverable amount	Provision for impairment
Ningbo Shanqi Property Service Co., Ltd.	37,382,626.60	7,075,068.47	30,307,558.13
Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.	150,287,500.00	136,619,468.94	13,668,031.06

Items	Carrying amount before impairment	Recoverable amount	Provision for impairment
Subtotal	187,670,126.60	143,694,537.41	43,975,589.19

(Continued)

Items	Determination method of fair value and costs of disposal	Key parameters and determination basis
Ningbo Shanqi Property Service Co., Ltd.	Comprehensively considering the investee's net assets, operating conditions and future profitability, the fair value of the equity was determined based on the amount payable to Ningbo Shanqi Property Service Co., Ltd. The costs of disposal were expected to be immaterial and were therefore disregarded.	The fair value was determined based on the balance of the amount payable to the investee and is therefore verifiable; costs of disposal were not separately measured as they were not material.
Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.	All premiums arising from the previous disposal of equity were fully reversed based on the investee's net assets and the Company's holding proportion.	The carrying amount of long-term equity investments was determined based on the Company's share of the investee's net assets at the balance sheet date.
Subtotal		

## 10. Other equity instrument investments

## (1) Details

Items	Opening balance	Increase/Decrease			
		Investments increased	Investments decreased	Gains or losses included into other comprehensive income in the current period	Others [Note]
Other equity instrument investments - Listed equity instrument investments	78,936,318.53		18,789,452.27	109,095,452.35	-88,049,544.81
Other equity instrument investments - Unlisted equity instrument investments	47,550,000.00		18,595,462.76	-8,365,933.34	-1,404,537.24
Total	126,486,318.53		37,384,915.03	100,729,519.01	-89,454,082.05

(Continued)

Items	Closing balance	Dividend income recognized in the current period	Accumulated gains or losses included into other comprehensive income at the end of the period
Other equity instrument investments - Listed equity instrument investments	81,192,773.80	2,675,600.00	-63,956,930.65
Other equity instrument investments - Unlisted equity instrument investments	19,184,066.66		-8,365,933.34
Total	100,376,840.46	2,675,600.00	-72,322,863.99

Note: It refers to the balance transferred from other comprehensive income to retained earnings in the current period.

(2) Reasons for equity instrument investments designated as at fair value through other comprehensive income

Such investments are not aimed at short-term trading or short-term profit, but are part of a long-term strategic holding, with the plan to hold them for the long term to achieve capital appreciation and other objectives.

## (3) Other equity instrument investments derecognized in the current period

Items	Fair value when derecognized	Accumulated gains or losses transferred into retained earnings due to derecognition	Reasons for derecognition
Other equity instrument investments - Listed equity instrument investments	94,115,191.20	88,049,544.81	A portion of shares was sold through the exchange's centralized bidding trading system
Other equity instrument investments - Unlisted equity instrument investments	20,000,000.00	1,404,537.24	Equity transfer
Subtotal	114,115,191.20	89,454,082.05	

## 11. Other non-current financial assets

Items	Closing balance	Opening balance
Financial assets classified as at fair value through profit or loss	217,684,588.93	237,037,307.86
Including: Equity investments	217,684,588.93	237,037,307.86
Total	217,684,588.93	237,037,307.86

## 12. Fixed assets

## (1) Details

Items	Closing balance	Opening balance
Fixed assets	16,958,714,500.47	14,254,373,934.25
Disposal of fixed assets	103,067.97	1,723,162.68
Total	16,958,817,568.44	14,256,097,096.93

## (2) Fixed assets

## 1) Details

Items	Buildings and structures	Machinery	Transport facilities	Other equipment	Fixed asset renovation	Total
Cost						
Opening balance	5,992,226,527.51	12,067,038,509.81	37,988,616.22	281,366,946.75	7,284,143.55	18,385,904,743.84
Increase	1,435,638,787.30	3,007,126,882.50	3,979,770.94	74,579,906.41	756,052.79	4,522,081,399.94
1) Acquisition		220,016,062.67	1,465,457.65	33,962,119.67	135,072.70	255,578,712.69
2) Transferred in from construction in progress	1,435,638,787.30	2,499,107,987.97	2,514,313.29	40,618,025.37	620,980.09	3,978,500,094.02
3) Exchange rate changes				-238.63		-238.63
4) Transferred in from right-of-use assets		288,002,831.86				288,002,831.86
Decrease	927,526.15	37,587,758.87	786,260.15	4,914,710.55		44,216,255.72
1) Disposal/ Scrapping	927,526.15	37,587,758.87	786,260.15	4,914,710.55		44,216,255.72

Items	Buildings and structures	Machinery	Transport facilities	Other equipment	Fixed asset renovation	Total
Closing balance	7,426,937,788.66	15,036,577,633.44	41,182,127.01	351,032,142.61	8,040,196.34	22,863,769,888.06
Accumulated depreciation						
Opening balance	613,054,005.47	3,150,017,977.00	16,221,950.96	130,865,121.49	5,117,248.49	3,915,276,303.41
Increase	214,489,150.33	1,480,228,358.11	5,167,074.60	44,168,685.66	848,810.98	1,744,902,079.68
1) Accrual	214,489,150.33	1,456,235,770.84	5,167,074.60	44,160,984.54	848,810.98	1,720,901,791.29
2) Transferred in from right-of-use assets		23,992,587.27				23,992,587.27
3) Exchange rate changes				7,701.12		7,701.12
Decrease	86,882.37	26,430,595.88	704,181.26	4,305,067.98		31,526,727.49
1) Disposal/ Scrapping	86,882.37	26,430,595.88	704,181.26	4,305,067.98		31,526,727.49
Closing balance	827,456,273.43	4,603,815,739.23	20,684,844.30	170,728,739.17	5,966,059.47	5,628,651,655.60
Provision for impairment						
Opening balance		161,684,103.79	4,433,621.19	50,136,781.20		216,254,506.18
Increase		98,855,616.66	6,724.72	-37,635,657.98		61,226,683.40
1) Accrual		53,855,616.66	6,724.72	7,364,342.02		61,226,683.40
2) Adjustment on items		45,000,000.00		-45,000,000.00		
Decrease		1,077,457.59				1,077,457.59
1) Disposal/ Scrapping		1,077,457.59				1,077,457.59
Closing balance		259,462,262.86	4,440,345.91	12,501,123.22		276,403,731.99
Carrying amount						
Closing carrying amount	6,599,481,515.23	10,173,299,631.35	16,056,936.80	167,802,280.22	2,074,136.87	16,958,714,500.47
Opening carrying amount	5,379,172,522.04	8,755,336,429.02	17,333,044.07	100,365,044.06	2,166,895.06	14,254,373,934.25

## 2) Fixed assets temporarily idle

Items	Cost	Accumulated depreciation	Provision for impairment	Carrying amount	Remarks
Buildings and structures	69,047,000.00	36,530,245.71		32,516,754.29	
Machinery	325,966,869.94	179,399,301.58	144,430,363.48	2,137,204.88	
Transport facilities	140,500.00	133,775.28	6,724.72		
Other equipment	10,100,749.97	9,295,868.31	804,881.66		
Subtotal	405,255,119.91	225,359,190.88	145,241,969.86	34,653,959.17	

## 3) Fixed assets leased out under operating leases

Items	Closing carrying amount
Buildings and structures	137,290,399.95
Subtotal	137,290,399.95

## 4) Fixed assets with certificate of titles being unsettled

Items	Carrying amount	Reasons for unsettlement
Buildings and structures	3,984,993,829.84	Self-built factory, the certificate is still in processing.
Buildings and structures	209,417,482.34	Factory built on behalf of others, for which the relevant property transfer agreement has not yet been executed, and the certificate of titles has not yet been settled.
Subtotal	4,194,411,312.18	

## (3) Disposal of fixed assets

Items	Closing balance	Opening balance
Fixed assets	103,067.97	1,723,162.68
Subtotal	103,067.97	1,723,162.68

## 13. Construction in progress

## (1) Details

Items	Closing balance	Opening balance
Construction in progress	962,315,829.53	3,717,584,135.87
Construction materials	7,391,276.86	71,533,643.64
Total	969,707,106.39	3,789,117,779.51

## (2) Construction in progress

## 1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Polarizer technical transformation and RTP addition	190,960,038.35	12,862,808.60	178,097,229.75	150,093,011.75		150,093,011.75
Yangzhou high-end display polarizer production line project with an annual production of 40 million square meters	3,888,352.95		3,888,352.95	3,819,602.95		3,819,602.95
Zhangjiagang LCD polarizer production line project with an annual production of 40 million square meters	8,049,508.65		8,049,508.65	13,455,711.02		13,455,711.02
Mianyang polarizer production line project with an annual production of 50 million square meters	464,151,726.82	5,922,137.69	458,229,589.13	429,325,629.17		429,325,629.17
Shanghai new material new R&D base	5,763,014.23		5,763,014.23	41,276,458.60		41,276,458.60
Sichuan Meishan lithium-ion battery anode material integrated base project with an annual production of 200,000 tons	45,403,965.85		45,403,965.85	70,678,945.14		70,678,945.14
Inner Mongolia Baotou lithium-ion battery anode material integrated base project (Phase II)				7,453,996.35		7,453,996.35
Anode Fujian phase II project				36,778,086.47		36,778,086.47
Anode material capacity expansion supporting project	16,224,042.18		16,224,042.18	28,840,158.57		28,840,158.57

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Yunnan Anning lithium-ion battery anode material integrated base project with an annual production of 300,000 tons	70,081,442.28		70,081,442.28	2,370,783,843.22		2,370,783,843.22
Shanshan lithium-ion battery silicon-based anode material integrated base project with an annual production of 40,000 tons	172,455,938.10		172,455,938.10	558,048,820.55		558,048,820.55
Inner Mongolia anode phase III crushing project with an annual production of 40,000 tons				4,093,378.47		4,093,378.47
Others	4,122,746.41		4,122,746.41	2,936,493.61		2,936,493.61
<b>Total</b>	<b>981,100,775.82</b>	<b>18,784,946.29</b>	<b>962,315,829.53</b>	<b>3,717,584,135.87</b>		<b>3,717,584,135.87</b>

## 2) Changes in significant projects

Projects	Budgets	Opening balance	Increase	Transferred to fixed assets	Other decreases	Closing balance
Yangzhou high-end display polarizer production line project with an annual production of 40 million square meters	4.5 billion	3,819,602.95	68,750.00			3,888,352.95
Zhangjiagang LCD polarizer production line project with an annual production of 40 million square meters	2.187 billion	13,455,711.02	9,413,606.63	10,720,375.13	4,099,433.87	8,049,508.65
Mianyang polarizer production line project with an annual production of 50 million square meters	3.5 billion	429,325,629.17	34,826,097.65			464,151,726.82
Shanghai new material new R&D base	0.6 billion	41,276,458.60	27,561,464.16	62,684,994.51	389,914.02	5,763,014.23
Sichuan Meishan lithium-ion battery anode material integrated base project with an annual production of 200,000 tons	8 billion (phase I: 4.2 billion)	70,678,945.14	178,451,487.27	203,726,466.56		45,403,965.85
Inner Mongolia Baotou lithium-ion battery anode material integrated base project (Phase II)	1.535 billion	7,453,996.35	1,651,063.46	5,667,228.31	3,437,831.50	
Anode Fujian phase II project	0.526 billion	36,778,086.47	792,139.04	37,566,827.45	3,398.06	
Yunnan Anning lithium-ion battery anode material integrated base project with an annual production of 300,000 tons	9.7 billion	2,370,783,843.22	384,649,949.64	2,676,511,108.22	8,841,242.36	70,081,442.28
Shanshan lithium-ion battery silicon-based anode material integrated base project with an annual production of 40,000 tons	3.75 billion	558,048,820.55	233,619,736.71	617,576,520.11	1,636,099.05	172,455,938.10
<b>Subtotal</b>		<b>3,531,621,093.47</b>	<b>871,034,294.56</b>	<b>3,614,453,520.29</b>	<b>18,407,918.86</b>	<b>769,793,948.88</b>

(Continued)

Projects	Accumulated input to budget (%)	Completion percentage	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in the current period	Annual capitalization rate (%)	Source of funds
Yangzhou high-end display polarizer production line project with an annual production of 40 million square meters		Project land payment has been completed				Self-raised funds and borrowings
Zhangjiagang LCD polarizer production line project with an annual production of 40 million square meters	84.27	Put into operation, with production capacity ramping up	46,033,573.91			Self-raised funds and borrowings
Mianyang polarizer production line project with an annual production of 50 million square meters	15.01	The main structures have been completed	2,114,316.67	251,733.34	3.20	Self-raised funds and borrowings
Shanghai new material new R&D base	109.62	Basically completed	14,540,782.33			Self-raised funds and borrowings

Projects	Accumulated input to budget (%)	Completion percentage	Accumulated amount of borrowing cost capitalization	Amount of borrowing cost capitalization in the current period	Annual capitalization rate (%)	Source of funds
Sichuan Meishan lithium-ion battery anode material integrated base project with an annual production of 200,000 tons	59.86	Phase I has been put into operation, and phase II warehouses and dormitories are under construction	151,834,126.97	1,236,438.02	4.08	Raised funds, self-raised funds and borrowings
Inner Mongolia Baotou lithium-ion battery anode material integrated base project (Phase II)	109.00	Basically completed				Self-raised funds and borrowings
Anode Fujian phase II project	99.03	Basically completed	5,361,113.31			Self-raised funds and borrowings
Yunnan Anning lithium-ion battery anode material integrated base project with an annual production of 300,000 tons	43.42	Phase I has been put into operation, and phase II has not yet commenced	116,162,631.46	22,622,764.44	3.85	Self-raised funds and borrowings
Shanshan lithium-ion battery silicon-based anode material integrated base project with an annual production of 40,000 tons	28.31	Part of phase I capacity has been put into trial production	24,447,669.52	8,351,919.81	3.45	Self-raised funds and borrowings
Subtotal			360,494,214.17	32,462,855.61		

(3) Construction materials

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Graphitization furnace project materials	7,391,276.86		7,391,276.86	71,533,643.64		71,533,643.64
Subtotal	7,391,276.86		7,391,276.86	71,533,643.64		71,533,643.64

