

Stock abbreviation: Semcorp  
Bond abbreviation: Energy Convertible Bond

Stock code: 002812  
Bond code: 128095

Announcement No.: 2025-055



**Yunnan Energy New Material Co., Ltd.**

**2024 Annual Report**

**April 2025**

# **2024 Annual Report**

## **Section 1 Important Notes, Contents and Definitions**

**The Board of Directors and its members, the Supervisory Committee and its members and the senior management warrant that the contents of the Annual Report are truthful, accurate and complete, without any false statement, misrepresentation or major omission, and that they are jointly and severally liable for the contents.**

**Paul Xiaoming Lee (the Company's person in charge), Li Jian (the person in charge of finance) and Deng Jinhuan (the person in charge of the accounting department) hereby declare and warrant that the contents of the financial statements in this Annual Report are truthful, accurate and complete.**

**All Directors were present at the Board meeting to consider and approve this Annual Report.**

**The future plans, development strategies and other forward-looking descriptions in this report do not constitute material commitments of the Company to investors. Investors and related persons shall be fully aware of the risks in connection therewith and should understand the difference between plan, forecast and commitment. Investors are advised to pay attention to investment risks.**

**For details, please refer to the “3. Risks the Company may face” under the “XI. Outlook of the Company” in the Section 3 “Management Discussion and Analysis” of this report.**

**The Company plans to pay no cash dividend and no bonus shares, and no share will be converted from reserve into share capital.**

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## **Documents Available for Inspection**

- I. Financial statements signed and sealed by the legal representative, the person in charge of finance and the person in charge of the accounting department of the Company.
- II. The original copies of all documents and announcements of the Company which have been publicly disclosed in newspapers designated by the China Securities Regulatory Commission during the Reporting Period.
- III. The original text of the 2024 annual report signed by the Chairman of the Board of Directors.
- IV. The place where the above documents are maintained: the Company's Securities Department.

## Definitions

Terms	Definitions
Energy Technology, this Company, the Company	Yunnan Energy New Material Co., Ltd.
Actual controller, Paul Xiaoming Lee family	Paul Xiaoming Lee, Li Xiaohua, Yan Ma, Yan Yang Hui, Sherry Lee, Jerry Yang Li
Hongta Plastic	Yunnan Hongta Plastic Co., Ltd., a wholly-owned subsidiary of the Company
Chengdu Hongta Plastic	Hongta Plastic (Chengdu) Co., Ltd., a subsidiary of the Company
Dexin Paper	Yunnan Dexin Paper Co., Ltd., a wholly-owned subsidiary of the Company
Hongchuang Packaging	Yunnan Hongchuang Packaging Co., Ltd., a controlled subsidiary of the Company
Anhui Hongchuang	Hongchuang Packaging (Anhui) Co., Ltd., a subsidiary of the Company
Shanghai Energy	Shanghai Energy New Material Technology Co., Ltd., a controlled subsidiary of the Company
Zhuhai Energy	Zhuhai Energy New Material Technology Co., Ltd., a subsidiary of the Company
Wuxi Energy	Wuxi Energy New Material Technology Co., Ltd., a subsidiary of the Company
Jiangsu Energy	Jiangsu Energy New Material Technology Co., Ltd., a subsidiary of the Company
Chongqing Energy	Chongqing Energy New Material Technology Co., Ltd., a subsidiary of the Company
Yuxi Energy	Yuxi Energy New Materials Co., Ltd., a subsidiary of the Company
Newmi Tech	Chongqing Energy Newmi Technological Co., Ltd., a subsidiary of the Company
Jiangxi Tonry	Jiangxi Tonry New Energy Technology Development Co., Ltd., a subsidiary of the Company
Jiangsu Ruijie	Jiangsu Ruijie New Material Technology Co., Ltd., a subsidiary of the Company
Jiangsu Sanhe	Jiangsu Sanhe Battery Material Technology Co., Ltd., a subsidiary of the Company
Jiangxi Ruijie	Jiangxi Ruijie New Material Technology Co., Ltd., a subsidiary of the Company
Jiangxi Energy	Jiangxi Energy New Material Technology Co., Ltd., a subsidiary of the Company
Jiangxi Enpo	Jiangxi Enpo New Materials Co., Ltd., a subsidiary of the Company
Hubei Energy	Hubei Energy New Material Technology Co., Ltd., a subsidiary of the Company
Suzhou GreenPower	Suzhou GreenPower New Energy Materials Co., Ltd., a subsidiary of the Company
Hunan Energy	Hunan Energy Frontier New Material Technology Co., Ltd., a subsidiary of the Company
SEMCORP Hungary KFT	SEMCORP Hungary Korlátolt Felelősségű Társaság (Hungary), a subsidiary of the Company
Heyi Investment	Yuxi Heyi Investment Co., Ltd., a shareholder holding more than 5% of the Company's shares
Heli Investment	Yuxi Heli Investment Co., Ltd., an employee stock ownership platform of the Company
General Meeting of Shareholders	The general meeting of shareholders of Yunnan Energy New Material Co., Ltd.
Board of Directors	The Board of Directors of Yunnan Energy New Material Co., Ltd.
Supervisory Committee	The supervisory committee of Yunnan Energy New Material Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
CSDC Shenzhen Branch	Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (CSDC)
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of Yunnan Energy New Material Co., Ltd.
Designated information disclosure media	<i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Times</i> , <i>Securities Daily</i> , and Cninfo ( <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> )
RMB, RMB10 thousand, RMB100 million	RMB, RMB10 thousand, RMB100 million
Reporting Period, this Reporting Period	January 1, 2024 to December 31, 2024
Same period last year	January 1, 2023 to December 31, 2023
Lithium-ion battery, lithium battery	Rechargeable battery, which mainly depends on the lithium ion moving between the positive and negative electrodes. It generally uses materials containing lithium as the electrodes, and is the representative of modern high-performance batteries
Lithium battery separator, the separator	In the structure of lithium battery, the separator is one of the key inner components. Its main function is to separate the positive and negative electrodes of the battery, preventing the short circuit arising from the contact between the two electrodes, current conduction and overheating
Base film, base separator	The separator immersed in the electrolyte of lithium battery is widely distributed with nano-scale micropores on its surface for lithium ions to move freely between the positive and negative electrodes
Coating film, coated separator	The separator with coating treatment
Wet-process, wet-processing	A process technique of lithium battery separator, also known as phase separation process or thermally induced phase separation process, is to add small molecules with high boiling point as porogen to polyolefin, heat and melt them into a uniform state, extrude the casting sheet by screw, extract the porogen with organic solvent after simultaneous or sequential biaxial stretching, and then obtain microporous separator material through post-processing such as stretching heat setting process

Dry-process, dry-processing	Also known as melt-stretching process, including unidirectional stretching process, biaxial stretching process and blow molding process. It refers to a preparation process of melting and extruding polyolefin resin into crystalline thin polymer film, which is crystallized and annealed to obtain a high crystallinity structure, and then further stretching at high temperature to peel off the crystalline interface to form porous structure
Cigarette label	Cigarette packaging, commonly known as “cigarette pack”
Aseptic packaging	Composite packaging materials for aseptic filling of dairy products or non-carbonated soft drinks
Specialty paper	Specialty paper refers to the paper with special functions, a general term for all kinds of special purpose paper or art paper. The term “specialty paper” in this report mainly refers to special packaging paper
BOPP film	The separator made by stretching and processing (such as corona, coating, etc.) the thick film made of polymer polypropylene melt at a certain temperature and speed in a special stretcher
Cigarette film	BOPP film used for the packaging of cigarette, also known as “BOPP cigarette film”
Flat film	BOPP film for general packaging, also known as “BOPP flat film”
Aluminum laminated film	Aluminum laminated composite film for lithium-ion pouch cell, a packaging material for lithium-ion batteries, which protects the internal materials of lithium-ion batteries
Convertible Bonds, Energy Convertible Bonds	The convertible corporate bonds of RMB1.6 billion issued on February 11, 2020 with a code of 128095

## Section 2 Company Profile & Key Financial Indicators

### I. Corporate Information

Stock Name	Energy Technology	Stock Code	002812
Stock Name Prior to Change (If any)	Innovation Co., Ltd.		
The Stock Exchange Where the Shares Are Listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	云南恩捷新材料股份有限公司		
Short Name of the Company in Chinese	恩捷股份		
Name of the Company in English (If any)	YUNNAN ENERGY NEW MATERIAL CO., LTD.		
Short Name of the Company in English (If any)	ENERGY TECHNOLOGY		
Legal Representative of the Company	Paul Xiaoming Lee		
Registered Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province		
Postal Code for Registered Address	653100		
Historical Changes of the Registered Address of the Company	No		
Office Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province		
Postal Code for Office Address	653100		
Official Website	www.semcorp.com		
Email	groupheadquarter@cxxcl.cn		

### II. Contact Information

	Board Secretary	Securities Affairs Representative
Name	Yu Xue	
Correspondence Address	No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province	
Telephone	0877-8888661	
Fax	0877-8888677	
Email	groupheadquarter@cxxcl.cn	

### III. Information Disclosure and the Place Where the Annual Report is Kept

The website of the stock exchange where the Company discloses its annual report	Shenzhen Stock Exchange (www.szse.cn)
The names and websites of the media where the Company discloses the annual report	<i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> and Cninfo (www.cninfo.com.cn)
The place where the annual report is kept	Securities Department of the Company

### IV. Changes of Registration

Unified social credit code	91530000727317703K
Changes of main businesses since the Company's listing	When the Company was listed, its main businesses were divided into two categories: (1) packaging materials: BOPP films (cigarette film and flat film) and specialty paper products (laser transfer anti-counterfeiting paper, direct plating paper and cellophane);

	(2) packaging printing products: mainly including cigarette label products and aseptic packaging products. Upon the completion of major asset restructuring in 2018, the Company's main businesses were divided into three categories: (1) film products (lithium battery separator and BOPP film); (2) packaging printing products (cigarette label and aseptic packaging); and (3) packaging products (specialty papers, holographic anti-counterfeiting electrochemical aluminum and other products).
Changes of controlling shareholders	Mr. Paul Xiaoming Lee and Ms. Sherry Lee, who are shareholders and actual controllers of the Company and members of Xiaoming Lee's family, signed the <i>Power of Attorney for Shareholding</i> on January 14, 2020. Pursuant to the <i>Power of Attorney</i> , Ms. Sherry Lee fully delegated the shareholders' rights, such as rights to address inquiries, propose and vote, in connection with all the shares she held in the Company, to her father Mr. Paul Xiaoming Lee. After the signing of the above-mentioned <i>Power of Attorney for Shareholding</i> , Mr. Paul Xiaoming Lee has become the single shareholder of the Company with the largest number of shares with voting right, and the controlling shareholder of the Company changed from Heyi Investment to Mr. Paul Xiaoming Lee. At present, Mr. Paul Xiaoming Lee is still the controlling shareholder of the Company.

## V. Other Relevant Information

The accounting firm engaged by the Company

The name of the accounting firm	RSM CHINA (Special General Partnership)
The office address of the accounting firm	Units 1001-1 to 1001-26, 10/F, Building 1, No.22 Fuchengmenwai Street, Xicheng District, Beijing
The names of the accountants	Yao Rui, Yang Ganlin, Tian Guocheng

The sponsor engaged by the Company to perform continuous supervision duties during the Reporting Period

☒Applicable ☐Not applicable

Name of sponsor	Office address of sponsor	Name of sponsor representative	Supervision duration
CITIC Securities Company Limited	21/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Wang Jiaji and Liu Chunqin	From June 20, 2023 to December 31, 2024

The financial adviser engaged by the Company to perform continuous supervision duties during the Reporting Period

☐Applicable ☒Not applicable

## VI. Key Accounting Data and Financial Indicators

Whether the Company is required to retroactively adjust or restate prior years' accounting data

☐Yes ☒No

	2024	2023	Increase or decrease in this year compared to last year	2022
Operating income (RMB)	10,163,655,793.70	12,042,229,789.30	-15.60%	12,590,925,529.68
Net profit attributable to the shareholders of the listed company (RMB)	-556,317,501.09	2,526,688,570.92	-122.02%	4,000,461,964.37
Net profit, net of the non-recurring gains or losses, attributable to the shareholders of the listed company (RMB)	-613,297,983.45	2,461,257,928.99	-124.92%	3,839,792,123.08
Net cash flow generated from the operating activities (RMB)	1,158,249,055.10	2,667,453,259.32	-56.58%	503,587,598.66
Basic earnings per share (RMB/share)	-0.57	2.68	-121.27%	4.48
Diluted earnings per share (RMB/share)	-0.8733	2.5788	-133.86%	4.46
Weighted average return on equity	-2.17%	11.87%	-14.04%	25.39%
	At the end of 2024	At the end of 2023	Increase or decrease at the end of this year	At the end of 2022

			compared to the end of last year	
Total assets (RMB)	47,199,637,500.22	47,200,916,635.69	0.00%	38,622,731,492.57
Net assets attributable to the shareholders of the listed company (RMB)	24,471,229,555.06	26,926,495,494.24	-9.12%	17,726,202,872.37

The lower of the Company's net profits before and after the deduction of non-recurring gains or losses for the last three fiscal years are negative, and the audit report for the latest year shows that Company's ability to continue as a going concern is uncertain

☐Yes ☒No

The lower of the net profit before and after the deduction of non-recurring gains or losses is negative

☐Yes ☒No

## VII. Accounting Data Differences under Chinese and Overseas Accounting Standards

### 1. Difference between the net profits and net assets of the financial report disclosed in accordance with the international accounting standards and the Chinese accounting standards

☐Applicable ☒Not applicable

There was no difference between the net profits and net assets of the financial report disclosed in accordance with the international accounting standards and the Chinese accounting standards during the Reporting Period of the Company.

### 2. Difference between the net profits and net assets of the financial report disclosed in accordance with the overseas accounting standards and the Chinese accounting standards

☐Applicable ☒Not applicable

There was no difference between the net profits and net assets of the financial report disclosed in accordance with the overseas accounting standards and the Chinese accounting standards during the Reporting Period of the Company.

## VIII. Key Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating income	2,327,574,815.97	2,455,666,764.51	2,681,433,947.72	2,698,980,265.50
Net profit attributable to the shareholders of the listed company	158,141,200.24	132,886,152.20	152,472,211.35	-999,817,064.88
Net profit, net of the non-recurring gains or losses, attributable to the shareholders of the listed company	149,108,725.80	110,398,664.07	157,313,641.40	-1,030,119,014.72
Net cash flow generated from the operating activities	455,833,032.02	1,553,077,396.86	744,197,734.96	-1,139,026,076.72

Whether the above financial indicators or their sums are materially different from those disclosed in the quarterly and interim reports of the Company

☐Yes ☒No

## IX. Items and Amounts of Non-Recurring Gains or Losses

☒Applicable ☐Not applicable

Unit: RMB

Item	2024 Amount	2023 Amount	2022 Amount	Remarks
Gains and losses from the disposal of non-current assets	-636,682.57	-2,635,244.01	-4,869,891.53	

(including the write-down of the provision for impairment of assets)				
Government subsidies recognized in current profit or loss (except for those closely related to the Company's normal business and are in line with national policies and in accordance with defined criteria that have a continuing impact on the Company's profit or loss)	86,288,377.95	91,546,051.06	171,995,624.29	
Gains or losses from changes in fair value arising from financial assets and financial liabilities held by non-financial corporation, and gains or losses from disposal of financial assets and financial liabilities, excluding the effective hedging business related to the Company's normal business operations	124,692.63	15,433,062.02	21,836,255.17	
Gains or losses on entrusted investments or assets management			27,838,099.70	
Reversal of the provisions for impairment of receivables subject to separate impairment test	2,384,991.32	102,906.06	2,078,410.35	
One-off share-based payment recognized as a result of cancellation and modification of the share incentive scheme		-21,942,152.71		
Non-operating income and expenses other than above-mentioned items	-2,924,642.41	-44,249.00	818,785.95	
Other items within the definition of non-recurring gains or losses	461,445.22	589,416.97	5,824,344.40	
Less: Effect of the income tax	21,424,545.54	12,614,212.47	56,380,407.08	
Effect of minority equities (after tax)	7,293,154.24	5,004,935.99	8,471,379.96	
Total	56,980,482.36	65,430,641.93	160,669,841.29	--

Details of other profit or loss items that fall within the meaning of non-recurring gain or loss:

☐Applicable ☒Not applicable

The Company has no details of other profit or loss items that fall within the meaning of non-recurring gain or loss.

The reason for the Company to define 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* as recurring profit or loss items

☐Applicable ☒Not applicable

The Company did not define 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* as recurring profit or loss items.

## Section 3 Management Discussion and Analysis

### I. Industry Overview of the Company during the Reporting Period

The Company shall comply with the disclosure requirements set out in “Rubber and Plastic Products Manufacturing” under “Chemical Industry Related Business” in the *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Industry Information Disclosure*.

#### 1. Industry conditions and the industry position of the Company

With increasing global attention on green, low-carbon, and sustainable development, more than 150 countries set ambitious goals for carbon neutrality. At the United Nations Climate Change Conference, nearly 200 countries reached a milestone agreement – “UAE Consensus,” marking the first consensus in nearly three decades on transitioning the energy system from fossil fuels to clean energy. Countries have intensified efforts to promote the development of the new energy industry. Guided by China’s national strategic goals of carbon neutrality and carbon peaking, the new energy vehicle and energy storage industries have maintained the rapid development momentum, although the growth rate has slowed down, and the capacity of various subsectors has been continuously released, with competition intensified. As one of the four key materials of lithium batteries, lithium battery separators are widely used in electric vehicles, consumer electronics, energy storage batteries, and other fields, playing a pivotal role in driving the development of China’s and even global new energy industries.

According to the EV TANK’s *White Paper on China Lithium-Ion Battery Separator Industry Development (2025)*, as of the end of 2024, the Company’s market share has ranked first in the market for seven consecutive years. As a leading company in the lithium battery separator industry, the Company not only possesses significant competitiveness in global production capacity, product quality, cost-effectiveness, and technological R&D, but also has successfully entered the supply chain system of the world’s mainstream lithium battery manufacturers. Our products cover the three major fields of power battery, consumer battery, and energy storage battery, with abundant application scenarios. In 2024, the Company maintained its leading position in the industry, with both production capacity and shipment volume of separator products ranking first in the industry.

#### 2. Industry development trends

The global new energy automobile industry and the energy storage market are still growing, in which the growth rate of power class lithium batteries has slowed down in stages. Competition across the industry is fierce, but the energy storage market has seen significant growth in both market size and demand. According to SNE Research, the global power battery installed capacity amounted to 894.4GWh in 2024, a year-on-year growth of 27.2%. According to ICCSINO, the global shipment of energy storage batteries reached 314.7GWh in 2024, a year-on-year growth of 60%. The continuous expansion of the market scale of the lithium battery industry has promoted the development of lithium battery separator. However, with the intensive capacity expansion in the lithium battery separator industry in recent years, market competition has intensified. Coupled with strengthened cost control measures of downstream lithium battery manufacturers, separator product prices have been on a downward trend, squeezing industry profit margins. The *White Paper on China Lithium-Ion Battery Separator Industry Development (2025)* released by EV Tank shows that China’s lithium-ion battery separator shipments reached 22.8 billion square meters in 2024, up 28.6% year on year.

##### (1) The separator industry has vast market potential and high requirements for scale and localization

From a global perspective, China has taken the lead in the electric and intelligent development of vehicles, while overseas regions such as Europe and America are rapidly catching up. Given the enormous growth potential of new energy vehicle and lithium battery markets, especially the energy storage market, GGII data show that, by 2030, the global shipments of new energy passenger vehicles, commercial vehicles, and energy storage batteries are expected to exceed 2,000 GWh, nearly 700 GWh, and 1,400 GWh, respectively. Emerging application fields, such as construction machinery, ships, aircraft, and “smart-driven application scenarios,” are also expected to generate demand of over 100 GWh by 2030. The penetration rate of new energy vehicles in overseas markets is still lower compared to Chinese markets; therefore, the growth rate of overseas markets is expected to surpass that of Chinese markets in the future. Lithium battery separator is an indispensable key raw material in the manufacture of lithium batteries. Maintaining stable and reliable localized production capacity and product quality are the important cornerstones for separator enterprises to undertake large-scale orders from downstream customers. The Company keeps deepening its partnerships with top clients around the world. Leveraging our global production capacity, product quality and global service capabilities, industry-leading technological R&D and patent advantages, we continue to expand our global market share and consolidate our position as a global industry leader.

##### (2) We enhance innovation capacity and actively improve product and customer structure

Lithium batteries are the core components of new energy vehicles. As the market gradually transitions from policy-oriented to market-driven, manufacturers have increasingly stringent requirements for key performance attributes of lithium batteries, such as safety, range capacity, and service life. The continuous advancement of lithium battery technology imposes higher requirements on the performance improvement and technological iteration of separator products. Therefore, separator companies that possess core technologies and independent R&D and innovation capabilities will have better development prospects and potential. The application scenarios of lithium batteries are constantly expanding. In the future, applications such as low-altitude economy, robotics, etc. will further increase the market size of lithium battery and lithium battery separator.