14. Right-of-use assets

Items	Buildings and structures	Machinery	Transport facilities	Others	Total
Cost					
Opening balance	1,004,383,811.45	335,296,482.18		2,239,060.57	1,341,919,354.20
Increase	42,041,237.28		164,446.95		42,205,684.23
1) Leased in	42,041,237.28		164,446.95		42,205,684.23
Decrease	108,164,856.40	288,002,831.86	92,751.13	2,239,060.57	398,499,499.96
1) Disposal	108,164,856.40		92,751.13	2,239,060.57	110,496,668.10
2) Transferred to fixed assets		288,002,831.86			288,002,831.86
Closing balance	938,260,192.33	47,293,650.32	71,695.82		985,625,538.47
Accumulated depreciation					
Opening balance	181,973,658.12	19,252,270.32		2,153,669.90	203,379,598.34
Increase	61,736,094.85	14,074,258.53	101,713.11		75,912,066.49
1) Accrual	61,660,773.32	14,074,258.53	101,713.11		75,836,744.96
2) Others	75,321.53				75,321.53

Items	Buildings and structures	Machinery	Transport facilities	Others	Total
Decrease	87,127,534.44	23,992,587.27	92,751.13	2,153,669.90	113,366,542.74
1) Disposal	87,127,534.44		92,751.13	2,153,669.90	89,373,955.47
2) Transferred to fixed assets		23,992,587.27			23,992,587.27
Closing balance	156,582,218.53	9,333,941.58	8,961.98		165,925,122.09
Provision for impairment					
Opening balance					
Increase					
Decrease					
Closing balance					
Carrying amount					
Closing carrying amount	781,677,973.80	37,959,708.74	62,733.84		819,700,416.38
Opening carrying amount	822,410,153.33	316,044,211.86		85,390.67	1,138,539,755.86

## 15. Intangible assets

### (1) Details

Items	Land use right	Patent right	Software and others	Customer relationship	Total
Cost					
Opening balance	1,402,400,628.86	710,574,630.67	126,221,046.75	153,000,000.00	2,392,196,306.28
Increase	7,517,543.16	398,190,369.33	33,378,692.87	163,000,000.00	602,086,605.36
1) Acquisition	7,517,543.16	398,190,369.33	33,378,692.87	163,000,000.00	602,086,605.36
Decrease		25,000.00	135,849.06		160,849.06
1) Disposal		25,000.00	135,849.06		160,849.06
Closing balance	1,409,918,172.02	1,108,740,000.00	159,463,890.56	316,000,000.00	2,994,122,062.58
Accumulated amortization					
Opening balance	108,125,024.59	278,098,780.46	61,000,092.19	59,925,000.00	507,148,897.24
Increase	29,496,506.33	106,856,575.69	11,991,170.65	31,600,000.00	179,944,252.67
1) Accrual	29,496,506.33	106,856,575.69	11,991,170.65	31,600,000.00	179,944,252.67
Decrease		21,531.88	-3,219.21		18,312.67
1) Disposal		21,531.88			21,531.88
2) Exchange rate changes			-3,219.21		-3,219.21
Closing balance	137,621,530.92	384,933,824.27	72,994,482.05	91,525,000.00	687,074,837.24
Provision for impairment					
Opening balance			427,750.81		427,750.81
Increase					
Decrease					

Items	Land use right	Patent right	Software and others	Customer relationship	Total
Closing balance			427,750.81		427,750.81
Carrying amount					
Closing carrying amount	1,272,296,641.10	723,806,175.73	86,041,657.70	224,475,000.00	2,306,619,474.53
Opening carrying amount	1,294,275,604.27	432,475,850.21	64,793,203.75	93,075,000.00	1,884,619,658.23

## (2) Individual intellectual property with significant influence

The patent rights include intellectual property related to the acquisition of the LCD polarizer business and the SP polarizer business, comprising a total of 2,155 granted patents (including 1,765 overseas patents), including 2,061 invention patents and 94 utility model patents, with a net value of 0.72 billion yuan at the balance sheet date.

## 16. Goodwill

## (1) Details

Investees or events resulting in goodwill	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20	148,044,702.20		148,044,702.20	148,044,702.20	
LCD polarizer business	879,235,149.99	50,914,431.44	828,320,718.55	879,235,149.99	50,914,431.44	828,320,718.55
SP polarizer business	325,400,504.00	19,885,709.60	305,514,794.40			
Total	1,352,680,356.19	218,844,843.24	1,133,835,512.95	1,027,279,852.19	198,959,133.64	828,320,718.55

## (2) Cost

Investees or events resulting in goodwill	Opening balance	Increase due to business combination in the current period	Decrease		Closing balance
			Disposal	Others	
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20				148,044,702.20
LCD polarizer business	879,235,149.99				879,235,149.99
SP polarizer business		325,400,504.00			325,400,504.00
Total	1,027,279,852.19	325,400,504.00			1,352,680,356.19

## (3) Provision for impairment of goodwill

Investees or events resulting in goodwill	Opening balance	Provision made in the current period	Disposal	Closing balance
Huzhou Shanshan New Energy Technology Co., Ltd.	148,044,702.20			148,044,702.20
LCD polarizer business	50,914,431.44			50,914,431.44
SP polarizer business		19,885,709.60		19,885,709.60
Total	198,959,133.64	19,885,709.60		218,844,843.24

## (4) Related information of asset groups or asset group portfolios which include goodwill

Asset groups or asset group portfolios

Asset groups or asset group portfolios	Composition of asset groups or asset group portfolios and its basis	Operating segment and its basis	Whether asset groups or asset group portfolios are consistent with those at acquisition date/at goodwill impairment testing date in previous years
Huzhou Shanshan New Energy Technology Co., Ltd.	Acquisition of the business of manufacturing anode materials for lithium-ion batteries	Lithium battery materials segment	Yes
LCD polarizer business	Acquisition of LG Chem's LCD polarizer business and related assets in the mainland and Taiwan of China, and South Korea	Polarizer segment	Yes
SP polarizer business	Acquisition of LG Chem's SP polarizer business and related assets in the mainland of China, South Korea, and Vietnam	Polarizer segment	Yes

## (5) Specific method for determining recoverable amount

Recoverable amount determined based on the present value of estimated future cash flows

Items	Carrying amount of asset groups or asset group portfolios which include goodwill	Recoverable amount	Provision for impairment
LCD polarizer business	5,890,890,099.70	6,222,000,000.00	
SP polarizer business	1,672,885,709.60	1,653,000,000.00	19,885,709.60
Subtotal	7,563,775,809.30	7,875,000,000.00	19,885,709.60

(Continued)

Items	Forecast period	Parameters including revenue growth rate and profit margin for forecast period and their determination basis	Parameters including revenue growth rate and profit margin for stable period and their determination basis	Discount rate and its determination basis
LCD polarizer business	5 years	Based on historical experience and market development forecasts, the Company has determined that the revenue growth rates during the forecast period (2026-2030) will be 2.01%, 0.54%, 0.07%, 0.33%, and 0.29%, respectively, and the earnings before interest and taxes margin will be 7.14%, 7.62%, 7.21%, 7.44%, and 7.67%, respectively.	Based on historical experience and market development forecasts, the Company has determined that the forecast period will reach stability in the fifth year, the growth rate in the sixth year and the perpetual period will be 0, and the parameters such as revenue and profit margin will remain the same as in the fifth year of the forecast period.	The Company determined the discount rate was 10.14% based on the market time value of currency and the pre-tax interest rate of the specific risks of the relevant asset groups.
SP polarizer business	5 years	Based on historical experience and market development forecasts, the Company has determined that the revenue growth rates during the forecast period (2026-2030) will be 21.55%, 32.73%, 18.66%, 14.10%, and 8.72%, respectively, and the earnings before interest and taxes margin will be 0.68%, 8.40%, 11.34%, 12.73%, and 12.27%, respectively.	Based on historical experience and market development forecasts, the Company has determined that the forecast period will reach stability in the fifth year, the growth rate in the sixth year and the perpetual period will be 0, and the parameters such as revenue and profit margin will remain the same as in the fifth year of the forecast period.	The Company determined the discount rate was 10.53% based on the market time value of currency and the pre-tax interest rate of the specific risks of the relevant asset groups.
Subtotal				

## 17. Long-term prepayments

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Improvement expenditures on leased-in fixed assets	35,630,256.54	818,171.50	17,534,270.78		18,914,157.26
Amortization of revolving materials	19,610,868.61	18,899,967.24	18,445,964.78	8,720,761.01	11,344,110.06
Others	18,443,438.36	12,125,416.38	16,632,565.27		13,936,289.47
Total	73,684,563.51	31,843,555.12	52,612,800.83	8,720,761.01	44,194,556.79

## 18. Deferred tax assets and deferred tax liabilities

## (1) Deferred tax assets before offset

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	816,923,256.60	136,590,747.16	739,586,466.99	135,158,330.23
Unrealized gross margin within the consolidation scope	220,203,815.00	33,030,572.25	86,684,759.47	13,002,713.92
Transfer income of equity within the consolidated scope, recognized in tax and offset in accounting	163,893,536.52	40,973,384.13	163,893,536.52	40,973,384.13
Deductible losses	521,988,285.46	78,298,242.81	454,696,342.29	68,204,451.34
Unexercised share-based payment expenses			68,962,692.28	10,344,403.84
Revenue recognized in tax, not yet recognized in accounting	262,574,272.49	39,386,140.87	315,949,835.88	47,392,475.39
Expenditures recognized in accounting, not yet recognized in tax	314,072,927.82	47,121,634.96	236,236,015.38	35,435,402.31
Changes in fair value of other non-current financial assets through profit or loss	5,030,000.00	1,257,500.00	5,060,000.00	1,265,000.00
Deductible temporary differences arising from leases	1,146,740,488.11	172,011,073.22	1,083,660,629.53	163,947,872.40
Total	3,451,426,582.00	548,669,295.40	3,154,730,278.34	515,724,033.56

## (2) Deferred tax liabilities before offset

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Changes in fair value of other equity instruments through other comprehensive income	59,074,102.26	14,768,525.58	92,950,221.83	23,237,555.45
Tax-book difference in accelerated depreciation of fixed assets	1,212,804,027.71	181,920,604.21	1,147,576,125.68	172,254,853.74
Adjustment on fair value of long-term investments upon loss of control over former subsidiaries	1,237,956,808.36	309,489,202.09	1,237,956,808.36	309,489,202.09
Taxable temporary differences arising from leases	819,398,353.09	122,909,752.96	811,408,622.35	122,151,995.78
Extra deductions of equipment	12,338,043.45	2,020,282.91	12,429,137.00	1,999,801.12

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Total	3,341,571,334.87	631,108,367.75	3,302,320,915.22	629,133,408.18

## (3) Deferred tax assets or liabilities after offset

Items	Closing balance		Opening balance	
	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset	Deferred tax assets offset by deferred tax liabilities	Deferred tax assets/liabilities after offset
Deferred tax assets	307,111,754.11	241,557,541.29	237,076,164.87	278,647,868.69
Deferred tax liabilities	307,111,754.11	323,996,613.64	237,076,164.87	392,057,243.31

## 19. Other non-current assets

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepayments for engineering equipment	12,502,935.99		12,502,935.99	15,196,329.49		15,196,329.49
Total	12,502,935.99		12,502,935.99	15,196,329.49		15,196,329.49

## 20. Assets with title or use right restrictions

## (1) Details on assets with restrictions at the balance sheet date

Items	Closing book balance	Closing carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	855,954,836.42	855,954,836.42	Deposits	Deposits for notes, letters of credit, etc.
Cash and bank balances	88,932,232.60	88,932,232.60	Frozen	Judicial frozen funds, etc.
Cash and bank balances	87,872.23	87,872.23	Interest on time deposits	Accrual of interest on time deposits
Accounts receivable	159,819,200.99	159,563,490.27	Pledged	Pledged for borrowings
Receivables financing	11,223,939.44	11,223,939.44	Pledged	Pledged for notes
Fixed assets	5,075,585,717.17	4,595,477,482.72	Mortgaged	Mortgaged for borrowings
Intangible assets	1,199,574,143.40	1,101,412,129.60	Mortgaged	Mortgaged for borrowings
Total	7,391,177,942.25	6,812,651,983.28		

## (2) Details on assets with restrictions at the beginning of the period

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Cash and bank balances	915,713,798.14	915,713,798.14	Deposits	Deposits for notes, etc.
Cash and bank balances	23,786,120.31	23,786,120.31	Frozen	Judicial frozen funds, etc.
Accounts receivable	177,753,693.89	177,053,693.89	Pledged	Pledged for borrowings
Fixed assets	3,233,769,358.72	2,964,324,825.31	Mortgaged	Mortgaged for borrowings
Construction in progress	490,006,291.02	490,006,291.02	Mortgaged	Mortgaged for borrowings

Items	Opening book balance	Opening carrying amount	Type of restrictions	Reasons for restrictions
Intangible assets	1,192,056,600.24	1,117,764,376.83	Mortgaged	Mortgaged for borrowings
Total	6,033,085,862.32	5,688,649,105.50		

## 21. Short-term borrowings

Items	Closing balance	Opening balance
Guaranteed borrowings	1,898,230,352.05	1,721,438,425.68
Credit borrowings	1,170,184,180.55	1,871,403,480.77
Notes payable financing	1,047,000,000.00	810,900,000.00
Mortgaged borrowings	996,895,683.33	600,495,000.00
Mortgaged and guaranteed borrowings	310,236,250.00	486,598,462.46
Pledged and guaranteed borrowings	81,089,335.00	63,754,794.04
Pledged borrowings		73,055,763.89
Total	5,503,635,800.93	5,627,645,926.84

## 22. Notes payable

Items	Closing balance	Opening balance
Bank acceptance	246,138,749.68	169,794,561.48
Trade acceptance		21,200,770.33
Total	246,138,749.68	190,995,331.81

## 23. Accounts payable

Items	Closing balance	Opening balance
Payables for purchase of goods or labor services	2,782,396,101.69	3,172,455,230.63
Payables for purchase of long-term assets	1,391,459,736.41	1,351,568,648.93
Total	4,173,855,838.10	4,524,023,879.56

## 24. Advances received

Items	Closing balance	Opening balance
Rent and others received in advance	188,984.47	1,827,784.11
Total	188,984.47	1,827,784.11

## 25. Contract liabilities

Items	Closing balance	Opening balance
Sales proceeds	57,709,480.71	32,640,936.49
Total	57,709,480.71	32,640,936.49

## 26. Employee benefits payable

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	121,887,994.41	1,347,323,376.60	1,294,560,776.86	174,650,594.15
Post-employment benefits - defined contribution plan	72,000.51	99,913,728.48	98,746,647.07	1,239,081.92
Termination benefits		8,641,658.51	8,477,891.51	163,767.00
Total	121,959,994.92	1,455,878,763.59	1,401,785,315.44	176,053,443.07