The competition in the separator industry has become increasingly fierce, and technological innovation, development of new products and iterative upgrading of products have become one of the trends in the development of separator companies. Coating inorganic ceramic materials, PVDF, aramid, and other materials on the base film can effectively enhance the puncture resistance and heat resistance of lithium battery separators, improving the safety and service life of batteries. Compared with base films, coating films are better able to meet the key performance requirements of lithium batteries for separators, offering higher product added value. Therefore, separator companies that possess the core technology of high-quality coating films have better development prospects, and increasing the shipment volume of coating films helps enhance the comprehensive profitability. Meanwhile, separator companies need to develop new products such as ultra-thin separator products, fast-charging separator products and semi-solid electrolyte products, to improve the temperature resistance, mechanical strength and

other properties of separator products, and meet the strong demand of the downstream battery customers for improved safety, service life, energy density and range capacity of lithium batteries. In terms of optimizing customer structure, we ramp up efforts in the maintenance and development of key customers while in exploring overseas markets and accelerating global outreach.

Currently, Chinese separator companies dominate the global separator market. As a leading enterprise in the lithium battery separator industry, the Company not only has significant competitiveness in global production capacity deployment, product quality, cost-effectiveness and technological R&D, but also successfully entered the supply chain system of the world's mainstream lithium battery manufacturers, covering the three major fields of lithium batteries: power battery, consumer battery and energy storage lithium battery. During the Reporting Period, the overall supply and demand dynamics in the lithium battery separator industry slightly eased, combined with cost reduction pressures downstream and intensified market competition, have led to a downward trend in the prices of lithium battery separator products. However, the Company braved the market competition, and actively developed Chinese and overseas markets. By establishing production bases in key markets such as Europe, North America, and Southeast Asia, the Company aims to meet the localized demand from global mid-to-high-end lithium battery customers for its wet-process separator products and services with high consistency and safety. The Company has formed deep partnerships with several globally renowned battery manufacturers, continuously optimizing its product and customer portfolio. With the release of overseas production capacity in the future, the Company is expected to further expand its market share in the global competition.

In addition, the Company has diverse product lines in multiple product segments such as BOPP film, aseptic packaging, and aluminum laminated film. After approximately 30 years of steady development of the BOPP film industry in China, the technology has become increasingly mature, while the market competition has also become fiercer.

In recent years, China's aseptic packaging market has gradually established a product system with mature technology and diverse product types, capable of meeting the needs of aseptic filling of various liquids. The primary application areas of aseptic packaging are concentrated in the food and beverage industries such as liquid dairy products and non-carbonated beverages. With the continuous prosperity of the Chinese economy and the increase in urban residents' income, consumer mindset and health awareness have gradually improved, leading to a rapid growth momentum in the consumption of dairy products and non-carbonated beverages. At the same time, the increasing attention from both the government and consumers on food safety has led to stricter requirements for packaging materials, especially aseptic packaging materials, resulting in rising demands. Although international packaging giants still dominate the market due to their first-mover advantage, with the continuous progress of material technologies and production technologies in China, the Chinese aseptic packaging market is poised for rapid growth opportunities. Looking ahead, leveraging cost-effectiveness advantages, Chinese manufacturers are expected to gradually expand their products from the mid-to-low-end market to the high-end aseptic packaging market. The market share of Chinese aseptic packaging manufacturers is expected to gradually increase.

Aluminum laminated film, as a crucial encapsulation material for pouch cells, represents one of the most technically challenging aspects in the pouch cell industry chain, exerting significant influence on the quality of pouch cells. Compared to cylindrical and prismatic batteries, pouch cells demonstrate evident advantages in energy density, cycle life, safety, and flexibility. In the realm of consumer electronics which seeks high-capacity and lightweight, pouch cells have become the mainstream choice, with a high market share in mobile phone and laptop batteries, and approaching saturation in tablet batteries. In the field of traction batteries, the overseas new energy vehicle markets and solid-state battery (including semi-solid-state battery) markets show a stronger preference for pouch traction batteries. With continuous advancements in battery technology and declining costs, the competitiveness of pouch cells will be gradually improving.

### 3. Industry policies

The Company's main product is lithium battery separator, an indispensable core component in lithium battery manufacturing. The industry chain of new energy lithium battery in which the Company is engaged is highly valued and supported by governments. Relevant industrial policies that have had a direct or indirect impact on the Company in recent years are detailed below:

Date	Issuing Authority	Name of Policy or Regulation	Main Content
August 2022	Nine departments including MOST, NDRC and MIIT	Implementation Plan for Carbon Peak and Carbon Neutrality Supported by Science and Technology (2022-2030)	It proposes the action plan for low-carbon and zero-carbon technology research in urban and rural construction and transportation, focusing on recent breakthroughs in basic research in key areas such as new energy development and cutting-edge energy storage.
November 2022	MIIT, SAMR	Notice on the Coordinated and Stable Development of Lithium-Ion Battery Industry Chain and Supply Chain	It guides lithium battery enterprises to moderately expand production scale as needed under the premise of stable supply of key materials, sufficient investment in R&D innovation, and adequate supporting funds. It is important to optimize the industrial regional layout, avoid low-level homogeneous development and vicious competition, and establish a development pattern led by innovation, prioritizing technology, fair competition, and orderly expansion.
January 2023	MIIT	Guiding Opinions on Promoting the Development of the Energy Electronics Industry (Draft for Comments)	It promotes the intelligent upgrading of basic material production, enhances the production of silicon materials, silicon wafers, energy storage battery materials, and high-performance batteries, and improves the mechanization and automation levels of packaging, storage, and transportation to enhance product consistency and stability.
February 2023	Eight departments including MIIT	Notice on Organizing and Carrying Out the Pilot Work of Pioneering Zones for Comprehensive Electrification of Public Sector Vehicles	The goal is to significantly increase the level of electrification for vehicles, aiming to reach 80% in urban public transportation, taxis, sanitation, postal and express delivery, and urban logistics distribution sectors.
June 2023	MIIT, MOF, MOC, GAC, and SAMR	Decision on Amending the Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits of Passenger Car Enterprises	It adjusts the method of point calculation and the upper limit of points, establishes a flexible point trading mechanism, explores the establishment of a points pool system, and optimizes other points management systems.

June 2023	MOF, STA, MIIT	Announcement on Renewal of the Vehicle Purchase Tax Exemption Policy for New Energy Vehicles	During the period from 1 January 2024 to 31 December 2025, new energy vehicles are exempt from vehicle purchase tax, with each new energy passenger car eligible for a tax exemption of up to RMB30,000
September 2023	NDRC, NEA	Basic Rules for Electricity Spot Markets (Trial)	The goal is to enhance the adjustment capacity of the power system, promote the consumption and absorption of renewable energy, and facilitate the transformation of the power system towards a clean, low-carbon, safe, and efficient direction.
January 2024	NDRC, NEA, MIIT, SAMR	Implementation Opinions on Strengthening the Integration and Interaction Between New Energy Vehicles and the Power Grid	By 2025, China's vehicle-network interaction technology standard system is initially completed, and the charging peak and valley tariff mechanism is fully implemented and continuously optimized. By 2030, China's vehicle-network interaction technical standard system is basically completed. It enhances the key technology research of the power battery, and increases the cycle life of the power battery to 3,000 times and above on the basis of not significantly increasing the cost.
March 2024	The State Council	<i>Action Plan for Promotion of Large-Scale Equipment Replacement and Trade-in of Consumer Goods</i>	To carry out automobile trade-in, enhance policy support, clear circulation blockages, and promote the consumption of automobiles on a step-by-step basis, as well as the consumption of newer vehicles. To support the renewal of transportation equipment and old agricultural machinery, promote the replacement of urban buses with electric ones, and support the upgrade of old new energy buses and power batteries. To accelerate the phasing out of diesel trucks operating under the National III emission standard and below; strengthen capacity building for the industrialization of electric, hydrogen and other green aviation equipment; accelerate the scrapping and renewal of old ships with high energy consumption and high emissions, strongly support the development of new energy-powered ships, improve the supporting infrastructure and standards for new energy-powered ships, and gradually expand the scope of application of new energy-powered ships, such as those powered by electric power, liquefied natural gas, bio-diesel and green methanol.
June 2024	MIIT	<i>Standard Conditions for Lithium-ion Battery Industry (2024 Edition)</i>	To guide enterprises to strengthen technological innovation, improve product quality and reduce production costs, specify the product performance indexes such as energy density, power density, cycle life, capacity retention rate, etc. of power batteries, energy storage batteries and battery packs.
	European Parliament and Council	<i>Net-Zero Industry Act (Regulation (EU) 2024/1735)</i>	By 2030, the manufacturing capacity for EU-based net-zero technologies (such as solar panels, wind turbines, batteries and heat pumps) shall reach 40% of deployment needs, and by 2040, the EU shall reach 15% of global production in these technologies. The Act provides for a number of initiatives to increase investment in green technologies, including streamlining the licensing process for strategic projects and using public procurement and renewable energy auctions to enhance market access for strategic technology products.
July 2024	NDRC	Several Measures to Enhance Support for Large-scale Equipment Renewal and Trade-in of Consumer Goods	On the basis of the <i>Implementation Rules of the Automobile Replacement Subsidy</i> , for individual consumers who scrap fuel passenger cars of national III and below emission standard or new energy passenger cars registered before April 30, 2018 (inclusive), and purchase new energy passenger cars or fuel passenger cars with a displacement of 2.0 liters and below, the subsidy standard is raised to RMB20,000 for the purchase of new energy passenger vehicles, and RMB15,000 for the purchase of fuel vehicles with a displacement of 2.0 liters and below.
	European Parliament and Council	<i>EU Electricity Market Reform (Regulation (EU) 2024/1747)</i>	In response to rising electricity prices due to natural gas prices, electricity market reforms in the European Union aim to reduce the dependence of electricity prices on volatile fossil fuel prices, protect consumers from price spikes, accelerate the deployment of cleaner electricity, such as renewable energy, and incentivize cleaner energy transitions. Key initiatives include: 1) indirectly driving energy storage development through the promotion of long-term power purchase agreements (PPAs) and contracts for difference (CFDs), and investment in renewable energy; and 2) adopting non-fossil flexibility support system of "pay for capacity available," which will allow flexible resources to fully meet clean energy goals, or directly increase the revenues of storage units and promote the development of energy storage.
September 2024	NDRC, NEA	Notice on Promoting Pilot Work on Large-scale Vehicle Network Interactive Applications	To expand the scale of bidirectional charging and discharging (V2G) projects, and enrich the application scenarios of vehicle-network interaction in accordance with the principle of "innovative guidance, early and pilot implementation," comprehensively promote the orderly charging of new energy vehicles, and guide the large-scale development of vehicle-network interaction with market-oriented mechanism, improving the scale and sustainable vehicle-network interaction policy mechanism based on cities, and exploring the business model with advanced technology, clear model and replicable promotion based on V2G projects. Regions participating in the pilot program shall fully implement the charging peak and valley time-sharing tariffs, and strive to have more than 60% of the annual charging electricity

			concentrated in the low valley hours, of which more than 80% of the electricity charged through private piles is concentrated in the low valley hours. In principle, the total discharge power of V2G projects participating in the pilot program shall not be less than 500 kW, and the annual discharge volume shall not be less than 100,000 kWh, which may be appropriately reduced in the western region.
December 2024	NDRC, NEA	Implementation Plan for Optimizing the Regulation Capability of the Power System (2025-2027)	By 2027, the regulation capacity of the power system will be significantly improved, the market environment and business model for the development of various types of regulation resources will be better, and the mechanism for mobilizing various types of regulation resources will be further improved. Through the construction and optimization of regulation capacity, it will support the reasonable consumption and utilization of more than 200 million kilowatts of new energy per year from 2025 to 2027, and the utilization rate of new energy nationwide will not be less than 90%.

## II. Main Businesses of the Company during the Reporting Period

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Industry Information Disclosure*

Procurement model for major raw materials

Unit: RMB

Major raw materials	Procurement model	Proportion in total procurement amount	Whether there are significant changes in settlement methods	Average price in the first half of the year	Average price in the second half of the year
Raw material A	Market procurement	14.57%	No	25.46	24.98
Raw material B	Market procurement	13.64%	No	11.56	11.33
Raw material C	Market procurement	4.18%	No	6.86	7.31
Raw material D	Market procurement	3.46%	No	6.73	6.68

Note: The total procurement amount mentioned in the above table refers to the total procurement value, which includes all procurement activities such as raw materials, equipment, engineering, energy and power, packaging materials, and others.

Energy procurement costs account for over 30% of total production costs

☐Applicable ☒Not applicable

Production technology for major products

Major products	Phase in production technology	Information about key technical personnel	Patent technology	Strengths in product R&D
Lithium battery separator	Industrialization	All are employees of the Company, who continue to carry out R&D of projects and proactively respond to the needs of downstream customers	The Company's R&D team for lithium battery separators has achieved a series of accomplishments in improving production efficiency and lithium battery separator business. Currently, there are a total of 482 valid patents, including 38 international patents. Additionally, 326 patents are currently under application, including 132 international patent applications.	The Company has built a well-established R&D team over the years, responsible for the R&D of forward-looking technological reserve projects, such as separator and coating production equipment, improvements in separator preparation processes and raw materials, coating processes, slurry formulations, recycling and energy-saving technologies, as well as semi-solid and solid-state batteries. The Company's pioneering online coating technology has further enhanced the quality and production efficiency of coating film products. Additionally, the Company's lithium battery separator R&D team not only customizes the development of various new products for downstream customers to meet diverse customer needs, but also collaborates with them to develop products and enhance the customer loyalty.
BOPP film	Industrialization	All are employees of the Company, who develop relevant products in proactive response to the needs of downstream customers	Currently, there are 69 valid patents, including 6 invention patents and 63 utility model patents; 14 patents are currently under application.	The Company has accumulated nearly thirty years of experience in technical R&D. Leveraging a well-established R&D team within the Company's research institute system, the Company can develop related products according to customer needs. It is one of the few Chinese enterprises capable of producing anti-counterfeiting printed cigarette films.

Aseptic packaging	Industrialization	All are employees of the Company, who develop relevant products based on demands of the market and downstream customers	Currently, there are 47 valid patents, including 2 invention patents, 36 utility model patents, and 9 design patents; 15 patents are currently under application.	Leveraging a well-established R&D team within the Company's research institute system, the Company can develop related products according to customer needs to meet diverse customer needs.
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## Production capacity of major products

Major products	Designed capacity	Capacity utilization rate	Capacity under construction	Investment in construction
Lithium battery separator	11.7 billion m <sup>2</sup>	92.60%	Chongqing Energy (Phase II), Yuxi Energy, USA Energy Production Base	During the Reporting Period, Jiangsu Energy and Hubei Energy were put into production; Chongqing Energy (Phase II)'s some production lines were put into production; Yuxi Energy and USA Energy were under construction.
BOPP film	100,000 tons	57.19%		
Aseptic packaging	5.3 billion units	87.77%	Anhui Hongchuang Aseptic Packaging Production Base	The infrastructure works of Anhui Hongchuang Aseptic Packaging Production Base were completed.

Note: The production capacity of the parent roll of the lithium battery separator in the above table was calculated by the rotational speed, width and normal wear and tear during shutdown maintenance as well as the weighted duration of the production lines put into production. In addition, before being sold, different products may need to experience different processes such as cutting and coating. For different processes, wears and tears may be different, leading to certain difference in production volume between the products and their parent rolls.

Product categories in major chemical parks

Major chemical parks	Product category
Shanghai Energy, Zhuhai Energy, Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Newmi Tech, Jiangsu Energy, Hubei Energy, Hungary Energy, Jiangxi Enpo	Lithium battery separator
Hongta Plastic, Chengdu Hongta Plastic	BOPP film
Hongchuang Packaging, Anhui Hongchuang	Aseptic packaging

Note: Chemical park refers to the chemical area which features with defined geological boundary and management entities, complete infrastructure and management system, and is established after being approved by the government for developing chemical industry. The Company operates in the rubber and plastic products manufacturing sector. None of the production bases listed in the above table are located within chemical parks.

Environmental Impact Assessment (EIA) approvals being applied for or newly obtained during the Reporting Period

☒Applicable ☐Not applicable

During the Reporting Period, Zhuhai Energy obtained the EIA approval of “Zhu Huan Jian Shu [2024] No. 55” issued by Zhuhai Bureau of Ecology and Environment; Newmi Tech received the EIA approval “Yu (Chang) Huan Zhun [2024] No. 28” issued by Chongqing Municipal Bureau of Ecology and Environment; Jiangxi Tonry, Jiangxi Energy and Jiangxi Enpo obtained the EIA approvals of “Gao Huan Ping Zi [2024] No. 2”, “Gao Huan Ping Zi [2024] No. 8” and “Gao Huan Ping Zi [2024] No. 12” issued by Yichun Gao'an Ecological and Environmental Protection Bureau respectively.

Abnormal production shutdowns occurring in the listed company during the Reporting Period

☐Applicable ☒Not applicable

Relevant approvals, permits, qualifications and their validity periods

☐Applicable ☒Not applicable

Conducting petroleum processing and petroleum trading business

☐Yes ☒No

Conducting fertilizer business

☐Yes ☒No

Conducting pesticide business

☐Yes ☒No

Conducting chlor-alkali and soda ash businesses

☐Yes ☒No

### III. Analysis of Core Competitiveness

### 1. Scale advantage

As of the end of the Reporting Period, the Company is a world leader in terms of the production scale of wet-process lithium-ion battery separator, and has the largest lithium-ion battery separator supply capacity in the world. The Company is the world's largest supplier of lithium-ion battery separator, ranking No. 1 globally in terms of market share. The scale advantage of the Company is mainly reflected in cost control and sales expansion. The Company can take large-scale orders from leading lithium battery manufacturers such as LGES, Panasonic, ACC, Ultium Cells, an overseas large vehicle manufacturer, CATL, CALB, EVE and Gotion High-tech. Furthermore, the Company's scale advantage also helps improve production efficiency and procurement advantage. In terms of cost control, the Company's scale advantage firstly reduces its cost in raw materials procurement as large-scale centralized procurement makes the Company's raw materials costs lower than that of its industry peers. Secondly, the Company's huge sales scale brings a large number of orders to the Company, so that the Company can effectively reduce the frequency of downtime during production and effectively reduce costs caused by downtime through reasonable production scheduling. As a result, the Company leads its peers in terms of operating rate and capacity utilization rate. In terms of sales development, the lithium battery industry is currently experiencing an increasing level of market concentration. The Chinese first-class lithium battery manufacturers boast huge production scale. Meanwhile, the industry has put forward higher requirements for the performance of lithium-ion batteries such as energy density, cycle life, safety and charging speed. Therefore, whether the suppliers have a supply capacity to meet the current and future demand of world-class lithium battery manufacturers and the consistency of product quality will become the first consideration in their selection of suppliers. As the world's largest lithium-ion battery separator supplier, the Company boasts a competitive advantage thanks to its sufficient supply capacity and the consistency, stability and safety of its separator products.

### 2. Cost advantage

The Company has long been committed to the development and improvement of the production technology for advanced wet-process lithium-ion battery separators. Thanks to the continuous improvement of production equipment and process technique by the Company's production management and technical teams, the Company leads its industry peers in terms of output from a single production equipment line of lithium-ion battery separators and further reduces unit depreciation, energy consumption and labor costs. Moreover, thanks to its continuous improvement of production technology and production management, the Company also leads its peers in terms of yield coefficient and first pass yield of lithium-ion battery separators. Besides, the Company has continually improved the recovery efficiency of auxiliary materials, and its consumption of auxiliary materials is far lower than that of competitors in the industry. On the whole, the Company's cost advantage is brought forth by the integration of continuous improvement of production equipment and production technology, sustained investment in R&D, constant improvement of production management, and strong market development ability.

### 3. Product advantage

The Company has long been committed to the R&D of lithium-ion battery separators and creating value for customers with high-quality products and excellent services. Mainstream lithium battery manufacturers, especially world-class lithium battery manufacturers, have strict requirements for material quality. As one of the core materials for lithium batteries, the lithium-ion battery separator has high technical barrier and its performance directly affects the discharge capacity, cycle life and safety of lithium battery. Lithium battery manufacturing has extremely high requirements on separators in terms of properties, such as the size, distribution uniformity and consistency of separator micropores. Mainstream lithium-ion battery manufacturers apply a long system verification process, covering product, process and production flow, when selecting material suppliers. The Company has successfully passed the product certification of most Chinese and foreign mainstream lithium battery manufacturers, and is included in the most demanding overseas power battery supply chain systems. The quality of our products has been recognized by many lithium battery manufacturers. In addition, the Company has continually invested in the development of new products and carried out product research and forward-looking technical reserve while meeting customers' demand for customized products. The Company has become a supplier with the most diversified lithium-ion battery separator products to meet various demands of different customers.