## (2) Details of short-term employee benefits

Items	Opening balance	Increase	Decrease	Closing balance
Wage, bonus, allowance and subsidy	120,241,624.32	1,117,668,146.54	1,067,308,933.17	170,600,837.69
Employee welfare fund	145,714.64	120,817,891.58	120,200,994.15	762,612.07
Social insurance premium	39,036.80	52,360,468.19	51,709,578.58	689,926.41
Including: Medicare premium	37,429.09	45,587,946.53	44,988,141.72	637,233.90
Occupational injuries premium	1,607.71	4,814,108.50	4,799,435.78	16,280.43
Maternity premium		1,958,413.16	1,922,001.08	36,412.08
Housing provident fund	20,329.00	41,608,479.57	41,365,443.57	263,365.00
Trade union fund and employee education fund	1,441,289.65	14,868,390.72	13,975,827.39	2,333,852.98
Subtotal	121,887,994.41	1,347,323,376.60	1,294,560,776.86	174,650,594.15

## (3) Details of defined contribution plan

Items	Opening balance	Increase	Decrease	Closing balance
Basic endowment insurance premium	69,445.95	96,552,979.30	95,421,194.18	1,201,231.07
Unemployment insurance premium	2,554.56	3,360,749.18	3,325,452.89	37,850.85
Subtotal	72,000.51	99,913,728.48	98,746,647.07	1,239,081.92

## 27. Taxes and rates payable

Items	Closing balance	Opening balance
Enterprise income tax	60,241,350.06	62,369,739.66
VAT	15,062,911.10	70,231,365.85
Housing property tax	12,656,901.99	10,970,618.40
Individual income tax withheld for tax authorities	5,902,298.12	5,894,839.77
Land use tax	4,737,188.62	5,649,957.90
Urban maintenance and construction tax	1,623,553.76	3,716,883.55
Education surcharge	1,188,447.53	2,665,457.15

Items	Closing balance	Opening balance
Others	6,832,392.60	6,943,013.63
Land appreciation tax		72,193,006.97
Total	108,245,043.78	240,634,882.88

## 28. Other payables

## (1) Details

Items	Closing balance	Opening balance
Dividend payable	701,360.00	701,360.00
Other payables	294,382,323.50	438,366,541.48
Total	295,083,683.50	439,067,901.48

## (2) Dividend payable

Items	Closing balance	Opening balance
Dividend of ordinary shares	701,360.00	701,360.00
Subtotal	701,360.00	701,360.00

## (3) Other payables

Items	Closing balance	Opening balance
Accrued expenses	134,987,114.11	149,930,271.32
Contingent repurchase payables related to restricted shares	65,421,905.82	121,751,141.20
Security deposits	38,671,326.75	41,000,226.14
Temporary receipts payable	48,226,908.35	118,609,834.35
Property balance payable	7,075,068.47	7,075,068.47
Subtotal	294,382,323.50	438,366,541.48

## 29. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term borrowings due within one year	3,925,952,762.64	2,135,191,355.66
Long-term payables due within one year	357,659,381.47	298,489,480.43
Lease liabilities due within one year	389,527,146.94	362,852,525.18
Total	4,673,139,291.05	2,796,533,361.27

## 30. Other current liabilities

Items	Closing balance	Opening balance
Output VAT to be recognized	6,928,404.27	3,391,582.34
Total	6,928,404.27	3,391,582.34

## 31. Long-term borrowings

Items	Closing balance	Opening balance
Mortgaged and guaranteed borrowings	4,427,642,671.66	5,355,868,705.92
Pledged borrowings	442,370,486.11	688,000,000.00
Guaranteed borrowings	398,372,441.66	855,392,897.00
Mortgaged borrowings		12,000,000.00
Credit borrowings		323,200,000.00
Pledged and guaranteed borrowings		570,000,000.00
Total	5,268,385,599.43	7,804,461,602.92

## 32. Lease liabilities

Items	Closing balance	Opening balance
Buildings and structures	680,754,621.12	700,025,004.30
Machinery	37,962,068.99	42,092,286.25
Others	27,431.65	33,173.38
Total	718,744,121.76	742,150,463.93

## 33. Long-term payables

Items	Closing balance	Opening balance
Sale and leaseback payable	17,045,742.96	235,291,929.72
Total	17,045,742.96	235,291,929.72

## 34. Provisions

Items	Closing balance	Opening balance	Reasons for balance
Products quality guarantee	38,259,522.64	33,047,544.20	Provision for product quality guarantee
Estimated disposal loss	3,000,000.00	3,000,000.00	Provision for losses on disposal of assets
Total	41,259,522.64	36,047,544.20	

## 35. Deferred income

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	484,764,556.10	124,485,120.00	57,866,552.97	551,383,123.13	Receipt of grants related to assets
Total	484,764,556.10	124,485,120.00	57,866,552.97	551,383,123.13	

## 36. Share capital

## (1) Details

Items	Opening balance	Movements					Closing balance
		Issue of new shares	Bonus shares	Conversion of reserve to shares	Others	Subtotal	
Total shares	2,253,396,168.00				-3,983,305.00	-3,983,305.00	2,249,412,863.00

## (2) Other remarks

Current decrease in share capital of 3,983,305 shares was mainly due to the cancellation of treasury shares repurchased under the equity incentive plan. Please refer to section V (I) 38 of notes to the financial statements for details on the cancellation of treasury shares.

## 37. Capital reserve

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Share/capital premium	7,619,071,362.01		51,643,808.06	7,567,427,553.95
Other capital reserve	1,395,728,611.77		178,255,256.71	1,217,473,355.06
Total	9,014,799,973.78		229,899,064.77	8,784,900,909.01

## (2) Other remarks

In the current period, capital premium (share premium) decreased by 51,643,808.06 yuan, which was due to the cancellation of treasury shares repurchased under the equity incentive plan in the current period. Please refer to section V (I) 38 of notes to the financial statements for details on the cancellation of treasury shares.

In the current period, other capital reserves decreased by 53,308,703.52 yuan, mainly due to the reversal of share-based payment. Please refer to section XII (I) 3 of notes to the financial statements for details.

In the current period, other capital reserves decreased by 124,946,553.19 yuan, mainly due to changes in equity arising from passive dilution caused by the non-public capital increase and share expansion of Zhejiang Chouzhou Commercial Bank Co., Ltd. in 2025.

## 38. Treasury shares

## (1) Details

Items	Opening balance	Increase	Decrease	Closing balance
Repurchase of treasury shares through centralized bidding	1,346,952,290.86			1,346,952,290.86
Repurchase of treasury shares through equity incentive plan	122,332,873.57		55,627,113.06	66,705,760.51
Total	1,469,285,164.43		55,627,113.06	1,413,658,051.37

## (2) Other remarks

## Repurchase of treasury shares through equity incentive plan

In May 2025, due to the failure to meet the performance targets for the third unlocking period and the disqualification of certain incentive participants resulting from resignation or retirement, the Company repurchased and canceled the corresponding restricted shares. A total of 3,983,305 restricted shares were repurchased and canceled, including 3,773,605 restricted shares canceled due to the failure to meet the performance targets for the third unlocking period and 209,700 restricted shares canceled due to the resignation of incentive participants. Accordingly, treasury shares decreased by 55,627,113.06 yuan, capital premium (share premium) decreased by 51,643,808.06 yuan, and share capital decreased by 3,983,305.00 yuan.

## 39. Other comprehensive income (OCI)

Items	Opening balance	Current period cumulative						Closing balance
		Other comprehensive income after tax					Less: OCI previously recognized but transferred to retained earnings in the current period (attributable to parent company after tax)	
		Current period cumulative before income tax	Less: OCI previously recognized but transferred to profit or loss in the current period	Less: Income tax expenses	Attributable to parent company	Attributable to non-controlling shareholders		
Items not to be reclassified subsequently to profit or loss	-210,642,242.21	136,088,818.59		34,348,135.12	101,740,683.47		89,454,082.05	-198,355,640.79
Including: OCI not to be transferred to profit or loss under equity method	8,823,480.57	1,011,164.46			1,011,164.46			9,834,645.03
Changes in fair value of other equity instrument investments	-219,465,722.78	135,077,654.13		34,348,135.12	100,729,519.01		89,454,082.05	-208,190,285.82
Items to be reclassified subsequently to profit or loss	-22,694,307.17	-2,002,205.28			-1,999,956.20	-2,249.08		-24,694,263.37
Including: OCI to be transferred to profit or loss under equity method	12,200,968.75	-4,810,997.69			-4,810,997.69			7,389,971.06
Translation reserves	-34,895,275.92	2,808,792.41			2,811,041.49	-2,249.08		-32,084,234.43
Total	-233,336,549.38	134,086,613.31		34,348,135.12	99,740,727.27	-2,249.08	89,454,082.05	-223,049,904.16

## 40. Special reserve

Items	Opening balance	Increase	Decrease	Closing balance
Work safety fund	10,880.60		10,880.60	
Total	10,880.60		10,880.60	

## 41. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	292,801,918.55			292,801,918.55
Total	292,801,918.55			292,801,918.55

## 42. Undistributed profit

## (1) Details

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	11,723,056,845.38	12,102,150,807.75
Add: Increase due to adjustment (or less: decrease)		
Opening balance after adjustment	11,723,056,845.38	12,102,150,807.75
Add: Net profit attributable to owners of the parent company	457,916,266.13	-367,136,028.73
Less: Appropriation of statutory surplus reserve		
Dividend payable on ordinary shares		437,401,038.60
Add: Previously recognized but transferred to retained earnings in the current period	89,454,082.05	425,443,104.96
Closing balance	12,270,427,193.56	11,723,056,845.38

## (II) Notes to items of the consolidated income statement

## 1. Operating revenue/Operating cost

## (1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	21,471,321,661.33	17,839,129,482.65	18,519,788,118.73	15,966,979,643.80
Other operations	115,693,538.50	18,904,958.66	159,940,902.67	31,885,848.73
Total	21,587,015,199.83	17,858,034,441.31	18,679,729,021.40	15,998,865,492.53
Including: Revenue from contracts with customers	21,566,476,582.98	17,843,320,264.26	18,623,755,389.82	15,964,710,521.72

## (2) Breakdown of revenue

## 1) Breakdown of revenue from contracts with customers by goods or services

Please refer to section XV (I) of notes to the financial statements for details on breakdown of revenue by goods or services.

## 2) Breakdown of revenue from contracts with customers by operating regions

Please refer to section XV (I) of notes to the financial statements for details on breakdown of revenue by operating regions.

## 3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized at a point in time	21,565,378,665.81	18,620,570,438.35
Recognized over time	1,097,917.17	3,184,951.47

Items	Current period cumulative	Preceding period comparative
Subtotal	21,566,476,582.98	18,623,755,389.82

(3) Contract liabilities with opening balance of 16,498,168.20 yuan were carried over to revenue in the current period.

## 2. Taxes and surcharges

Items	Current period cumulative	Preceding period comparative
Housing property tax, land use tax	78,109,528.50	65,911,403.80
Stamp duty	25,299,236.94	24,875,108.96
Urban maintenance and construction tax	20,710,467.36	12,450,895.01
Education surcharge	14,163,134.14	9,042,037.75
Others	10,082,212.73	4,593,948.46
Total	148,364,579.67	116,873,393.98

## 3. Selling expenses

Items	Current period cumulative	Preceding period comparative
Material consumption, transportation costs, vehicle costs, etc.	87,966,476.01	87,430,086.80
Marketing promotion expenses	56,195,791.67	55,034,489.40
Employee benefits	45,117,997.06	39,287,202.96
Office expenses, business travelling expenses, simplified leasing	34,055,503.22	23,437,962.99
Consulting fees, external service agency costs	30,773,163.01	16,818,690.83
Depreciation and amortization	15,450,766.23	16,489,976.51
Business entertainment expenses	4,218,775.58	5,956,132.69
Share-based payment	-1,663,076.89	-667,767.10
Others	581,038.68	293,032.97
Total	272,696,434.57	244,079,808.05

## 4. Administrative expenses

Items	Current period cumulative	Preceding period comparative
Employee benefits	280,982,581.70	233,975,335.71
Depreciation and amortization	184,232,168.30	175,926,999.73
Consulting fees, external service agency costs	86,396,488.34	153,404,624.32
Office expenses, business travelling expenses, simplified leasing	29,564,494.03	64,754,054.01
Business entertainment expenses	12,214,424.01	25,621,740.26

Items	Current period cumulative	Preceding period comparative
Information technology expenses	4,046,306.07	6,408,074.31
Transportation costs, vehicle costs, etc.	2,295,241.83	4,629,365.36
Utilities	1,953,784.25	3,504,781.72
Conference expenses, etc.	1,031,065.56	2,211,078.98
Material consumption	289,640.09	2,576,005.48
Share-based payment	-44,812,278.67	-19,774,285.92
Others	12,020,765.84	10,585,354.06
Total	570,214,681.35	663,823,128.02

## 5. R&amp;D expenses

Items	Current period cumulative	Preceding period comparative
Material consumption, utilities	766,050,154.20	629,310,437.73
Employee benefits	354,038,868.74	326,829,896.39
Depreciation and amortization	65,835,155.22	51,368,401.18
Consulting fees, external professional agency fees	9,407,493.64	19,780,321.88
Office expenses, business travelling expenses, simplified leasing	5,534,534.45	8,422,973.38
Share-based payment	-4,632,396.91	-1,668,480.31
Others	5,339,979.92	2,952,684.47
Total	1,201,573,789.26	1,036,996,234.72

## 6. Financial expenses

Items	Current period cumulative	Preceding period comparative
Interest expenses	595,205,330.31	573,783,400.78
Including: Interest expense on lease liabilities	57,750,102.99	69,107,566.33
Less: Interest income	32,968,746.93	68,395,411.82
Gains or losses on foreign exchange	43,883,817.47	1,953,213.86
Others	18,806,863.07	13,463,350.95
Total	624,927,263.92	520,804,553.77

## 7. Other income

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Government grants related to assets	57,866,552.97	35,685,617.08	57,866,552.97
Government grants related to income	63,310,146.00	113,588,997.21	63,310,146.00

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Refund of handling fees for withholding individual income tax	1,497,600.37	3,122,350.98	
VAT extra deductions	105,336,734.73	124,544,723.11	
Total	228,011,034.07	276,941,688.38	121,176,698.97

## 8. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-119,410,987.86	-505,592,763.50
Investment income from disposal of long-term equity investments		-65,543,726.25
Dividend income from other equity instrument investments	2,675,600.00	12,043,068.75
Total	-116,735,387.86	-559,093,421.00