### 4. R&D advantage

The Company has established a R&D team with a sound system through years of accumulation. Its R&D scope covers separator and coating production equipment, improvement of separator preparation process, raw & auxiliary materials, coating process, slurry formula, recovery and energy saving technologies as well as the R&D of forward-looking technical reserve projects. As of December 31, 2024, the Company's R&D team of lithium battery separator has made a series of achievements in improving production efficiency, enhancing the quality of lithium battery separators and developing new products. The Company now has 482 effective patents (including 38 international patents) and 326 ongoing patent applications (including 132 international patent applications). In addition, our R&D team of lithium-ion battery separator can not only customize the development of a variety of new products for downstream customers, but also carry out joint development with downstream customers to meet the diverse needs of customers. The Company pays close attention to the development of new technology in the industry, and makes forward-looking R&D deployment and reserves according to the market demand and its own R&D situation, including the R&D of semi-solid and all-solid state related technology.

### 5. Talent advantage

The lithium-ion battery separator industry is currently an emerging industry in China with a history of only over a decade. The rapid growth of the global new energy industry in recent years has brought about an increasing demand for talents of lithium-ion battery separators across the industry, but there is a lack of talent reserve in the lithium battery separator industry. Relying on a talent pool accumulated through nearly 30 years of engagement in the BOPP film industry, which is similar to the lithium-ion battery separator industry, the Company has established a well-functioning talent incentive mechanism to recruit talents worldwide. The Company has more than 100 employees with a master's degree or above working in the lithium battery separator segment, and has set up a core technological R&D team composed of professional R&D staff from the United States, Japan, South Korea and other countries. Furthermore, through long-term efforts, the Company has established complete professional teams in production management, system construction, quality control, market expansion and equipment design, installation and maintenance, etc. All teams of the Company have achieved fruitful results in their respective professional fields to jointly help the Company become an internationally competitive leader in the lithium-ion battery separator.

### 6. Market and customer resource advantages

During the Reporting Period, the Company continued to maintain a leading position in the wet-process lithium-ion battery separator market. So far, the Company has successfully entered the supply chain system of the world's mainstream lithium battery manufacturers, including overseas lithium battery production giants such as Panasonic, LGES, ACC, Ultium Cells and a leading overseas automobile

manufacturer, as well as over 50 Chinese and overseas lithium battery enterprises such as CATL, EVE, CALB, BYD, Gotion High-tech, Farasis Energy and Lishen. The Company has established close partnerships with downstream customers, with in-depth technical exchanges during cooperation. Therefore, the Company has a profound understanding of customer needs, and can quickly respond to customer needs and provide corresponding services. With the continued development of the industry, the ramp-up of the Company's global production capacity, and ongoing technological advancements, the Company is poised to grow along with its downstream customers.

## IV. Analysis on Main Businesses

### 1. Overview

In 2024, the Company maintained its leading position in terms of business scale and market presence. However, the growth of traction lithium batteries has experienced a phased slowdown, and intense competition in the downstream battery industry has led to tighter control over upstream raw material costs, including separator products. Meanwhile, the lithium battery separator industry has seen a concentrated release of production capacity, intensifying competition within the sector. As a result, separator product prices have declined, putting pressure on overall industry profitability. In 2024, the Company recorded a consolidated operating income of RMB10.164 billion, down 15.60% year on year. The Company's net profit attributable to the shareholders of the listed company was RMB-556 million, down 122.02% year on year.

#### (1) Focus on film products, global presence and optimizing customer and market structure

The Company focuses on lithium battery separator business, steadily advances its global production capacity presence, and actively expands its Chinese and overseas markets. In addition, the Company also strengthens its market position and enhances its core competitiveness. The Company is leading in its production capacity size globally. The Company has built separator production bases in Shanghai, Zhuhai, Wuxi, Jiangxi, Suzhou, Chongqing, Changzhou, Jingmen, Hungary, etc. During the Reporting Period, everything went smoothly in Chinese production bases. The production lines for Jiangsu Energy power vehicle lithium battery separator industrialization project and the Hubei Energy power vehicle lithium battery separator industrialization project were put into production. The civil construction for Phase I of the Yuxi Energy project is underway, with some production lines being installed and commissioned. In the long run, new energy vehicle and energy storage industry is promising in development prospects, especially overseas markets, which develops more slowly with low penetration rate compared to the Chinese markets. A batch of excellent Chinese new energy industry chain companies, especially lithium battery manufacturers are now speeding up their overseas business presence. With the further expansion in their Chinese and overseas production capacities, market demands for lithium battery separators will also correspondingly increase. Based on supply continuity and safety and other factors, those enterprises with large-size quality production capacity and strong ability of continuous supply will more easily attract large customers. During the Reporting Period, to further improve its global production capacity presence and meet overseas market demands for wet-process lithium battery separator products, the Company completed the construction of Phase I project of its Hungary lithium battery separator, and speeded up advancing customer verification and pre-production work. The Company started the construction of its USA lithium battery coating film factory project during the Reporting Period. This project has a planned production capacity of about 700 million m<sup>2</sup> of coating films. The Company announced its Hungary Phase II project and Malaysia project, with a planned production capacity of about 800 million m<sup>2</sup> of separators and about 1 billion m<sup>2</sup> of separators respectively.

Currently, the Company's lithium battery separator products are characterized by good stability and high consistency. With a wide range of product categories, they are capable of meeting customers' customized and diversified needs. The Company has entered the supply chain system of the world's mainstream lithium battery manufacturers. Driven by its own advantages in product, technology, intellectual property rights, etc., the Company actively expands its Chinese and overseas markets and depends its long-term cooperation with downstream strategic customers. During the Reporting Period, the Company's Hubei Energy's power vehicle lithium battery separator industrialization project, jointly invested by the Company and EVE Energy, the Company's leading enterprise customer in the lithium battery industry, had been put into production. The Company also has entered into long-term supply agreements with its overseas customers, such as LGES and Ultium Cells LLC. In addition, the Company also has entered into separator supply guarantee agreements with multiple Chinese high-end customers, such as Gotion High-tech. The Company continues to deepen its strategic cooperation with important customers in Chinese and overseas markets, further enhances its competitive advantages in market and attracting customers, so as to strengthen its market competitiveness.

During the Reporting Period, the Company constantly enhanced its R&D efforts and consolidated its technology advantages. In terms of production and manufacture, the Company continued to improve the product quality, reduce cost and increase efficiency by equipment renovation, process optimization, technology upgrade, etc. With the continuous promotion and application of its pioneering online coating technique, the Company's coating film products have been upgraded in terms of production efficiency and product quality. Meanwhile, by relying on its technology advantages, the Company continues to renovate and upgrade equipment to increase single line production capacity and production efficiency. In terms of product R&D, the Company launched multiple products, such as high-porosity base film with enhanced performance. In terms of forward-looking technology and product, Jiangsu Sanhe has the mass production capacity of semi-solid-state battery separator, and promotes the verification and technology exchange with multiple Chinese lithium battery enterprises. Hunan Energy focuses on the R&D of solid-state battery materials and has developed lithium sulfide, sulfide solid electrolytes, and sulfide solid electrolyte film products. In particular, key metrics such as the ionic conductivity and particle size control of sulfide solid electrolyte powders have reached an industry-leading level.

The Company's dry-process lithium battery separator project has been put into production, serving Chinese top battery manufacturers.

As of the end of the Reporting Period, the Company has established an annual production capacity of 100,000 tons of BOPP film. In 2024, the revenue from BOPP film amounted to RMB56.5614 million, a year-on-year decrease of 17.01%, primarily due to intensified market competition and a decline in product prices.

#### (2) Packaging and printing products, and specialty paper products

The Company's aseptic packaging business is performing well. The Company serves mainly large dairy enterprise customers and regional famous dairy enterprise customers. By continuously developing new products, the Company provides customized services to customers and realizes a rapid growth in the sale volume of the aseptic packaging products. In 2024, the Company's aseptic packaging business developed steadily and improved, achieving an operating income of RMB865 million, up 11.29% year on year, with about a sale volume of 4.6 billion units. The Company's aseptic packaging products features with excellent heat-sealing performance, strong adaptability to different machines,

low filling loss, etc. and its quality and performance indicators have reached the industry-leading level. In the future, the Company will continue to enhance market expansion, and seize market growth chances jointly with large dairy enterprises, to achieve a rapid development in its aseptic packaging business. During the Reporting Period, the Company actively advanced the construction of Hongchuang (Ma An Shan) project. As at the end of the Reporting Period, Ma An Shan Aseptic Packaging Base Factory had been basically built, with the production equipment under installation and debugging. In addition, Hongchuang Packaging is also in the middle of R&D and application of new processes and new products such as, preparation technology of high cathodic barrier anti-corrosion paper-based aluminum-plastic composite material, plastic free coating technology, and actively responds to the national dual carbon policy to fully minimize the pressure imposed on the natural environment during the product life cycle. Meanwhile, the Company is leveraging new products and processes to explore new markets, actively seeking new growth drivers, and continuously increasing revenue scale and market share. The Company will continue to focus on packaging and printing products, expanding market share by utilizing excellent product design, material optimization, customization capabilities, and timely after-sales service.

During the Reporting Period, the Company's cigarette label business achieved an operating income of RMB14.87 million, down 51.83% year on year and its specialty paper product business achieved an operating income of RMB75.94 million, down 48.44% year on year.

### (3) Review of other work

The Company implemented 2024 Restricted Stock Incentive Plan and first granted a total of 8,708,604 restricted shares to 140 employees, including some directors, senior executives, management at middle level and core technology (business) personnel, which helped effectively attract and retain excellent talents and inspire team vitality.

To increase the Company's long-term investment value, improve the earnings per share and further enhance the investors' confidence, during the Reporting Period, the Company repurchased 5,905,097 shares at a self-owned amount of RMB199.9973 million (excluding trading fee) for cancellation and decrease of the Company's registered capital.

Furthermore, driven by their confidence in the Company's future development and their recognition of the Company's long-term investment value, some directors, supervisors, senior executives and core employees increased their shareholding by 5,323,975 shares at a total amount of RMB200.4397 million from October 28, 2023 to July 26, 2024.