## 9. Gains on changes in fair value

Items	Current period cumulative	Preceding period comparative
Other non-current financial assets	-18,581,000.00	-7,980,334.68
Total	-18,581,000.00	-7,980,334.68

## 10. Credit impairment loss

Items	Current period cumulative	Preceding period comparative
Bad debts	-34,452,531.88	-74,376,805.92
Total	-34,452,531.88	-74,376,805.92

## 11. Assets impairment loss

Items	Current period cumulative	Preceding period comparative
Inventory write-down loss	-209,340,487.03	-45,873,783.49
Impairment loss of fixed assets	-61,226,683.40	-5,033,207.25
Impairment loss of long-term equity investments	-43,975,589.19	-259,418,431.04
Impairment loss of goodwill	-19,885,709.60	-50,914,431.44
Impairment loss of construction in progress	-18,784,946.29	
Impairment loss of other current assets	-1,392,920.00	
Total	-354,606,335.51	-361,239,853.22

## 12. Gains on asset disposal

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Gains on disposal of fixed assets	2,047,494.04	234,598,034.79	2,047,494.04
Gains on disposal of right-of-use assets	1,634,108.70	3,515,741.12	1,634,108.70
Gains on disposal of construction in progress	-99,792.23	-262,425.91	-99,792.23
Gains on disposal of intangible assets		158,514,013.16	
Total	3,581,810.51	396,365,363.16	3,581,810.51

## 13. Non-operating revenue

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Penalty income	5,212,060.78	6,244,384.69	5,212,060.78
Gains on damage or retirement of non-current assets	917,050.01	1,708,846.62	917,050.01
Confiscation income	534,360.40	809,595.96	534,360.40
Others	1,022,250.68	1,653,124.60	1,022,250.68
Total	7,685,721.87	10,415,951.87	7,685,721.87

## 14. Non-operating expenditures

Items	Current period cumulative	Preceding period comparative	Amount included in non-recurring profit or loss
Losses on damage or retirement of non-current assets	3,805,655.63	15,690,310.31	3,805,655.63
Tax overdue fines	2,822,537.33	18,671,242.65	2,822,537.33
Donation expenditures	10,000.00	1,000,000.00	10,000.00
Others	1,324,515.96	18,244,635.32	1,324,515.96
Total	7,962,708.92	53,606,188.28	7,962,708.92

## 15. Income tax expenses

## (1) Details

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	138,233,969.57	76,120,241.33
Deferred income tax expenses	-38,315,349.44	-30,682,338.75
Total	99,918,620.13	45,437,902.58

## (2) Reconciliation of accounting profit to income tax expenses

Items	Current period cumulative	Preceding period comparative
Profit before tax	618,144,612.03	-274,287,189.36
Income tax expenses based on tax rate applicable to the parent company	154,536,153.01	-26,927,234.86
Effect of different tax rate applicable to subsidiaries	-103,458,543.32	-94,732,468.15
Effect of prior income tax reconciliation	2,198,272.34	1,427,464.09
Effect of non-taxable income		45,867,188.29
Effect of non-deductible costs, expenses and losses	23,861,927.68	15,836,857.39
Effect of utilization of deductible losses not previously recognized as deferred tax assets	-7,052,630.48	27,680,361.48
Effect of utilization of deductible temporary difference not previously recognized as deferred tax assets	-10,597,427.15	
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets in the current period	163,251,061.45	155,868,544.20
Extra deductions	-122,820,193.40	-79,582,809.86
Income tax expenses	99,918,620.13	45,437,902.58

## 16. Other comprehensive income after tax

Please refer to section V (I) 39 of notes to the financial statements for details.

## (III) Notes to items of the consolidated cash flow statement

## 1. Other cash receipts or payments related to operating activities, investing activities and financing activities

## (1) Other cash receipts related to operating activities

Items	Current period cumulative	Preceding period comparative
Receipt of government grants	168,554,846.00	190,417,112.05
Receipt of cash and bank balances with restrictions including operating deposits, security deposits, other operating deposits or intercompany balances, etc.	226,346,537.31	172,971,459.79
Interest income	32,968,746.93	68,482,841.14
Receipt of non-operating revenue related to operating activities	6,768,671.86	8,707,105.25
Total	434,638,802.10	440,578,518.23

## (2) Other cash payments related to operating activities

Items	Current period cumulative	Preceding period comparative
Payment of daily operating expenses	383,884,966.20	470,761,640.54
Payment of operating deposits or intercompany balances, etc.	29,761,561.17	15,790,582.19

Items	Current period cumulative	Preceding period comparative
Payment of operating security deposits in cash and bank balances with restrictions		35,227,956.01
Payment of non-operating expenditures related to operating activities	4,157,083.29	51,897,341.66
Total	417,803,610.66	573,677,520.40

## (3) Other cash receipts related to investing activities

Items	Current period cumulative	Preceding period comparative
The third installment payment for acquisition of LG's polarizer business - Refund of deposits for LG Chem	637,997,335.00	
Recovery of equity transfer payment for Beigong Holdings	14,000,000.00	
Recovery of equity transfer payment for Ulica Solar	363,091.28	
Receipt of non-operating intercompany balances from major shareholders		230,000,000.00
Recovery of purchase payment for Junkang Financial Tower		670,000,000.00
Receipt of interest on non-operating intercompany balances from major shareholder		23,342,202.74
Recovery of interest on purchase payment for Junkang Financial Tower		12,507,287.67
Total	652,360,426.28	935,849,490.41

## (4) Other cash payments related to investing activities

Items	Current period cumulative	Preceding period comparative
Payment of non-operating intercompany balance to major shareholder		150,000,000.00
Taxes and rates paid for equity transfer		13,538,850.00
Total		163,538,850.00

## (5) Other cash receipts related to financing activities

Items	Current period cumulative	Preceding period comparative
Receipt from Shanghai Shanrong Industrial Co., Ltd.	50,000,000.00	
Receipt of deposits for notes and letters of credit for financing		343,531,172.53
Temporary receipt of financing funds		100,000,000.00
Recovery of reserve funds from China Securities Depository and Clearing Co., Ltd. Shanghai Branch		2,059,114.34
Total	50,000,000.00	445,590,286.87

## (6) Other cash payments related to financing activities

Items	Current period cumulative	Preceding period comparative
Payment of rental fees	236,126,764.65	313,990,072.20
Repurchased treasury shares		554,293,989.97

Items	Current period cumulative	Preceding period comparative
Payment to Shanghai Shanrong Industrial Co., Ltd.	50,000,000.00	
Payment of deposits for notes and letters of credit for financing	159,837,050.63	315,252,476.08
Repurchase of restricted shares	55,627,113.06	66,330,008.00
Payment of reserve funds to China Securities Depository and Clearing Co., Ltd. Shanghai Branch		2,059,114.34
Total	501,590,928.34	1,251,925,660.59

## 2. Supplementary information to the cash flow statement

Supplementary information	Current period cumulative	Preceding period comparative
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	518,225,991.90	-319,725,091.94
Add: Provision for assets impairment	354,606,335.51	361,239,853.22
Provision for credit impairment	34,452,531.88	74,376,805.92
Depreciation of fixed assets, right-of-use assets, oil and gas assets, productive biological assets	1,796,738,536.25	1,359,243,965.18
Amortization of intangible assets	179,944,252.67	121,355,299.00
Amortization of long-term prepayments	52,612,800.83	67,183,350.65
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	-3,581,810.51	-396,365,363.16
Fixed assets retirement loss (Less: gains)	2,888,605.62	13,981,463.69
Losses on changes in fair value (Less: gains)	18,581,000.00	7,980,334.68
Financial expenses (Less: gains)	639,089,147.78	569,880,481.45
Investment losses (Less: gains)	116,735,387.86	559,093,421.00
Decrease of deferred tax assets (Less: increase)	37,090,327.40	-79,315,197.94
Increase of deferred tax liabilities (Less: decrease)	-68,060,629.67	-629,335.24
Decrease of inventories (Less: increase)	-1,297,561,302.09	-652,578,736.88
Decrease of operating receivables (Less: increase)	66,056,160.08	-796,499,864.85
Increase of operating payables (Less: decrease)	-181,385,858.22	969,605,975.47
Others	-7,345,047.17	1,389,814.32
Net cash flows from operating activities	2,259,086,430.12	1,860,217,174.57
(2) Significant investing and financing activities not related to cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		

Supplementary information	Current period cumulative	Preceding period comparative
Right-of-use assets increased in the current period		
(3) Net changes in cash and cash equivalents:		
Cash at the end of the period	1,674,896,558.76	1,831,148,236.87
Less: Cash at the beginning of the period	1,831,148,236.87	4,024,541,676.69
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase of cash and cash equivalents	-156,251,678.11	- 2,193,393,439.82

### 3. Composition of cash and cash equivalents

#### (1) Details

Items	Closing balance	Opening balance
1) Cash	1,674,896,558.76	1,831,148,236.87
Including: Cash on hand	139,750.90	91,807.27
Cash in bank on demand for payment	1,662,529,271.70	1,819,641,815.68
Other cash and bank balances on demand for payment	12,227,536.16	11,414,613.92
2) Cash equivalents		
Including: Bond investments maturing within three months		
3) Cash and cash equivalents at the end of the period	1,674,896,558.76	1,831,148,236.87

#### (2) Cash and bank balances not considered as cash and cash equivalents

Items	Closing balance	Opening balance	Reasons for not considered as cash and cash equivalents
Cash and bank balances	855,954,836.42	915,713,798.14	Deposits
Cash and bank balances	88,932,232.60	23,786,120.31	Frozen
Cash and bank balances	87,872.23		Interest of time deposits
Subtotal	944,974,941.25	939,499,918.45	

### 4. Changes in liabilities related to financing activities

Items	Opening balance	Increase		Decrease		Closing balance
		Changes in cash	Changes in non-cash	Changes in cash	Changes in non-cash	
Short-term borrowings	5,627,645,926.84	9,290,493,461.94	152,583,505.76	9,567,087,093.61		5,503,635,800.93
Long-term borrowings (including long-term borrowings due within one year)	9,939,652,958.58	52,500,000.00	315,356,427.64	1,113,171,024.15		9,194,338,362.07
Lease liabilities (including lease liabilities due within one year)	1,105,002,989.11		239,395,044.24	236,126,764.65		1,108,271,268.70
Subtotal	16,672,301,874.53	9,342,993,461.94	707,334,977.64	10,916,384,882.41		15,806,245,431.70

## 5. Significant activities not involving cash receipts and payments

Items	Current period cumulative	Preceding period comparative
Amount of endorsed commercial acceptance	4,042,500,045.32	1,964,674,328.18
Including: Payments for goods	3,733,907,549.73	1,706,877,065.80
Payments for acquisition of fixed assets and other long-term assets	308,592,495.59	257,797,262.38

## (IV) Others

## 1. Monetary items in foreign currencies

## (1) Details

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
Cash and bank balances			358,199,847.39
Including: USD	44,430,238.97	7.0288	312,291,263.67
EUR	1,109,997.16	8.2355	9,141,381.61
HKD	17,758,828.31	0.9032	16,040,128.91
VND	4,881,693,128.00	0.0003	1,306,394.25
KRW	1,971,635,244.00	0.0049	9,661,012.70
JPY	175,883,189.00	0.0448	7,879,566.87
TWD	8,427,116.00	0.2231	1,880,089.58
AUD	2.09	4.6892	9.80
Accounts receivable			336,614,717.63
Including: USD	47,890,780.45	7.0288	336,614,717.63
Other receivables			50,244,396.03
Including: EUR	2,510.00	8.2355	20,671.11
VND	519,800,000.00	0.0003	139,104.14
TWD	574,932.45	0.2231	128,267.43
KRW	10,187,000,000.00	0.0049	49,916,300.00
JPY	894,048.00	0.0448	40,053.35
Accounts payable			160,876,887.84
Including: USD	15,250,355.41	7.0288	107,191,698.11
HKD	1,340,268.33	0.9032	1,210,557.16
VND	1,019,914,385.00	0.0003	272,940.20
JPY	1,102,838,095.60	0.0448	49,407,146.68
KRW	568,045,656.00	0.0049	2,783,423.71
TWD	49,852.01	0.2231	11,121.98
Other payables			32,947,897.01
Including: USD	635,956.69	7.0288	4,470,012.38

Items	Closing balance in foreign currencies	Exchange rate	RMB equivalent at the end of the period
HKD	19,400.00	0.9032	17,522.47
VND	2,152,094,142.00	0.0003	575,923.83
TWD	14,108,508.58	0.2231	3,147,608.26
KRW	5,033,726,732.00	0.0049	24,665,260.99
JPY	1,597,524.00	0.0448	71,569.08

## 2. Leases

### (1) The Company as the lessee

1) Please refer to section V (I) 14 of notes to the financial statements for details on right-of-use assets.

2) Please refer to section III (XXXI) of notes to the financial statements for details on the Company's accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Items	Current period cumulative	Preceding period comparative
Expense relating to short-term leases	66,413,539.75	56,394,796.16
Expense relating to leases of low-value assets (excluding short-term leases)		631,807.39
Total	66,413,539.75	57,026,603.55

### 3) Profit or loss and cash flows related to leases

Items	Current period cumulative	Preceding period comparative
Interest expenses on lease liabilities	68,199,406.63	76,090,703.53
Income from subleasing right-of-use assets	8,696,651.96	
Total cash outflows related to leases	302,540,304.40	326,079,835.40

4) Please refer to section IX (II) of notes to the financial statements for details on maturity analysis of lease liabilities and related liquidity risk management.

### (2) The Company as the lessor

#### 1) Operating lease

##### a. Lease income

Items	Current period cumulative	Preceding period comparative
Lease income	11,841,964.89	53,298,167.58

## b. Assets leased out under operating leases

Items	Closing balance	December 31, 2024
Fixed assets	137,290,399.95	66,944,689.40
Subtotal	137,290,399.95	66,944,689.40

Please refer to section V (I) 12 of notes to the financial statements for details on fixed assets leased out under operating leases.

## c. Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance	December 31, 2024
Within 1 year	8,077,152.34	5,197,753.95
1-2 years	3,546,146.69	1,205,609.40
2-3 years	1,133,316.85	
3-4 years	449,541.28	
4-5 years	449,541.28	
Over 5 years	7,417,431.12	
Total	21,073,129.56	6,403,363.35

**VI. R&D costs**

Items	Current period cumulative	Preceding period comparative
Material consumption, utilities	766,050,154.20	629,310,437.73
Employee benefits	354,038,868.74	326,829,896.39
Depreciation and amortization	65,835,155.22	51,368,401.18
Consulting fees, external professional agency fees	9,407,493.64	19,780,321.88
Office expenses, business travelling expenses, simplified leasing	5,534,534.45	8,422,973.38
Share-based payment	-4,632,396.91	-1,668,480.31
Others	5,339,979.92	2,952,684.47
Total	1,201,573,789.26	1,036,996,234.72
Including: R&D costs to be expensed	1,201,573,789.26	1,036,996,234.72

**VII. Interest in other entities**

## (I) Composition of the consolidation scope

1. The Company has brought 50 subsidiaries including Shanjin Optoelectronics (Nanjing) Co., Ltd., Shanjin Optoelectronics (Guangzhou) Co., Ltd., Ningbo Shanshan New Materials Technology Co., Ltd., Shanghai Shanshan New Materials Co., Ltd., Yunnan Shanshan New Materials Co., Ltd., Inner Mongolia Shanshan Technology Co., Ltd., Sichuan Shanshan New Materials Co., Ltd., etc. into the consolidation scope.

## 2. Basic information of significant subsidiaries

Subsidiaries	Registered capital	Main operating place and place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
Shanjin Optoelectronics (Nanjing) Co., Ltd.	3.80 billion yuan	Nanjing, Jiangsu Province	Manufacturing		100.00	Establishment
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	1.70 billion yuan	Guangzhou, Guangdong Province	Manufacturing		100.00	Establishment
Ningbo Shanshan New Materials Technology Co., Ltd.	2.80 billion yuan	Ningbo, Zhejiang Province	Manufacturing		100.00	Establishment
Shanghai Shanshan New Materials Co., Ltd.	1.00 billion yuan	Shanghai	Manufacturing		100.00	Establishment
Yunnan Shanshan New Materials Co., Ltd.	2.05 billion yuan	Kunming, Yunnan Province	Manufacturing		100.00	Establishment
Inner Mongolia Shanshan Technology Co., Ltd.	1.30 billion yuan	Baotou, Inner Mongolia Province	Manufacturing		100.00	Establishment
Sichuan Shanshan New Materials Co., Ltd.	2.50 billion yuan	Meishan, Sichuan Province	Manufacturing		100.00	Establishment

## 3. Other remarks

Basis for the control of an investee while holding its half or less than half voting rights

The Company holds 50% of equity of Baotou Graphene Materials Research Institute Co., Ltd., which has a board of directors with a majority of its members appointed by the Company and all key management personnel appointed by the Company. Hence, the Company has control over it.

## (II) Business combination not under common control

## 1. Business combination not under common control in the current period

## (1) Basic information

Acquirees	Business acquisition date	Business acquisition cost	Proportion of business acquired (%)	Business acquisition method	Acquisition date
SP polarizer business	January 13, 2025	1,258.84 million yuan	100	Acquisition	January 13, 2025

(Continued)

Acquirees	Determination basis for acquisition date	Income from acquisition date to period end	Operating profit from acquisition date to period end
SP polarizer business	Assets delivery	1,042.69 million yuan	-88.00 million yuan

## (2) Other remarks

The Company's subsidiary Shanjin Optoelectronics (Suzhou) Co., Ltd. and its wholly-owned subsidiary Shanjin Optoelectronics (Guangzhou) Co., Ltd. acquire LG Chem Ltd.'s SP business and related assets in Chinese Mainland, South Korea, and Vietnam for an initial transfer price of 1,406.85 million yuan. (The SP business refers to: (1) special polarizer products for OLED displays; (2) LCD polarizer products for the automotive LCD business, and used in products of a certain customer or its related parties or supplied for use in such products). The final price will be adjusted based on factors such as initial transfer price, normalized inventory value, and delivery inventory

value.

On January 13, 2025, the relevant subsidiaries of the Company and the counterparty to the transaction completed the handover and liquidation of the transaction target. Based on the liquidation report issued by the accounting firm KPMG Samjong Accounting Corp., the final liquidation price was 1,258,843,412.54 yuan after tax.

## 2. Combination costs and goodwill

### Details

Items	SP polarizer business
Combination costs	
Cash	1,258,843,412.54
Total combination costs	1,258,843,412.54
Less: Share of fair value of net identifiable assets acquired	933,442,908.54
Goodwill	325,400,504.00

## 3. Acquisition-date identifiable assets of acquirees

### (1) Details

Items	SP polarizer business	
	Acquisition-date fair value	Acquisition-date carrying amount
Inventories	144,744,008.54	144,744,008.54
Fixed assets	229,698,900.00	546,055,404.00
Intangible assets	559,000,000.00	568,044,000.00
Total	933,442,908.54	1,258,843,412.54

### (2) Fair value determination method on identifiable assets

The fair value of the identifiable assets was determined based on the “Consultation Report on the Allocation of Consolidation Consideration for SP Business Involved in Shanjin Optoelectronics (Suzhou) Co., Ltd. for Financial Reporting Purposes” (Yin Xin Zi Bao Zi [2025] No. 01014) issued by Yinxin Asset Appraisal Co., Ltd. with December 31, 2024 as the benchmark date.

### (III) Changes in the consolidation scope due to other reasons

#### Entities brought into the consolidation scope

Name of entities	Equity acquisition method	Equity acquisition date	Capital contribution	Proportion of capital contribution
Shanghai Shanshan New Energy Materials Co., Ltd.	Establishment	Note	Note	100%

Note: Shanghai Shanshan New Energy Materials Co., Ltd. (the “Shanghai New Energy”) was invested and established by Shanghai Shanshan New Materials Co., Ltd. on July 30, 2024, with registered capital of 100.00 million yuan. As of December 31, 2025, Shanghai Shanshan New

Materials Co., Ltd. has not paid the contribution yet, and Shanghai New Energy has not actually conducted any business.

(IV) Significant not wholly-owned subsidiaries

1. Details

Subsidiaries	Holding proportion of non-controlling shareholders	Profit or loss attributable to non-controlling shareholders in the current period	Dividend declared to non-controlling shareholders in the current period	Closing balance of non-controlling interest
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	12.4863%	62,619,479.48		1,002,321,289.33

2. Other remarks

The non-controlling shareholder Shanghai Shanhao Business Consulting Partnership (LP) (employee shareholding) shall subscribe capital contribution of 112,000,000.00 yuan in Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd., accounting for 2.2445% of the registered capital. As of the end of 2025, a total of 39,980,000.00 yuan had been paid. Pursuant to the agreement among the shareholders, during the period that the capital subscribed by Shanghai Shanhao Business Consulting Partnership (LP) has not been fully paid, it shall nevertheless be entitled to shareholder rights in proportion to its subscribed capital.

3. Main financial information of significant not wholly-owned subsidiaries

(1) Assets and liabilities

Subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	9,382,864,343.24	13,239,597,513.66	22,622,461,856.90	10,062,404,171.52	4,050,336,536.41	14,112,740,707.93

(Continued)

Subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	8,805,105,079.14	13,502,429,118.56	22,307,534,197.70	8,833,084,128.60	5,440,113,204.95	14,273,197,333.55

(2) Profit or loss and cash flows

Subsidiaries	Current period cumulative				Preceding period comparative			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	10,148,256,537.04	506,289,964.13	506,084,551.87	1,303,606,732.83	8,215,255,235.75	390,039,277.58	390,027,573.72	903,550,336.12

## (V) Interest in joint ventures or associates

## 1. Significant joint ventures or associates

Joint ventures or associates	Main operating place	Place of registration	Business nature	Holding proportion (%)		Accounting treatment on investments in joint ventures or associates
				Direct	Indirect	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Zhejiang Province	Yiwu	Commercial bank	6.45		Equity method
BASF Shanshan Battery Materials Co., Ltd.	Hunan Province	Changsha	Industrial		49.00	Equity method

## 2. Main financial information of significant associates

Items	Closing balance/Current period cumulative		Opening balance/Preceding period comparative	
	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd.	Zhejiang Chouzhou Commercial Bank Co., Ltd.	BASF Shanshan Battery Materials Co., Ltd.
Current assets	325,403,005,399.35	3,509,815,546.86	346,453,430,077.02	3,390,460,867.65
Non-current assets	69,824,224,545.85	2,893,793,028.42	28,697,143,834.76	3,098,219,452.24
Total assets	395,227,229,945.20	6,403,608,575.28	375,150,573,911.78	6,488,680,319.89
Current liabilities	327,189,263,316.51	1,668,822,949.12	306,119,393,509.34	1,599,265,610.03
Non-current liabilities	38,110,355,137.73	3,208,914.70	40,760,110,854.08	2,005,819.28
Total liabilities	365,299,618,454.24	1,672,031,863.82	346,879,504,363.42	1,601,271,429.31
Non-controlling interest	1,571,057,136.08		1,506,383,829.19	
Equity attributable to owners of parent company	28,356,554,354.88	4,731,576,711.46	26,764,685,719.17	4,887,408,890.58
Less: Perpetual bonds	2,500,000,000.00		2,500,000,000.00	
Proportionate share in net assets	1,667,747,755.89	2,318,472,588.62	1,713,086,811.77	2,394,830,356.39
Adjustments		1,049,169,643.61	-1,237,536.84	1,049,169,643.61
Goodwill				
Unrealized profit from internal transactions				
Others		1,049,169,643.61	-1,237,536.84	1,049,169,643.61
Carrying amount of investments in associates	1,667,747,755.89	3,367,642,232.23	1,711,849,274.93	3,444,000,000.00
Fair value of equity investments in associates in association with quoted price				
Operating revenue	11,813,958,629.76	4,595,058,708.88	11,088,974,625.09	4,055,931,308.74
Net profit	1,596,813,623.58	-158,747,784.20	1,564,732,036.61	-367,057,687.62
Net profit of discontinued operations				
Other comprehensive income	-90,481,681.06	2,915,605.08	109,248,346.44	-2,341,828.34
Total comprehensive income	1,506,331,942.52	-155,832,179.12	1,673,980,383.05	-369,399,515.96
Dividend from associates received in the current period				

## 3. Aggregated financial information of insignificant joint ventures and associates

Items	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Joint ventures and associates		
Total carrying amount of investments	924,701,655.32	1,160,557,470.12
Proportionate shares in the following items		
Net profit	-127,462,277.71	-413,610,773.35
Other comprehensive income	1,011,164.46	-3,350,304.38
Total comprehensive income	-126,451,113.25	-416,961,077.73

## 4. Excess losses incurred by associates

Associates	Accumulated unrecognized losses in prior periods	Unrecognized losses in the current period	Accumulated unrecognized losses at the balance sheet date
Winsky High-tech Group Co., Ltd.	-25,942,613.10	-2,592,017.05	-28,534,630.15

## VIII. Government grants

## (I) Government grants increased in the current period

Items	Increase
Government grants related to assets	124,485,120.00
Including: Included into deferred income	124,485,120.00
Government grants related to income	63,310,146.00
Including: Included into other income	63,310,146.00
Total	187,795,266.00

## (II) Liabilities related to government grants

Presented under	Opening balance	Increase	Amount included into other income	Amount included into non-operating revenue
Deferred income	484,764,556.10	124,485,120.00	57,866,552.97	
Subtotal	484,764,556.10	124,485,120.00	57,866,552.97	

(Continued)

Presented under	Amount offsetting expenses	Amount offsetting assets	Other changes	Closing balance	Related to assets/income
Deferred income				551,383,123.13	Related to assets
Subtotal				551,383,123.13	

## (III) Government grants included into profit or loss

Items	Current period cumulative	Preceding period comparative
Government grants included into other income	121,176,698.97	149,274,614.29
Total	121,176,698.97	149,274,614.29

**IX. Risks related to financial instruments**

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, and details are:

## (I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

## 1. Credit risk management practice

## (1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

1) Quantitative standard mainly relates to the scenario in which, at the balance sheet date, the probability of default in the remaining lifetime has risen by more than a certain percentage compared with the initial recognition;

2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

- 1) significant financial difficulty of the debtor;
- 2) a breach of binding clause of contract;
- 3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;
- 4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss given default, and exposure to default risk. The Company develops a model of the probability of default, loss given default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to section V (I) 2, V (I) 3, V (I) 4, V (I) 6 and V (I) 19 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of loss allowances of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a regular basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2025, the Company has certain concentration of credit risk, and 58.15% (December

31, 2024: 59.00%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of accounts receivable.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

## (II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

### Financial liabilities classified based on remaining time period till maturity

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	14,697,974,163.00	15,400,816,602.49	9,517,042,281.38	3,155,601,226.01	2,728,173,095.10
Notes payable	246,138,749.68	246,138,749.68	246,138,749.68		
Accounts payable	4,173,855,838.10	4,173,855,838.10	4,173,855,838.10		
Other payables	295,083,683.50	295,083,683.50	295,083,683.50		
Lease liabilities	1,108,271,268.70	1,902,384,090.97	455,173,235.57	169,598,413.39	1,277,612,442.01
Long-term payables	374,705,124.43	374,705,124.43	357,659,381.47	17,045,742.96	
Subtotal	20,896,028,827.41	22,392,984,089.17	15,044,953,169.70	3,342,245,382.36	4,005,785,537.11

(Continued)

Items	December 31, 2024				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	15,567,298,885.42	16,002,289,880.45	7,014,700,204.70	5,541,241,956.79	3,446,347,718.96
Notes payable	190,995,331.81	190,995,331.81	190,995,331.81		
Accounts payable	4,524,023,879.56	4,524,023,879.56	4,524,023,879.56		
Other payables	439,067,901.48	439,067,901.48	439,067,901.48		
Lease liabilities	1,105,002,989.11	1,860,885,764.83	392,552,413.08	222,461,623.76	1,245,871,727.99

Items	December 31, 2024				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Long-term payables	533,781,410.15	533,781,410.15	533,781,410.15		
Subtotal	22,360,170,397.53	23,551,044,168.28	13,095,121,140.78	5,763,703,580.55	4,692,219,446.95

### (III) Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

#### 1. Interest risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest rates. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2025, balance of borrowings with interest accrued at floating interest rate totaled 11,114,633,362.01 yuan (December 31, 2024: 10,323,564,066.46 yuan). Rising interest rates would increase the borrowing costs of new interest-bearing debt and the interest expenses of the Company's outstanding interest-bearing liabilities at floating interest rate, thereby adversely impacting the Company's financial performance. In response, the Management will promptly adjust strategies based on the latest market conditions, including appropriately increasing the proportion of fixed-rate debt arrangements, to mitigate risks associated with financial instruments.

#### 2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to section V (IV) 1 of notes to the financial statements for details on foreign currency financial assets and liabilities at the balance sheet date.