## 2. Revenue and cost

### (1) Breakdown of operating revenue

Unit: RMB

	2024		2023		Year-on-year increase or decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	10,163,655,793.70	100%	12,042,229,789.30	100%	-15.60%
By industry					
Manufacturing	9,815,794,907.87	96.58%	11,749,728,885.23	97.57%	-16.46%
Other business	347,860,885.83	3.42%	292,500,904.07	2.43%	18.93%
By product					
Lithium battery separator	8,254,655,982.64	81.22%	10,082,122,418.04	83.72%	-18.13%
BOPP film	565,613,743.82	5.57%	681,506,139.96	5.66%	-17.01%
Cigarette label	14,865,512.42	0.15%	30,859,185.05	0.26%	-51.83%
Aseptic packaging	865,382,993.75	8.51%	777,626,183.85	6.46%	11.29%
Specialty paper	75,937,714.53	0.75%	147,283,740.79	1.22%	-48.44%
Other product	39,338,960.71	0.39%	30,331,217.54	0.25%	29.70%
Other business	347,860,885.83	3.42%	292,500,904.07	2.43%	18.93%
By region					
Southwest China	1,360,528,831.04	13.39%	1,244,462,107.76	10.33%	9.33%
East China	3,627,958,348.90	35.70%	5,489,000,474.42	45.58%	-33.90%
North China	182,479,840.79	1.80%	131,870,158.40	1.10%	38.38%
South Central China	2,727,132,318.26	26.83%	3,091,888,271.61	25.68%	-11.80%
Northwest China	28,108,418.95	0.28%	22,092,075.52	0.18%	27.23%
Northeast China	24,173,501.59	0.24%	45,904,469.23	0.38%	-47.34%
Overseas regions	2,213,274,534.17	21.78%	2,017,012,232.36	16.75%	9.73%

### (2) Industries, products, regions and sales models that account for more than 10% of the Company's operating revenue or operating profit

☒Applicable ☐Not applicable

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Industry Information Disclosure*

Unit: RMB

	Operating revenue	Operating cost	Gross margin	Year-on-year increase or decrease in operating revenue	Year-on-year increase or decrease in operating cost	Year-on-year increase or decrease in gross margin
By industry						
Manufacturing	9,815,794,907.87	8,976,180,560.42	8.55%	-16.46%	19.90%	-27.73%
By product						
Lithium battery separator	8,254,655,982.64	7,644,538,560.33	7.39%	-18.13%	26.01%	-32.44%
Aseptic packaging	865,382,993.75	662,835,868.81	23.41%	11.29%	3.27%	5.95%
By region						
Southwest China	1,360,528,831.03	1,205,941,175.20	11.36%	9.33%	33.64%	-16.13%
East China	3,627,958,348.91	3,496,621,903.72	3.62%	-33.90%	9.72%	-38.32%
South Central China	2,727,132,318.26	2,794,650,948.96	-2.48%	-11.80%	31.90%	-33.95%
Overseas regions	2,213,274,534.17	1,359,676,077.69	38.57%	9.73%	14.98%	-2.81%

Under the circumstances that the statistic specifications for the Company's data on main business were adjusted during the Reporting Period, the Company's data on main business of this past year is calculated based on the adjusted statistic specifications at the end of the Reporting Period.

☐Applicable ☒Not applicable

Unit: RMB

Product name	Output	Sales	Revenue achieved	Movement in sales price during the Reporting Period	Reason for change
Lithium battery separator	9.28 billion m <sup>2</sup>	8.825 billion m <sup>2</sup>	8,254,655,982.64	Declined	Fierce market competition

Note: The "lithium battery separator" mentioned above include the dry-process and wet-process separator products

Operating revenue or net profit arising from offshore operations accounted for 10% or above of the Company's audited operating revenue or net profit in the most recent fiscal year

☒Yes ☐No

Name of overseas business	Details of the commencement	Impact of tax policy on overseas business during the Reporting Period	Company's response
Lithium battery separator	Sales of lithium battery separator products to overseas customers through direct sales	There was no material change in tax policy during the Reporting Period as compared with the same period last year	Expanding overseas capacity and continuously exploring overseas markets to increase market share

### (3) Whether the Company's revenue from the sale of physical products is higher than the revenue from service charges

☒Yes ☐No

Industry category	Item	Unit	2024	2023	Year-on-year increase or decrease
Lithium battery separator	Sales	m <sup>2</sup>	8,824,704,621.61	6,200,262,733.87	42.33%
	Output	m <sup>2</sup>	9,280,478,278.17	7,099,497,791.79	30.72%
	Inventory	m <sup>2</sup>	2,424,820,504.84	1,969,046,848.28	23.15%
BOPP film	Sales	Ton	57,550.32	68,244.41	-15.67%
	Output	Ton	57,190.25	69,878.89	-18.16%
	Inventory	Ton	5,855.52	6,215.59	-5.79%
Cigarette label	Sales	10,000 boxes	7.08	22.29	-68.24%
	Output	10,000 boxes	6.94	-0.05	--
	Inventory	10,000 boxes	0.81	0.95	-14.34%
Aseptic packaging	Sales	10,000	463,121.97	422,136.62	9.71%
	Output	10,000	467,287.44	428,729.83	8.99%
	Inventory	10,000	42,625.42	38,459.95	10.83%
Specialty paper	Sales	Ton	5,423.25	8,026.38	-32.43%

	Output	Ton	4,935.95	7,364.27	-32.97%
	Inventory	Ton	1,299.15	1,786.46	-27.28%

Reasons for a year-on-year change of more than 30% in the relevant data

☒Applicable ☐Not applicable

① In 2024, the lithium battery separator products achieved a significant year-on-year rise in terms of both sales and output, mainly due to the Company's production capacity release and intensified market expansion efforts;

② The sales of cigarette labels, and the sales, output and inventory of the specialty paper decreased significantly due to fierce market competition.

**(4) Execution of material sales contracts and material procurement contracts signed by the Company as of the Reporting Period**

☐Applicable ☒Not applicable

**(5) Breakdown of operating cost**

Product category

Unit: RMB

Product category	Item	2024		2023		Year-on- year increase or decrease
		Amount	Percentage of the operating cost	Amount	Percentage of the operating cost	
Lithium battery separator	Raw material	3,940,904,869.75	48.42%	3,583,825,915.48	53.86%	9.96%
	Labor	527,433,960.58	6.48%	521,134,511.83	7.83%	1.21%
	Manufacturing cost	2,019,600,350.23	24.81%	1,314,988,670.49	19.76%	53.58%
	Energy and power	1,650,695,604.77	20.28%	1,234,432,905.41	18.55%	33.72%
BOPP film	Raw material	420,713,716.67	85.15%	502,904,792.58	85.59%	-16.34%
	Labor	25,997,717.76	5.26%	33,268,451.80	5.66%	-21.85%
	Manufacturing cost	27,229,894.23	5.51%	27,273,572.65	4.64%	-0.16%
	Energy and power	20,154,896.35	4.08%	24,143,208.72	4.11%	-16.52%
Cigarette label	Raw material	8,045,520.34	37.55%	11,439,116.45	48.15%	-29.67%
	Labor	3,364,475.30	15.70%	6,464,506.27	27.21%	-47.95%
	Manufacturing cost	9,645,711.93	45.02%	5,053,470.32	21.27%	90.87%
	Energy and power	368,652.55	1.72%	799,693.93	3.37%	-53.90%
Aseptic packaging	Raw material	587,265,769.36	88.60%	568,677,917.68	88.60%	3.27%
	Labor	43,244,970.96	6.52%	42,628,863.02	6.64%	1.45%
	Manufacturing cost	21,857,030.86	3.30%	20,466,257.07	3.19%	6.80%
	Energy and power	10,468,097.63	1.58%	10,079,401.67	1.57%	3.86%
Specialty paper	Raw material	58,248,137.17	89.38%	100,096,543.76	89.41%	-41.81%
	Labor	2,406,303.96	3.69%	4,009,313.17	3.58%	-39.98%
	Manufacturing cost	3,486,536.32	5.35%	5,930,569.64	5.30%	-41.21%
	Energy and power	1,026,611.86	1.58%	1,910,737.13	1.71%	-46.27%
Other products	Raw material	34,925,903.04	39.64%	27,194,586.27	50.20%	28.43%
	Labor	9,315,047.16	10.57%	6,625,261.90	12.23%	40.60%
	Manufacturing cost	38,111,439.12	43.25%	16,663,483.15	30.76%	128.71%
	Energy and	5,765,567.52	6.54%	3,691,982.77	6.81%	56.16%

	power					
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Explanations:

① “Other products” refer to in the “Breakdown of operating revenue” and “Breakdown of operating cost” in Section 4 of this report mainly include holographic hot stamping foils, film products, packaging films for wrapping by hand, aluminum laminated films, other miscellaneous products and substandard products. These products account for a small volume of business, and the percentage of the sales of such products in the total sales is low. Thus, such products belong to the category of other products of main businesses.

② “Other businesses” refer to in the “Breakdown of operating revenue” in Section 4 of this report mainly refers to the Company’s revenue from the sale of materials, leased assets and the sale of leftover bits and pieces. Other businesses do not belong to the category of the Company’s main businesses.

#### (6) Whether the scope of the consolidated financial statements changed during the Reporting Period

☒Yes ☐No

During the Reporting Period, compared to the previous period, the Company added 3 new entities into and eliminated 1 entity from its consolidated financial statements. These 3 new entities are respectively Shanghai Jiezhuyuan New Material Technology Co., Ltd., Shanghai Hengjieyuan New Material Technology Co., Ltd., and SEMCO MALAYSIA SDN. BHD., which were all established during the Reporting Period. The eliminated 1 entity is Guangdong Energy New Materials Research Institute Co., Ltd., which was cancelled during the Reporting Period.

#### (7) Major changes or adjustments in the Company’s businesses, products or services during the Reporting Period

☐Applicable ☒Not applicable

#### (8) Key customers and suppliers

The Company’s key customers

Total sales of the top five customers (RMB)	5,031,648,639.18
Proportion of total sales of the top five customers over total sales for the year	49.51%
Proportion of sales of related parties in the top five customers over total sales for the year	0.00%

Information on the Company’s top five customers

No.	Customer name	Sales (RMB)	Percentage of total sales for the year
1	Customer 1	1,603,980,234.64	15.78%
2	Customer 2	1,585,042,385.44	15.60%
3	Customer 3	1,128,301,032.63	11.10%
4	Customer 4	372,020,193.02	3.66%
5	Customer 5	342,304,793.46	3.37%
Total	--	5,031,648,639.18	49.51%

Other information on key customers

☒Applicable ☐Not applicable

The Company had no affiliated relationship with the top five customers. The Company’s directors, supervisors, senior executives, key technical personnel, shareholders holding more than 5% of shares, actual controllers, and other related parties do not directly or indirectly hold any equity in the top five customers.

The Company’s key suppliers

Total sales of the top five suppliers (RMB)	2,770,851,791.90
Proportion of total sales of the top five suppliers over total sales for the year	28.45%
Proportion of sales of related parties in the top five suppliers over total sales for the year	5.38%

Information on the Company’s top five suppliers

No.	Supplier name	Purchase amount (RMB)	Percentage of the total purchase amount for the year
1	Supplier 1	791,577,343.29	8.13%
2	Supplier 2	546,595,113.74	5.61%

3	Supplier 3	524,250,154.26	5.38%
4	Supplier 4	517,549,584.08	5.31%
5	Supplier 5	390,879,596.53	4.01%
Total	--	2,770,851,791.90	28.45%

Other information on key suppliers

☒Applicable ☐Not applicable

In the table above, except for Supplier 3, which is an affiliate controlled by the Company's actual controller (with the procurement amount consolidated), the Company has no affiliated relationship with the other suppliers in the top five. The Company's directors, supervisors, senior executives, key technical personnel, shareholders holding more than 5% of shares, actual controllers, and other related parties do not directly or indirectly hold any equity in the other suppliers in the top five.