## X. Fair value disclosure

### (I) Details of fair value of assets and liabilities at fair value at the balance sheet date

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Recurring fair value measurement				
1. Receivables financing			59,573,414.23	59,573,414.23
2. Other equity instrument investments	81,192,773.80		19,184,066.66	100,376,840.46
(1) Listed equity instrument investments	81,192,773.80			81,192,773.80
(2) Unlisted equity instrument investments			19,184,066.66	19,184,066.66
3. Other non-current financial assets		12,485,000.00	205,199,588.93	217,684,588.93
(1) Financial assets at fair value through profit or loss		12,485,000.00	205,199,588.93	217,684,588.93
Total assets at recurring fair value measurement	81,192,773.80	12,485,000.00	283,957,069.82	377,634,843.62

## (II) Basis for determining level 1 fair value at recurring fair value measurement

The other equity instrument investments measured at level 1 fair value held by the Company include shares traded in active markets. The Company determines their fair value based on quoted prices in active markets.

## (III) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring fair value measurement

The other non-current financial assets measured at level 2 fair value held by the Company refer to LP interests in limited partnerships. The stocks of the entities invested in by the underlying funds are quoted in active markets. The Company determines the fair value of these assets based on its proportionate share in the fund.

## (IV) Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring fair value measurement

1. The receivables financing measured at level 3 fair value held by the Company refers to bank acceptance receivable, Changhong Youdan and BYD Chain. Given the low credit risk and short remaining term, the Company determines their fair value based on the par value.

2. The other equity instrument investments and other non-current financial assets measured at level 3 fair value held by the Company refer to equity of unlisted companies. For these unlisted equity investments, the Company estimates the fair value using a combination of methods such as the market approach and discounted future cash flows. For investments in companies where there have been no significant changes in the business environment, operations, or financial condition, the Company uses the investment cost as a reasonable estimate of fair value.

**XI. Related party relationships and transactions****(I) Related party relationships****1. Parent company****(1) Details**

Parent company	Place of registration	Business nature	Registered capital	Holding proportion over the Company (%)	Voting right proportion over the Company (%)
Shanshan Group Co., Ltd.	Floor 26, No. 777 Rili Middle Road, Shounan Subdistrict, Yinzhou District, Ningbo City, Zhejiang Province	Investment	298,418,756	14.24	14.91

Please refer to section XV (II) of notes to the financial statements for details on shareholding and pledge of the Company's controlling shareholder at the balance sheet date.

On February 10, 2023, the Company's former actual controller, Mr. Zheng Yonggang, passed away due to illness. As of the date of approval for issuing the financial statements, the Company has not received any legally effective written documents or notifications confirming a new actual controller. The Company will continue to closely monitor the situation and assess the identity of the actual controller based on the progress of the changes in equity.

2. Please refer to section VII of notes to the financial statements for details on the Company's subsidiaries.

**3. Joint ventures and associates of the Company**

Please refer to section VII of notes to the financial statements for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in the current period or in preceding period but with balance in the current period are as follows:

Joint ventures or associates	Relationships with the Company
Ningbo Levineng Energy Storage System Co., Ltd.	Joint venture
Anhui Levineng Power Battery Co., Ltd.	Joint venture
Shanshan Brand Management Co., Ltd.	Associate
Zhejiang Chouzhou Commercial Bank Co., Ltd.	Associate
Ningbo Airport Logistics Development Co., Ltd.	Associate
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Associate
Shenzhen Shanchuang Equity Investment Management Co., Ltd.	Associate
Ningbo Shanqi Property Service Co., Ltd.	Associate
BASF Shanshan Battery Materials Co., Ltd.	Associate
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	Associate
Suiyong Holding Co., Ltd.	Associate

Joint ventures or associates	Relationships with the Company
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Associate
Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.	Associate
Winsky High-tech Group Co., Ltd.	Associate
Suzhou Shanyue Energy System Co., Ltd.	Associate
Ningbo New Airport International Logistics Co., Ltd.	Subsidiary of associate
Ningbo Shanjing Clothing Co., Ltd.	Associate of associate

## 4. Other related parties of the Company

Related parties	Relationships with the Company
Ningbo Shanli Packaging Supplies Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanju Industrial Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanqi Property Service Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanshan Energy Chemical Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanshan Resources Co., Ltd.	Under control of the controlling shareholder
Ningbo Shanxin Commercial Real Estate Management Co., Ltd.	Under control of the controlling shareholder
Shanshan Resources Group Co., Ltd.	Under control of the controlling shareholder
Junkang General Hospital (Shanghai) Co., Ltd.	Under control of the controlling shareholder
Shanghai Shanshan Industrial Co., Ltd.	Under control of the controlling shareholder
Shanghai Shanrong Industrial Co., Ltd.	Under control of the controlling shareholder
Shanghai Shanshan Trading Co., Ltd.	Under control of the controlling shareholder
Zhejiang Shanshan Hongzhi Trading Co., Ltd.	Under control of the controlling shareholder
Ningbo Langhe New Materials Technology Co., Ltd.	Under control of the controlling director
Shanghai Jingruhui Industrial Co., Ltd.	Under control of Shanshan Holdings Co., Ltd.
Shanghai Junsheng Tongda Real Estate Co., Ltd.	The actual controlled enterprise under significant influence of the controlling shareholder
Ningbo Yuantong Trading Co., Ltd.	Under significant influence of the controlling shareholder
Jiangsu Shanyuan Technology Co., Ltd.	Investee

## (II) Related party transactions

## 1. Purchase and sale of goods, rendering and receiving of services

## (1) Purchase of goods and receiving of services

Unit: in ten thousand yuan

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Inner Mongolia Mengji New Carbon Materials Co., Ltd. [Note]	Purchase of goods	262.57	6,694.40
Ningbo New Airport International Logistics Co., Ltd.	Transportation fees	198.14	1,960.27
Shanshan Brand Management Co., Ltd.	Purchase of goods	60.69	146.90
Junkang General Hospital (Shanghai) Co., Ltd.	Service fees	14.32	
Jiangsu Shanyuan Technology Co., Ltd.	Purchase of goods	7.19	14.82
BASF Shanshan Battery Materials Co., Ltd.	Purchase of goods	5.68	
Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.	Purchase of goods	3.18	5.33
Ningbo Yuantong Trading Co., Ltd.	Purchase of goods		1,036.21
Total		551.77	9,857.93

Note: The equity of Inner Mongolia Mengji New Carbon Materials Co., Ltd. has been sold in April 2025. Current period cumulative only includes the amount from January to April 2025.

## (2) Sale of goods and rendering of services

Unit: in ten thousand yuan

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Anhui Levineng Power Battery Co., Ltd.	Sales of goods	1,902.76	695.68
Suiyong Holding Co., Ltd.	Software service fees	14.15	14.15
Shanshan Brand Management Co., Ltd.	Utilities and property management fees	7.83	120.16
Ningbo Shanjing Clothing Co., Ltd.	Utilities	4.80	60.29
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Software service fees	0.85	0.28
Shenzhen Shanchuang Equity Investment Management Co., Ltd.	Software service fees	0.28	
Jiangsu Shanyuan Technology Co., Ltd.	Sales of goods	0.24	0.04
Ningbo Shanli Packaging Supplies Co., Ltd.	Utilities	0.06	0.23
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Utilities and property management fees		12.98
BASF Shanshan Battery Materials Co., Ltd.	Financial services		22.07

Related parties	Content of transactions	Current period cumulative	Preceding period comparative
Jiangxi Zhanxiao New Energy Technology Co., Ltd.	Utilities and property management fees		19.80
Ningbo Levineng Energy Storage System Co., Ltd.	Sales of goods		188.58
Ningbo Levineng Energy Storage System Co., Ltd.	Utilities and property management fees		0.04
Inner Mongolia Mengji New Carbon Materials Co., Ltd.	Sales of goods		135.67
Ningbo Yuantong Trading Co., Ltd.	Sales of goods		126.00
Shanshan Brand Management Co., Ltd.	Decoration services		37.98
Jiangsu Shanyuan Technology Co., Ltd.	Software service fees		0.28
Total		1,930.97	1,434.23

## 2. Related party leases

## (1) The Company as the lessor

Unit: in ten thousand yuan

Lessees	Types of assets leased	Lease income for the current period	Lease income for the preceding period
Shanghai Shanshan Trading Co., Ltd.	Buildings and structures	17.21	
Zhejiang Shanshan Hongzhi Trading Co., Ltd.	Buildings and structures	48.45	
Shanghai Jingruhui Industrial Co., Ltd.	Buildings and structures	11.22	
Ningbo Levineng Energy Storage System Co., Ltd.	Buildings and structures	3.44	0.15
Shanshan Brand Management Co., Ltd.	Buildings and structures		207.12
Ningbo Shanju Industrial Co., Ltd.	Buildings and structures		8.35
Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	Buildings and structures		75.79
Ningbo Shanxin Commercial Real Estate Management Co., Ltd.	Buildings and structures		68.66
Ningbo Shanshan Resources Co., Ltd.	Buildings and structures		30.45
Shanshan Resources Group Co., Ltd.	Buildings and structures		31.76
Ningbo Shanshan Energy Chemical Co., Ltd.	Buildings and structures		57.13
Shanghai Shanshan Industrial Co., Ltd.	Buildings and structures		69.35
Total		80.32	548.76

## (2) The Company as the lessee

Unit: in ten thousand yuan

Lessors	Types of assets leased	Current period cumulative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Interest expense on lease liabilities	Right-of-use assets increased
Ningbo Shanqi Property Service Co., Ltd.	Buildings and structures	0.58			
Shanghai Junsheng Tongda Real Estate Co., Ltd.	Buildings and structures	101.46	352.43	7.54	
Shanshan Group Co., Ltd.	Buildings and structures		151.55	1.25	
Total		102.04	503.98	8.79	

(Continued)

Lessors	Types of assets leased	Preceding period comparative			
		Expenses for short-term leases and leases of low-value assets with simplified approach and variable lease payments not included in the measurement of lease liabilities	Lease with right-of-use assets recognized		
			Lease expenses paid (excluding variable lease payments not included in the measurement of lease liabilities)	Interest expense on lease liabilities	Right-of-use assets increased
Ningbo Shanqi Property Service Co., Ltd.	Buildings and structures	1.16			
Shanghai Junsheng Tongda Real Estate Co., Ltd.	Buildings and structures		594.67	26.38	
Shanshan Group Co., Ltd.	Buildings and structures		151.54	6.64	
Total		1.16	746.21	33.02	

## 3. Related party guarantees

The Company and its subsidiaries as guaranteed parties

Unit: in ten thousand yuan

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
Shanshan Holdings Co., Ltd.	10,000.00	April 1, 2025	April 1, 2026	No
Shanshan Holdings Co., Ltd.	29,800.00	January 2, 2024	January 1, 2027	No
Shanshan Holdings Co., Ltd.	100.00	January 2, 2024	January 1, 2026	No

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
Shanshan Holdings Co., Ltd.	115,250.00	January 20, 2021	January 19, 2026	No
Shanshan Group Co., Ltd.	10,000.00	September 20, 2024	August 10, 2026	No
Shanshan Group Co., Ltd.	10,000.00	February 29, 2024	February 28, 2027	No
Shanshan Group Co., Ltd.	25,000.00	January 1, 2023	December 14, 2026	No
Shanshan Group Co., Ltd.	10,000.00	March 24, 2022	March 11, 2026	No

## 4. Call loans between related parties

Unit: in ten thousand yuan

Related parties	Amount	Commencement date	Maturity date	Remarks
Call loans from related parties				
Shanghai Shanrong Industrial Co., Ltd.	5,000.00	March 12, 2025	March 13, 2025	On March 12, 2025, the Company received 50.00 million yuan from Shanghai Shanrong Industrial Co., Ltd. for temporary working capital purposes, and returned 50.00 million yuan to Shanghai Shanrong Industrial Co., Ltd. the following day.

## 5. Key management's emoluments

Unit: in ten thousand yuan

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	3,917.40	2,701.02

## 6. Other related party transactions

In 2025, the Company and its subsidiaries have no bank loans with Zhejiang Chouzhou Commercial Bank Co., Ltd. As of December 31, 2025, the balance of cash in bank of the Company and its subsidiaries with Zhejiang Chouzhou Commercial Bank Co., Ltd. was 0.94 million yuan, and the interest income for 2025 was 3.8 thousand yuan.

## (III) Balances due to or from related parties

## 1. Balances due from related parties

Unit: in ten thousand yuan

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Anhui Levineng Power Battery Co., Ltd.	787.32	1.26	502.19	25.09
	Ningbo Levineng Energy Storage System Co., Ltd.	401.93	248.97	406.40	81.18
	Jiangxi Zhanxiao New Energy Technology Co., Ltd.	77.82	77.82	77.83	3.89
	Ningbo Yuantong Trading Co., Ltd.			142.38	
Subtotal		1,267.07	328.05	1,128.80	110.16
Advances paid					
	BASF Shanshan Battery Materials Co., Ltd.	2.90			
	Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.	0.43			
	Ningbo Yuantong Trading Co., Ltd.			702.06	
	Anhui Levineng Power Battery Co., Ltd.	0.03			
	Jiangxi Zhanxiao New Energy Technology Co., Ltd.	0.01			
Subtotal		3.37		702.06	
Other receivables					
	Ningbo Levineng Energy Storage System Co., Ltd.	50.70	25.35	81.38	40.69
	Suiyong Holding Co., Ltd.	400.00		400.00	
Subtotal		450.70	25.35	481.38	40.69

## 2. Balances due to related parties

Unit: in ten thousand yuan

Items	Related parties	Closing balance	Opening balance
Accounts payable			
	Ningbo New Airport International Logistics Co., Ltd.	128.58	738.49
	Ningbo Levineng Energy Storage System Co., Ltd.	74.80	74.80
	Shanshan Brand Management Co., Ltd.	55.57	80.87
	Shanghai Junsheng Tongda Real Estate Co., Ltd.	48.54	
	Ningbo Langhe New Materials Technology Co., Ltd.	24.23	
	Winsky High-tech Group Co., Ltd.	8.64	

Items	Related parties	Closing balance	Opening balance
	Jiangsu Shanyuan Technology Co., Ltd.	1.73	8.10
	Inner Mongolia Mengji New Carbon Materials Co., Ltd.		3,314.98
	Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd.		0.09
Subtotal		342.09	4,217.33
Other payables			
	Ningbo Shanqi Property Service Co., Ltd.	707.51	707.51
	Ningbo New Airport International Logistics Co., Ltd.	100.00	100.80
	Shanghai Shanshan Industrial Co., Ltd.	14.63	14.63
	Zhejiang Shanshan Hongzhi Trading Co., Ltd.	8.48	
	Shanghai Shanshan Trading Co., Ltd.	4.17	
	Shanshan Brand Management Co., Ltd.	2.00	60.71
	Suzhou Shanyue Energy System Co., Ltd.	1.82	1.82
	Shanghai Shanshan Chuanghui Venture Capital Management Co., Ltd.	1.18	
	Ningbo Levineng Energy Storage System Co., Ltd.	0.60	0.12
	Ningbo Shanxin Commercial Real Estate Management Co., Ltd.		16.49
Subtotal		840.39	902.08

## XII. Share-based payment

### (I) Overall information

#### 1. Details

Objects	Quantity and amount of equity instruments							
	Granted in the current period		Vested in the current period		Unlocked in the current period		Expired in the current period	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Share options							9,562,420.00	261,532,187.00
Restricted shares							3,983,305.00	52,818,624.30
Total							13,545,725.00	314,350,811.30

#### 2. Share options or other equity instruments outstanding at the balance sheet date

Objects	Share options outstanding		Other equity instruments outstanding	
	Range of exercise prices	Remaining contractual life	Range of exercise prices	Remaining contractual life
Share options	27.35	3 months		

Restricted shares			13.26	6 months
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### 3. Other remarks

Pursuant to the “Proposal on the Adjustment of Exercise Price and Cancellation of Certain Share Options under the Company’s 2022 Share Option and Restricted Share Incentive Plan” and the “Proposal on the Adjustment of the List of Incentive Targets, Grant Price, and Number of Grants under the Company’s 2022 Share Option and Restricted Share Incentive Plan” deliberated and approved at the 30<sup>th</sup> meeting of the 10<sup>th</sup> session of the Board of Directors and the 20<sup>th</sup> meeting of the 10<sup>th</sup> session of the Board of Supervisors dated May 26, 2022, the share options are granted to 435 targets, with a total of 45.01 million options; the restricted shares are granted to 417 targets, with a total of 18,334,100 shares. The exercise price of the granted share options is set at 28.18 yuan per share, and the grant price of the restricted shares is 14.09 yuan per share. The share options are exercisable in four tranches, with vesting periods of 12 months, 24 months, 36 months, and 48 months from the date of the initial grant. The restricted shares will be unlocked in four stages, with lock-up periods of 12 months, 24 months, 36 months, and 48 months from the completion of the initial grant registration. Subsequent to the completion of the Company’s 2021 equity distribution on May 25, 2022, the Board of Directors agreed to adjust the exercise price of the share options under this incentive plan from 28.18 yuan per share to 27.85 yuan per share, and the grant price of the restricted shares from 14.09 yuan per share to 13.76 yuan per share. In light of the fact that seven incentive targets from the initial grant have left the Company and no longer qualify for the incentive, and 13 other targets have voluntarily waived their subscriptions, along with several targets who have voluntarily relinquished certain rights, the Board of Directors approved corresponding adjustments to the list of incentive targets and the number of grants for the restricted shares. After adjustment, the number of targets in the initial grant of restricted shares has been revised from 437 to 417, and the number of shares granted has been adjusted from 19,320,000 to 18,334,100 shares.

Given that the 2023 equity distribution was implemented on June 6, 2024, pursuant to the relevant provisions of the 2022 Share Option and Restricted Share Incentive Plan and the authorization granted at the Company’s 2022 First Extraordinary Shareholders Meeting, the Board of Directors has approved the adjustment of the exercise price of the share options under this incentive plan from 27.85 yuan per option to 27.35 yuan per option, and the repurchase price of the restricted shares from 13.76 yuan per share to 13.26 yuan per share.

In 2025, the Company canceled 9,562,420 share options and 3,983,305 restricted share, which were granted but failed to meet the conditions for the third exercise/unlocking of vesting period, as well as those became invalid due to the resignation of certain targets.

As the performance assessment indicators for the fourth exercise/unlocking of vesting period under the 2022 Share Option and Restricted Share Incentive Plan were not met, the Company intends to cancel all remaining 9,010,120 share options and repurchase and cancel 3,773,605 restricted shares.

In 2025, the Company reversed the previously accrued share-based payment of 53,308,703.52 yuan associated with the aforementioned stock options and restricted shares.

**XIII. Commitments and contingencies****(I) Significant commitments**

## 1. Unsettled letters of credit

Currency	Amount in original currency
RMB	330,000,000.00

## 2. Unsettled letters of guarantee

Categories	Currency	Amount in original currency
Quality guarantee	RMB	1,520,000.00
Consolidated tax payment guarantee	RMB	158,000,000.00

**(II) Contingencies**

## 1. Contingent liabilities incurred by pending lawsuit/arbitration and the financial effect

On June 28, 2024, Sunyes Manufacturing (Zhejiang) Holding Co., Ltd. (the “Sunyes Manufacturing”) and Zhejiang Sunyes Zhongning New Energy Co., Ltd. (the “Sunyes Zhongning”) filed a lawsuit against Ningbo Yongquan Investment Co., Ltd. (the “Yongquan Investment”), Ningbo Shanshan New Energy Technology Development Co., Ltd., and the Company, citing discrepancies between the actual production capacity of certain production lines of Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd. and the capacity originally represented. The case was heard on May 22, 2025. Before the first-instance judgment, Sunyes Manufacturing and Sunyes Zhongning applied to withdraw the lawsuit from Quzhou Intermediate People’s Court in September 2025, and the court ruled to approve the withdrawal. After the withdrawal, Sunyes Manufacturing and Sunyes Zhongning filed a lawsuit with Zhuhai Intermediate People’s Court based on the same facts, alleging fraud in the transactions involved. In February 2026, Zhuhai Intermediate People’s Court ruled to transfer the case to Quzhou Intermediate People’s Court for handling. Sunyes Manufacturing and Sunyes Zhongning appealed against this jurisdiction ruling. As of now, the Guangdong High People’s Court has not yet issued a final ruling on the appeal.

On July 12, 2024, Yongquan Investment filed a lawsuit, alleging that Sunyes Zhongning failed to pay the equity transfer consideration of Sunyes Zhongning Advanced Materials Technology (Quzhou) Co., Ltd. stipulated in the Settlement Agreement. The case was heard on June 3, 2025, and its proceeding was suspended by court ruling on June 5, 2025.

The Company believes that the lawsuit filed by Sunyes Manufacturing against Yongquan Investment is groundless, as Yongquan Investment did not make any concrete production capacity commitments, and the agreement does not stipulate any specific production capacity status as a prerequisite for the payment milestones of the equity transfer consideration. Based on the fundamental facts of the case and legal counsel’s opinion, the Company believes it is highly likely to prevail in the litigation. However, taking into account impact of the following factors on the recoverability of the receivables, such as the financial and operational condition of Sunyes Manufacturing, the complexity of the litigation process, and the ages of the receivables, the Management has adopted a prudent approach and recognized provision for

bad debts of 97.94 million yuan on an individual basis at the end of the period, based on 40% of the balance of other receivables due from Sunyes Zhongning.

2. In the current period, the Company has no contingent liabilities incurred by providing debt guarantees for other entities and the financial effect.

#### **XIV. Events after the balance sheet date**

##### **(I) Profit distribution after the balance sheet date**

In view of the current development of the Company's core business sectors, the Company's strategic development plan, and the actual funding requirements for ongoing project construction and R&D investment, and taking into full account the Company's cash flow status, the impact of the controlling shareholder's restructuring, and the external financing environment, it is proposed that no cash dividends be distributed, no bonus shares be issued, and no conversion of capital reserve into share capital be implemented in 2025, which aims to enhance financial stability, ensure sustainable development, further consolidate the Company's leading position in the industry, and ultimately serve the long-term interests of all shareholders.

##### **(II) Other remarks**

Shanshan Group Co., Ltd. (the "Shanshan Group"), the controlling shareholder of the Company, and its wholly-owned subsidiary Ningbo Pengze Trading Co., Ltd. (the "Pengze Trading") were ordered to undergo substantive consolidated reorganization by the People's Court of Yinzhou District, Ningbo City, Zhejiang Province on March 20, 2025. On February 6, 2026, the relevant parties signed the "Reorganization Investment Agreement", stipulating that the reorganization investor will collectively control the voting rights of 21.88% of the Company's shares held by the debtor through equity acquisitions and acting-in-concert arrangements.

On February 28, 2026, the administrator submitted the "Reorganization Plan (Draft)" to the creditors' meeting. The fourth creditors' meeting and the meeting of the group of capital contributors were held on March 2, 2026 to vote on the Reorganization Plan and the proposed adjustments to the rights and interests of capital contributors. The voting period expired on April 15, 2026. Pursuant to the results of the above meetings, the "Reorganization Plan (Draft)" was approved by all voting groups, i.e., the employee claims group, the tax claims group, the secured claims group, the unsecured claims group and the group of capital contributors. On April 21, 2026, the People's Court of Yinzhou District, Ningbo City, Zhejiang Province approved the Reorganization Plan and terminated the reorganization proceedings of Shanshan Group and Pengze Trading.

Should the reorganization be successfully completed, the controlling shareholder of the Company will be changed to Anhui Wanwei Group Co., Ltd., and the ultimate controller will be changed to the State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province.

**XV. Other significant events****(I) Segment information****1. Identification basis for reportable segments**

Reportable segments are identified according to the structure of the Company's internal organization, management requirements and internal reporting system, and based on business segments. Operating revenue and operating cost are allocated among segments based on sales of goods, processing on behalf of customers, and services and other sales.

The Company identified reportable segments based on geographic segments, operating revenue and cost are allocated between segments based on locations where sales are realized, and total assets and liabilities of each reportable segment cannot be accurately allocated and therefore will not be disclosed.

**2. Financial information of reportable segments****(1) Based on business segments**

Items	Polarizer segment	lithium battery materials segment	Others	Total
Operating revenue	11,426,669,816.02	10,148,256,537.04	12,088,846.77	21,587,015,199.83
Including: Revenue from sales of goods	11,416,682,740.47	10,146,409,138.04	8,849.56	21,563,100,728.07
Revenue from services and other sales	9,987,075.55	1,847,399.00	12,079,997.21	23,914,471.76
Operating cost	9,726,722,171.69	8,126,834,282.11	4,477,987.51	17,858,034,441.31
Total assets	15,371,376,867.60	26,354,815,428.01	3,409,786,863.00	45,135,979,158.61
Total liabilities	3,702,259,789.92	15,300,627,537.46	3,158,906,115.74	22,161,793,443.12

**(2) Based on geographic segments**

Items	Revenue	Cost
Chinese mainland	20,326,967,327.49	16,729,687,887.21
Chinese Taiwan	153,641,318.22	142,483,100.16
Overseas	1,106,406,554.12	985,863,453.94
Subtotal	21,587,015,199.83	17,858,034,441.31

## (II) As of December 31, 2025, the pledge and judicial freeze of major shareholders' shares

Unit: Shares

Shareholders	Number of shares held at the balance sheet date	% to total	Number of shares with restricted sale conditions	Status of pledge, mark, or freeze	
				Share status	Quantity
Shanshan Group Co., Ltd.	320,296,700	14.24	205,264,756	Pledge	287,012,100
				Marked	287,012,036
				Frozen	33,284,600
Ningbo Pengze Trading Co., Ltd.	205,264,756	9.13	205,264,756	Pledge	205,264,756
				Marked	205,264,756
Shanshan Holdings Co., Ltd.	32,792,203	1.46		Pledge	29,430,541
				Marked	29,430,541
				Frozen	3,361,662

**XVI. Notes to items of parent company financial statements**

## (I) Notes to items of parent company balance sheet

## 1. Accounts receivable

## (1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	41,396.83	5,195,776.91
1-2 years	2,079.64	732,685.45
2-3 years	732,685.45	1,225,933.86
3-4 years	1,139,851.76	
Over 5 years	92,379.00	92,379.00
Book balance	2,008,392.68	7,246,775.22
Less: Provision for bad debts	884,388.32	684,103.68
Carrying amount	1,124,004.36	6,562,671.54

## (2) Provision for bad debts

## 1) Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	2,008,392.68	100.00	884,388.32	44.03	1,124,004.36
Including: Portfolio grouped with ages	2,008,392.68	100.00	884,388.32	44.03	1,124,004.36
Total	2,008,392.68	100.00	884,388.32	44.03	1,124,004.36

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis					
Receivables with provision made on a collective basis	7,246,775.22	100.00	684,103.68	9.44	6,562,671.54
Including: Portfolio grouped with balances due from related parties within the consolidation scope	2,182,257.50	30.11			2,182,257.50
Portfolio grouped with ages	5,064,517.72	69.89	684,103.68	13.51	4,380,414.04
Total	7,246,775.22	100.00	684,103.68	9.44	6,562,671.54

## 2) Accounts receivable with provision made on a collective basis using age analysis method

Ages	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Within 1 year	41,396.83	2,069.84	5.00
1-2 years	2,079.64	207.96	10.00
2-3 years	732,685.45	219,805.64	30.00
3-4 years	1,139,851.76	569,925.88	50.00
Over 5 years	92,379.00	92,379.00	100.00
Subtotal	2,008,392.68	884,388.32	44.03

## (3) Changes in provision for bad debts

Items	Opening balance	Increase/Decrease				Closing balance
		Accrual	Recovery or reversal	Write-off	Others	
Receivables with provision made on a collective basis	684,103.68	200,284.64				884,388.32
Total	684,103.68	200,284.64				884,388.32

## (4) Details of the top 4 debtors with largest balances of accounts receivable

Debtors	Closing book balance	Proportion to the total balance of accounts receivable and contract assets (%)	Provision for bad debts of accounts receivable and provision for impairment of contract assets
Ningbo Levineng Energy Storage System Co., Ltd.	1,916,013.63	95.40	792,009.32
Shandong Tengzhou Shengyuan Thermal Power Co., Ltd.	60,712.00	3.02	60,712.00
Shandong Best Machinery Equipment Co., Ltd.	31,667.00	1.58	31,667.00
Ningbo Shuangchen Network Technology Co., Ltd.	0.05		
Subtotal	2,008,392.68	100.00	884,388.32



## 2. Other receivables

## (1) Details

Items	Closing balance	Opening balance
Dividend receivable	4,000,000.00	4,000,000.00
Other receivables	2,760,442,706.58	2,752,065,020.15
Total	2,764,442,706.58	2,756,065,020.15

## (2) Dividend receivable

Items	Closing balance	Opening balance
Suiyong Holding Co., Ltd.	4,000,000.00	4,000,000.00
Subtotal	4,000,000.00	4,000,000.00