### 3. Expenses

Unit: RMB

	2024	2023	Year-on-year increase or decrease	Explanations of material changes
Selling expenses	145,263,407.26	89,338,734.45	62.60%	Mainly due to intensified efforts in market expansion in this Reporting Period
Administrative expenses	600,164,938.14	383,415,488.72	56.53%	Mainly due to increase in the agent consulting fee in this Reporting Period
Financial expenses	314,263,613.89	238,639,677.08	31.69%	Mainly due to change in exchange profit and loss in this Reporting Period
R&D expenses	662,843,179.69	727,481,001.67	-8.89%	

### 4. Investment in R&D

☒Applicable ☐Not applicable

Names of key R&D projects	Project purposes	Project progress	Objectives to be achieved	Expected impacts on the Company's future development
Development of base films with high safety by using simultaneous biaxial stretching process	Volume orders from a top Japanese customer	Passed the customer's technical validation, advancing the project implementation with the customer	Mass production and shipment	Improving the sales volume of the Company's separator products, enhancing the stickiness of overseas high-quality key customers and establishing stable cooperative relations
Ultra-thin high-strength separators	Developing ultra-thin 5μm separator for high energy density lithium battery	Passed the customer's validation	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Mass production of semi-solid-state lithium-ion conductivity separators	Developing high energy density and high safety lithium battery separator with an energy density of above 250 wh/kg	Small batch production	Mass production and shipment	With the aid of technological innovation, meeting the demand for lithium batteries with high energy density and high safety, enhancing the Company's technical leadership and overall competitiveness
Design and development of the third-generation base films with low shutdown temperature and high safety	Reducing the shutdown temperature and improving the safety of separators	Passed the customer's technical validation, advancing the project implementation with the customer	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share

Ultra-thin ceramic coating film	Ultra-thin, ultra-high heat-resistant coating for improving battery safety	Mass production	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
High puncture strength and high-porosity base film	Addressing the high energy density and fast charging capabilities demands of terminal batteries	Validated by top customers	Mass production and shipment	Expanding separator application scenarios and the Company's business scope, and enhancing the Company's overall competitiveness
Ultra-low cost base film	Development of ultra-low cost wet-process separators that are comparable to dry-process separators	Mass production	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Self-capturing separator	Enhancing the binding performance of separators and plates, improving the cycle life and the structure stability of battery	Terminated the project as required by the client	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Fourth-generation separator with low shutdown temperature, high puncture strength and high porosity	Reducing shutdown temperature, increasing puncture strength and improving separator safety	Market promotion stage	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Development of high-throughput film (R&D of large and small pore separators)	Developed solid electrolyte separators with median pore size $\geq 100$ nm and porosity $\geq 75\%$	Sample delivering and customer validating phase	Developed solid electrolyte separators with median pore size $\geq 100$ nm and thickness of $15 \pm 1 \mu\text{m}$	With the aid of technological innovation, enhancing the Company's technical leadership and overall competitiveness
Development of high-hardness, long-cycle, low-expansion lithium battery separators (development of high-adhesion strength at low-temperature adhesive-coated separators)	Over 30% increment for the adhesive strength between separator and cathode compared to the same-type mass-produced separator	The formula has been finalized, sample delivering and customer validating phase. The separator adhesive has met the improvement requirements, with continuous optimization of formulations and processes	Mass production and shipment	Improving the competitiveness and sales volume of the Company's separator products and increasing the Company's market share
Development of low-cost, high-heat resistant lithium battery separators (development of wet-process PP separators)	Improving ionic conductivity of separator by 5% while maintaining high strength	5% increase in ionic conductivity of separator has been achieved, and it is in the stage of mass production validation, with continuous optimization of formulations and processes	Optimization of physical properties to improve product cost performance	With the aid of technological innovation, enhancing the Company's technical leadership and overall competitiveness
Development of high-wettability and long-cycle lithium battery separators (development of high-wettability modified PE separators)	Improving the electrolyte contact angle and wettability by 20% compared with the conventional base film	Wettability has been greatly enhanced, and it is in the validation stage of top customers	Improving the ionic conductivity by more than 5% compared with conventional base membranes, improving the multiplication rate and cycling performance	With the aid of technological innovation, enhancing the Company's technical leadership and overall competitiveness
High-strength, high-conductivity lithium ion composite film for solid-state batteries	Development of composite electrolyte films for all-solid-state or quasi-solid-state batteries	Sample building phase	Mass production and shipment	With the aid of technological innovation, enhancing the Company's technical leadership and overall competitiveness
Basic development of ultra-small pore size specialty filtration film	Expanding the Company's business and increasing separator application scenarios	Sample delivering and customer validating phase	Production line modification and upgrading completed, mass production and shipment of roll samples achieved	Expanding separator application scenarios and the Company's business scope, and enhancing the Company's overall competitiveness

Development of water treatment film for municipal sewage and industrial wastewater	Expanding the Company's business and increasing separator application scenarios	Ready for mass production	Operating model defined, mass production and shipment achieved	Expanding separator application scenarios and the Company's business scope, and enhancing the Company's overall competitiveness
Development of aluminum laminated films	Expanding the Company's business	Stable batch supply of high insulation products has been achieved, high molding products are well applied in middle and high-end customers, with stable supply and high consistency, promotion to overseas customers is steadily advancing	Mass production and shipment have been achieved, product performance is improved constantly, and we have entered the supply chain of high-end customers	Comprehensively improving product performance to reach the globally advanced level, laying a good foundation for entering the high-end market, and enhancing the Company's overall competitiveness
R&D of new degradable film	Technological reserves, adapting to market demand	Ready for mass production	The film materials are biodegradable	It meets the needs of ecological environmental protection, complies with the requirements of relevant regulations and policies, fulfills social responsibility, and is conducive to improving the competitiveness of the Company's products in the market, as well as enhancing the Company's economic efficiency and corporate image
R&D of highly smooth and antistatic film	Developing BOPP film products with high smoothness and high anti-static properties to meet the adaptability needs of high-speed printing machines, high-speed packaging machines, effectively improve the quality of prints and production efficiency, and improve the quality of product packaging	Sample building, delivering and customer validating phase	We have developed a series of highly smooth and anti-static film products for food, pharmaceutical, cosmetics and other packaging areas to meet the growing market demand	Highly smooth antistatic film is suitable for packaging in food, pharmaceuticals, cosmetics and other fields. Through the R&D of this project, it is conducive to improving the Company's technological innovation ability and enhancing the competitiveness of the Company's products in the market
R&D of bio-based polyethylene plastic caps	Technological reserves, adapting to market demand	Ready for mass production, depending on customer demand	Replacing petroleum-based polymer materials with bio-based polymer materials to achieve 100% natural degradation of packaging materials and sustainable development	Complying with the development concept of "ecological environmental protection, energy saving and carbon reduction," and laying the foundation for the Company's aseptic packaging products to open up the market of top packaging with caps
Scratch and sniff gable top box packaging	Expanding the market of liquid packaging product	Ready for mass production, being promoted across customer segments	Making conventional packaging interesting. Customers can smell the fragrance after scratching the designated area, improving the experience for end customers	Making packaging materials for liquid more innovative and attractive and enhancing the market competitiveness of the Company's aseptic packaging products
High barrier oil packaging materials with Al-PE paper complex structure	Expanding the market of edible oil, soy sauce and other condiments	Mass production	Replacing traditional packaging for edible oil with molded pulp packaging to reduce the use of plastics	The material has a good barrier against light, water vapor and oxygen, thus improving the sealing of the Company's aseptic packaging products and laying a foundation for the Company's aseptic packaging products to develop diversified markets

R&D of environmentally-friendly high definition printed aseptic packaging boxes	Enhancing the competitiveness of the Company's products	Mass production	By using new materials, process parameters, and formulas, we achieve environmentally friendly high-definition printing, promoting ecological sustainability, reducing production costs, and enhancing product quality	By ensuring water-based, environmentally-friendly printing, we can enhance the print durability of the printing plates, achieve clearer print quality, increase production efficiency, reduce costs, ensure product quality, and strengthen the competitiveness of the Company's products
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## Information on the Company's R&amp;D personnel

	2024	2023	Year-on-year change (%)
Number of R&D employees	533	507	5.13%
R&D employees as a percentage of total employees	5.60%	5.43%	0.17%
Educational background structure of R&D personnel			
Bachelor's degree and below	377	403	-6.45%
Master's degree and above	156	104	50.00%
Age structure of R&D personnel			
Under 30	207	224	-7.59%
Aged 30-40	238	218	9.17%

## Information on investment in R&amp;D

	2024	2023	Year-on-year change (%)
Amount of investment in R&D (RMB)	662,843,179.69	727,481,001.67	-8.89%
Investment in R&D as a percentage of operating revenue	6.52%	6.04%	0.48%
Capitalized investment in R&D (RMB)	0.00	0.00	
Capitalized investment in R&D as a percentage of total investment in R&D	0.00%	0.00%	0.00%

Reasons for and impacts of significant changes in the composition of the Company's R&amp;D personnel

☐Applicable ☒Not applicable

Reasons for significant year-on-year changes in investment in R&amp;D as a percentage of operating revenue

☐Applicable ☒Not applicable

Reasons and justification for significant changes in the capitalization rate of investment in R&amp;D

☐Applicable ☒Not applicable

## 5. Cash flow

Unit: RMB

Item	2024	2023	Year-on-year increase or decrease
Subtotal of cash inflows from operating activities	9,244,960,014.86	11,626,206,968.78	-20.48%
Subtotal of cash outflows from operating activities	8,086,710,959.76	8,958,753,709.46	-9.73%
Net cash flows from operating activities	1,158,249,055.10	2,667,453,259.32	-56.58%
Subtotal of cash inflows from investment activities	1,379,089,146.09	174,676,679.85	689.51%
Subtotal of cash outflows from investment activities	4,011,404,413.06	8,164,800,691.58	-50.87%
Net cash flows from investment activities	-2,632,315,266.97	-7,990,124,011.73	67.06%
Subtotal of cash inflows from financing activities	14,092,315,361.77	20,895,450,020.58	-32.56%
Subtotal of cash outflows from financing activities	13,678,642,439.98	15,758,526,797.94	-13.20%
Net cash flows from financing activities	413,672,921.79	5,136,923,222.64	-91.95%
Net increase in cash and cash equivalents	-1,055,573,518.71	-183,022,124.16	-76.85%

Main reasons for significant year-on-year changes in the relevant data

☒Applicable ☐Not applicable

①The significant year-on-year decrease in the cash flows from operating activities was mainly due to the year-on-year decrease in sales proceeds in the Reporting Period;

②The significant year-on-year increase in the net cash flows from investment activities was mainly due to a significant increase in the recovered investments caused by an increase in the amount of the financial management products upon maturity in the Reporting Period compared to last Reporting Period, as well as the decrease in the investment in the construction in progress in the Reporting Period compared to that in the previous Reporting Period;

③The significant year-on-year decrease in the net cash flows from financing activities was mainly due to the receipt of the funds raised by non-public offering of stocks in the last Reporting Period and no occurrence of the related event in this Reporting Period.