## (3) Other receivables

## 1) Age analysis

Ages	Closing balance	Opening balance
Within 1 year	1,878,007,849.79	2,052,706,254.60
1-2 years	300,029,196.15	733,902,265.83
2-3 years	675,526,970.65	
3-4 years		160,887.34
4-5 years	160,887.34	38,000,000.00
Over 5 years	34,613,968.10	18,712,716.03
Book balance	2,888,338,872.03	2,843,482,123.80
Less: Provision for bad debts	127,896,165.45	91,417,103.65
Carrying amount	2,760,442,706.58	2,752,065,020.15

## 2) Provision for bad debts

## a. Details on categories

Categories	Closing balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	34,757,153.80	1.20	21,003,646.56	60.43	13,753,507.24
Receivables with provision made on a collective basis	2,853,581,718.23	98.80	106,892,518.89	3.75	2,746,689,199.34
Subtotal	2,888,338,872.03	100.00	127,896,165.45	4.43	2,760,442,706.58

(Continued)

Categories	Opening balance				Carrying amount
	Book balance		Provision for bad debts		
	Amount	% to total	Amount	Provision proportion (%)	
Receivables with provision made on an individual basis	56,712,716.03	1.99	37,305,794.79	65.78	19,406,921.24
Receivables with provision made on a collective basis	2,786,769,407.77	98.01	54,111,308.86	1.94	2,732,658,098.91
Subtotal	2,843,482,123.80	100.00	91,417,103.65	3.21	2,752,065,020.15

## b. Significant other receivables with provision for bad debts made on an individual basis

Debtors	Opening balance		Closing balance			Basis for provision made
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion (%)	
Beijing Shanshan Kaili New Energy Technology Co., Ltd.	7,100,000.00	7,100,000.00	7,100,000.00	7,100,000.00	100.00	It is expected that the possibility of recovery is small
Ningbo Liankangcai Brand Management Co., Ltd.	38,000,000.00	19,000,000.00	27,000,000.00	13,500,000.00	50.00	It is the final payment of equity transfer receivable, which is overdue and of high recovery risk, the transferee has provided equity pledged guarantee.
Subtotal	45,100,000.00	26,100,000.00	34,100,000.00	20,600,000.00	60.41	

## c. Other receivables with provision made on a collective basis

Portfolios	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Intercompany balances due within the consolidation scope	2,835,140,923.55	105,981,056.68	3.74
Portfolio grouped with advance payment	13,002,557.80	650,127.89	5.00
Portfolio grouped with security deposits	5,226,686.26	261,334.32	5.00
Portfolio grouped with individual social insurance premium withheld in advance payment	211,550.62		
Subtotal	2,853,581,718.23	106,892,518.89	3.75

## 3) Changes in provision for bad debts

## a. Details

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Opening balance	54,111,308.86	19,406,921.24	17,898,873.55	91,417,103.65
Opening balance in the current period	—	—	—	
--Transferred to stage 2				

Items	Stage 1	Stage 2	Stage 3	Subtotal
	12-month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
--Transferred to stage 3	-7,159.29		7,159.29	
--Reversed to stage 2				
--Reversed to stage 1				
Provision made in the current period	52,788,369.32	7,128.65	128,897.76	52,924,395.73
Provision recovered or reversed in the current period		-5,653,414.00		-5,653,414.00
Provision written off in the current period			10,791,919.93	10,791,919.93
Other changes				
Closing balance	106,892,518.89	13,760,635.89	7,243,010.67	127,896,165.45
Provision proportion at the balance sheet date (%)	3.75	49.77	100.00	4.43

## 4) Details of the top 5 debtors with largest balances

Debtors	Nature of receivables	Closing book balance	Ages	Proportion to the total balance of other receivables (%)	Provision for bad debts at the balance sheet date
Shanghai Shanshan Lithium Battery Materials Technology Co., Ltd.	Intercompany balances within the group	1,429,858,257.78	Within 1 year	49.51	
Ningbo Shanshan New Energy Technology Development Co., Ltd.	Intercompany balances within the group	653,357,592.74	Within 1 year, 1-2 years and 2-3 years	22.62	
Ningbo Yongquan Investment Co., Ltd.	Intercompany balances within the group	214,673,759.64	Within 1 year and 1-2 years	7.43	
Shanjin Optoelectronics (Guangzhou) Co., Ltd.	Intercompany balances within the group	200,000,000.00	Within 1 year	6.92	
Ningbo Shanshan New Materials Technology Co., Ltd.	Intercompany balances within the group	153,163,483.71	Within 1 year	5.30	
Subtotal		2,651,053,093.87		91.78	

## 3. Long-term equity investments

## (1) Details

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	12,167,661,820.35	986,918,700.00	11,180,743,120.35	12,220,970,523.87		12,220,970,523.87
Investments in associates and joint ventures	2,308,852,188.96	167,357,558.13	2,141,494,630.83	2,466,142,077.15	137,050,000.00	2,329,092,077.15
Total	14,476,514,009.31	1,154,276,258.13	13,322,237,751.18	14,687,112,601.02	137,050,000.00	14,550,062,601.02

## (2) Investments in subsidiaries

Investees	Opening balance		Increase/Decrease				Closing balance	
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Provision for impairment	Changes in equity incentives	Carrying amount	Provision for impairment
Ningbo Shanshan Tongda Trading Co., Ltd.	32,000,000.00						32,000,000.00	
Ningbo Shanshan Electric Vehicle Technology Development Co., Ltd.	986,918,700.00				986,918,700.00			986,918,700.00
Shanghai Tunheng Trading Co., Ltd.	47,500,000.00						47,500,000.00	
Shanghai Shanshan Garment Co., Ltd.	72,000,000.00						72,000,000.00	
Ningbo Shanshan New Energy Technology Development Co., Ltd.	2,127,252,845.50					-29,990,735.05	2,097,262,110.45	
Ningbo Shanshan Venture Capital Co., Ltd.	1,000,000,000.00						1,000,000,000.00	
HongKong Shanshan Resources Co., Ltd.	314,542,830.00						314,542,830.00	
Ningbo Yunling Intelligent Innovation Park Operation Management Co., Ltd.	10,000,000.00						10,000,000.00	
Shanshan Fashion Industrial Park Sujian Co., Ltd.	59,941,524.23						59,941,524.23	
Shanjin Optoelectronics (Suzhou) Co., Ltd.	7,348,348,654.43					-23,317,968.47	7,325,030,685.96	
Shanghai Shanshan New Energy Technology Co., Ltd.	112,627,969.71						112,627,969.71	
Ningbo Haoheng Trading Co., Ltd.	50,000,000.00						50,000,000.00	
Ningbo Guiheng Trading Co., Ltd.	50,000,000.00						50,000,000.00	
Shanjin Tokyo Co., Ltd.	9,838,000.00						9,838,000.00	
Subtotal	12,220,970,523.87				986,918,700.00	-53,308,703.52	11,180,743,120.35	986,918,700.00

## (3) Investments in associates and joint ventures

Investees	Opening balance		Increase/Decrease			
	Carrying amount	Provision for impairment	Investments increased	Investments decreased	Investment income recognized under equity method	Adjustment in other comprehensive income
Associates						
Ningbo Shanqi Property Service Co., Ltd.	37,965,578.82				-582,952.22	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	1,713,096,249.15	137,050,000.00			85,837,704.11	-6,239,644.18
Shanshan Brand Management Co., Ltd.	53,514,748.17				1,529,140.48	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.	3,820,848.48				-678,385.96	
Suiyong Holding Co., Ltd.	520,694,652.53				-111,153,593.69	1,011,164.46
Subtotal	2,329,092,077.15	137,050,000.00			-25,048,087.28	-5,228,479.72
Total	2,329,092,077.15	137,050,000.00			-25,048,087.28	-5,228,479.72

(Continued)

Investees	Increase/Decrease				Closing balance	
	Changes in other equity	Cash dividend/ Profit declared for distribution	Provision for impairment	Others	Carrying amount	Provision for impairment
Associates						
Ningbo Shanqi Property Service Co., Ltd.			30,307,558.13		7,075,068.47	30,307,558.13
Zhejiang Chouzhou Commercial Bank Co., Ltd.	-124,946,553.19				1,667,747,755.89	137,050,000.00
Shanshan Brand Management Co., Ltd.		-2,066,768.00			52,977,120.65	
Shenzhen Yuanshan Private Equity Investment Management Co., Ltd.					3,142,462.52	
Suiyong Holding Co., Ltd.					410,552,223.30	
Subtotal	-124,946,553.19	-2,066,768.00	30,307,558.13		2,141,494,630.83	167,357,558.13
Total	-124,946,553.19	-2,066,768.00	30,307,558.13		2,141,494,630.83	167,357,558.13

## (II) Notes to items of the parent company income statement

## 1. Operating revenue/Operating cost

## (1) Details

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Other operations	59,321,165.69	2,402,057.53	50,385,211.97	13,880,797.50
Total	59,321,165.69	2,402,057.53	50,385,211.97	13,880,797.50
Including: Revenue from contracts with customers	53,049,543.50		10,246,407.54	

## (2) Breakdown of revenue

## 1) Breakdown of revenue from contracts with customers by goods or services

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Property fees			3,528,778.38	
Others [Note]	53,049,543.50		6,717,629.16	
Subtotal	53,049,543.50		10,246,407.54	

Note: It refers to received interests, guarantee fees, and financing service income.

## 2) Breakdown of revenue from contracts with customers by operating regions

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Chinese mainland	53,049,543.50		10,246,407.54	
Subtotal	53,049,543.50		10,246,407.54	

## 3) Breakdown of revenue from contracts with customers by time of transferring goods or rendering services

Items	Current period cumulative	Preceding period comparative
Recognized over time	53,049,543.50	10,246,407.54
Subtotal	53,049,543.50	10,246,407.54

## 2. Investment income

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-25,048,087.28	-248,134,925.64
Investment income from disposal of long-term equity investments	57,449,242.88	-283,295,430.09
Total	32,401,155.60	-531,430,355.73

**XVII. Other supplementary information**

## (I) Non-recurring profit or loss

Items	Amount	Remarks
Gains on disposal of non-current assets, including write-off of provision for impairment	693,204.89	
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, enjoyed based on certain standards, and continuously affecting gains or losses of the Company)	121,176,698.97	
Gains on changes in fair value of financial assets and financial liabilities held by non-financial enterprises, and gains from disposal of financial assets and financial liabilities, excluding those arising from hedging business related to operating activities	-18,581,000.00	
Fund possession charge from non-financial entities and included in profit or loss	389,056.60	
Gains on assets consigned to the third party for investment or management		
Gains on designated loans		
Losses on assets incurred due to force majeure such as natural disasters		
Reversed provision for impairment of receivables based on impairment testing on an individual basis	5,694,492.33	
Gains on acquisition of subsidiaries, joint ventures and associates due to the surplus of acquisition-date fair value of net identifiable assets in acquiree over the acquisition cost		
Net profit on subsidiaries acquired through business combination under common control from the beginning of the period to the combination date		
Other non-operating revenue or expenditures	2,611,618.57	
Other profit or loss satisfying the definition of non-recurring profit or loss		
Subtotal	111,984,071.36	
Less: Enterprise income tax affected	16,508,528.57	
Non-controlling interest affected (after tax)	10,386,418.01	

Items	Amount	Remarks
Net non-recurring profit or loss attributable to shareholders of the parent company	85,089,124.78	

## (II) ROE and EPS

## 1. Details

Profit of the reporting period	Weighted average ROE (%)	EPS (yuan/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	2.10	0.21	0.21
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	1.71	0.17	0.17

## 2. Calculation process of weighted average ROE

Items	Symbols	Current period cumulative	
Net profit attributable to shareholders of ordinary shares	A	457,916,266.13	
Non-recurring profit or loss	B	85,089,124.78	
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	C=A-B	372,827,141.35	
Opening balance of net assets attributable to shareholders of ordinary shares	D	21,581,444,072.50	
Net assets attributable to shareholders of ordinary shares increased due to offering of new shares or conversion of debts into shares	E		
Number of months counting from the next month when the net assets were increased to the end of the reporting period	F		
Net assets attributable to shareholders of ordinary shares decreased due to share repurchase or cash dividends appropriation	G		
Number of months counting from the next month when the net assets were decreased to the end of the reporting period	H		
Others	Net assets attributable to shareholders of ordinary shares increased due to translation reserve	I1	2,811,041.49
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J1	6
	Current changes in fair value of other equity instrument investments, changes in other comprehensive income under equity method, etc.	I2	7,475,603.73
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J2	6
	Other comprehensive income not to be reclassified subsequently to profit or loss directly carried forward into retained earnings due to disposal of other equity instrument investments	I3	89,454,082.05
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J3	6
	Changes in capital reserve of associates under equity method	I4	-124,946,553.19
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J4	6
	Share-based payment	I5	-53,308,703.52
	Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J5	6

Items	Symbols	Current period cumulative
Changes in special reserve	I6	-10,880.60
Number of months counting from the next month when the net assets were increased or decreased to the end of the reporting period	J6	6
Number of months in the reporting period	K	12
Weighted average net assets	$L = D + A/2 + E \times F/K - G \times H/K \pm I \times J/K$	21,771,139,500.55
Weighted average ROE	$M = A/L$	2.10%
Weighted average ROE after deducting non-recurring profit or loss	$N = C/L$	1.71%

### 3. Calculation process of basic EPS and diluted EPS

#### (1) Calculation process of basic EPS

Items	Symbols	Current period cumulative
Net profit attributable to shareholders of ordinary shares	A	457,916,266.13
Non-recurring profit or loss	B	85,089,124.78
Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss	$C = A - B$	372,827,141.35
Opening balance of total shares	D	2,144,419,764
Number of shares increased due to conversion of reserve to share capital or share dividend appropriation	E	
Number of shares increased due to offering of new shares or conversion of debts into shares	F	
Number of months counting from the next month when the shares were increased to the end of the reporting period	G	
Number of shares decreased due to share repurchase	H	
Number of months counting from the next month when the shares were decreased to the end of the reporting period	I	
Number of shares decreased in the reporting period	J	
Number of months in the reporting period	K	12
Weighted average of outstanding ordinary shares	$L = D + E + F \times G/K - H \times I/K - J$	2,144,419,764
Basic EPS	$M = A/L$	0.21
Basic EPS after deducting non-recurring profit or loss	$N = C/L$	0.17

#### (2) Calculation process of diluted EPS

Calculation process of diluted EPS is the same as that of basic EPS.

Ningbo Shanshan Co., Ltd.

April 28, 2026