Reasons for the marked difference between net cash flow from operating activities during the Reporting Period and net profit for the year

☒Applicable ☐Not applicable

This marked difference was mainly due to the provision for asset impairment for the current period and the addition of a substantial amount of non-cash asset depreciation.

## V. Analysis of Non-main Businesses

☐Applicable ☒Not applicable

## VI. Analysis of Assets and Liabilities

### 1. Significant changes in the composition of assets

Unit: RMB

	End of 2024		Beginning of 2024		Percentage change	Reasons for significant changes
	Amount	As a percentage of total assets	Amount	As a percentage of total assets		
Monetary funds	2,574,141,019.53	5.45%	3,835,530,538.70	8.13%	-2.68%	Mainly due to the relative decrease in bank deposits
Accounts receivable	6,102,048,232.51	12.93%	6,719,699,762.18	14.24%	-1.31%	
Inventories	2,963,026,794.82	6.28%	3,000,558,853.64	6.36%	-0.08%	
Investment properties	9,051,579.82	0.02%	7,865,069.42	0.02%	0.00%	
Long-term equity investments	0.00	0.00%	3,209,980.10	0.01%	-0.01%	
Fixed assets	22,928,507,627.21	48.58%	19,380,327,177.42	41.06%	7.52%	Mainly due to the increase in investment in new production lines
Construction in progress	5,863,245,023.13	12.42%	6,207,408,467.99	13.15%	-0.73%	
Right-of-use assets	1,752,245.09	0.00%	2,387,711.07	0.01%	-0.01%	
Short-term borrowings	8,136,897,962.50	17.24%	7,290,694,906.27	15.45%	1.79%	Mainly due to the new borrowings
Contract liabilities	45,640,854.47	0.10%	29,791,971.25	0.06%	0.04%	
Long-term borrowings	5,070,029,111.30	10.74%	4,685,315,817.70	9.93%	0.81%	
Lease liabilities			182,663.88	0.00%		

Overseas assets accounted for a high percentage of the Company's total assets

☐Applicable ☒Not applicable

### 2. Assets and liabilities measured at fair value

☒Applicable ☐Not applicable

Unit: RMB

Item	Amount as at the beginning of the Reporting Period	Profit and loss from the fair value changes during the Reporting Period	Accumulated fair value changes recognized through equity	Impairment provided during the Reporting Period	Amount of purchase during the Reporting Period	Amount of sale during the Reporting Period	Other changes	Amount as at the end of the Reporting Period

Financial assets								
4. Other investment in equity instruments	89,000,000.00		-11,000,000.00					78,000,000.00
Sub-total of financial assets	89,000,000.00		-11,000,000.00					78,000,000.00
Others	408,354,641.63				408,092,531.80	408,354,641.63		408,092,531.80
Including: Bank acceptance bills	408,354,641.63				408,092,531.80	408,354,641.63		408,092,531.80
Total	497,354,641.63		-11,000,000.00		408,092,531.80	408,354,641.63		486,092,531.80
Financial liabilities	0.00							0.00

## Other changes

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

☐Yes ☒No**3. Restriction of asset rights as of the end of the Reporting Period**

Item	December 31, 2024			
	Book balance	Book value	Restriction type	Reason for restriction
Monetary funds	838,743,097.78	838,743,097.78	Pledged	Margin, and account deposits under bank regulation
Other current assets	50,178,767.12	50,178,767.12	Pledged	Margin
Fixed assets	1,305,145,941.74	1,155,206,200.49	Mortgaged	Mortgaged loan
Construction in progress	244,204,248.10	244,204,248.10	Mortgaged	Mortgage-backed government subsidy
Intangible assets	140,710,834.33	130,345,642.47	Mortgaged	Mortgaged loan
Total	2,578,982,889.07	2,418,677,955.96	—	—

**VII. Analysis of Investments****1. Summary**☒Applicable ☐Not applicable

Total investment amount during the Reporting Period (RMB)	Total investment amount during the same period of last year (RMB)	Change (%)
4,090,743,792.62	9,414,839,968.03	-56.55%

**2. Substantial equity investments obtained during the Reporting Period**☐Applicable ☒Not applicable

### 3. Substantial ongoing non-equity investments during the Reporting Period

☒Applicable ☐Not applicable

Unit: RMB

Project name	Investment model	Whether it is an investment in fixed assets	Industries related to the investment project	Amount of investment during the Reporting Period	Accumulated actual investment as of the end of the Reporting Period	Source of funds	Project progress	Estimated revenue	Accumulated realized revenue as at the end of the Reporting Period	Reasons for failing to make planned progress and generate estimated revenue	Disclosure date (if any)	Disclosure index (if any)
Wuxi Energy New Material Industrial Base Phase II	Self-construction	Yes	Lithium battery separator	3,630,511.23	2,409,502,311.18	①Self-owned and self-raised funds; ②Raised funds by way of non-public offering in 2020	99.15%		387,828,195.40	N/A	July 2, 2019	Please refer to the <i>Announcement on Capital Increase by Shanghai Energy to Wuxi Energy and Investment in Wuxi Energy New Material Industrial Base Phase II - Lithium Battery Separator</i> (Announcement No.: 2019-076) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Jiangxi Tonry Phase I Expansion	Self-construction	Yes	Lithium battery separator	54,848,000.55	2,591,669,641.61	①Self-owned and self-raised funds; ②Raised funds by way of non-public offering in 2020	100.00%		944,328,091.26	N/A	November 2, 2018	Please refer to the <i>Announcement on A Controlled Subsidiary's Acquisition of 100% Equity of Jiangxi Tonry New Energy Technology Development Co., Ltd.</i> (Announcement No.: 2018-141) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Hungary Lithium Battery Separator	Self-construction	Yes	Lithium battery separator	412,077,908.17	3,103,989,427.92	Self-owned and self-raised funds	99.00%		0.00	N/A	November 11, 2020	Please refer to the <i>Announcement on Construction of Wet-process Lithium Battery Separator Project in Hungary</i> (Announcement No.: 2020-204) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Chongqing Energy High-performance Lithium Battery Micropore	Self-construction	Yes	Lithium battery separator	188,012,707.33	1,852,930,303.79	①Self-owned and self-raised funds; ②Raised funds by way of non-	90.00%		106,559,156.62	N/A	November 23, 2021	Please refer to the <i>Announcement on Plan for Non- public Offering of A Shares in 2021</i> (Announcement No.: 2021-

Separator (Phase II)						public offering in 2021						188) disclosed at www.cninfo.com.cn
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	Self-construction	Yes	Lithium battery separator	890,414,936.78	3,510,653,643.25	①Self-owned and self-raised funds; ②Raised funds by way of non-public offering in 2021	95.00%		-76,990,775.52	N/A	November 23, 2021	Please refer to the <i>Announcement on Plan for Non- public Offering of A Shares in 2021</i> (Announcement No.: 2021-188) disclosed at www.cninfo.com.cn
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	Self-construction	Yes	Aluminum laminated film	46,761,426.66	536,924,615.53	①Self-owned and self-raised funds; ②Raised funds by way of non-public offering in 2021	50.00%		-37,597,479.57	N/A	November 23, 2021	Please refer to the <i>Announcement on Plan for Non- public Offering of A Shares in 2021</i> (Announcement No.: 2021-188) disclosed at www.cninfo.com.cn
Suzhou GreenPower Annual Production of 200 million Square Meters of Lithium-ion Battery Coating Separators Project	Self-construction	Yes	Lithium battery separator (Coating films)	21,084,318.92	612,417,947.73	①Self-owned and self-raised funds; ②Raised funds by way of non-public offering in 2021	99.00%		318,983,110.52	N/A	November 23, 2021	Please refer to the <i>Announcement on Plan for Non- public Offering of A Shares in 2021</i> (Announcement No.: 2021-188) disclosed at www.cninfo.com.cn
Yuxi Energy lithium battery separator production line construction project with an annual production capacity of 1.6 billion square meters	Self-construction	Yes	Lithium battery separator	997,147,262.99	1,005,383,793.90	Self-owned and self-raised funds	51.00%		0.00	N/A	March 30, 2022	<i>Announcement on the Progress on Yuxi Municipal People's Government Signing the Strategic Cooperation Framework Agreement</i> (Announcement No.: 2022-044) disclosed at www.cninfo.com.cn
Dry-process Lithium-ion Battery Separator Films	Self-construction	Yes	Lithium battery separator (Dry-process)	178,717,980.62	1,082,678,731.49	Self-owned and self-raised funds	60.00%		-71,303,565.84	N/A	February 1, 2021	<i>Announcement on Gao'an Municipal People's Government in Jiangxi Province Signing the Contract for the Construction of Dry-</i>

Project												<i>process Lithium-ion Battery Separators Project</i> (Announcement No.: 2021-018) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Hubei Energy EV Lithium Battery Separator Industrialization Project	Self-construction	Yes	Lithium battery separator	404,722,283.16	2,243,789,801.18	Self-owned and self-raised funds	90.00%		-125,526,779.63	N/A	August 3, 2021	<i>Announcement on the Plan to Set Up a Joint Venture with EVE to Construct a Wet-Processing Lithium Battery Separator Project</i> (Announcement No.: 2021-128) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
USA Energy	Self-construction	Yes	Lithium battery separator (Coating films)	47,782,054.16	322,582,158.14	Self-owned and self-raised funds	35.00%		0.00	N/A	December 21, 2021	<i>Announcement to Construct a Lithium Battery Separator Film Project in USA</i> (Announcement No.: 2022-077) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Anhui Hongchuang Liquid Drinking Packaging Box Project with an annual production capacity of 12 billion packaging boxes	Self-construction	Yes	Aseptic packaging	328,187,229.68	347,512,714.72	Self-owned and self-raised funds	55.85%		0.00	N/A	December 21, 2021	<i>Announcement on Energy Liquid Packaging Box Project Investment and Cooperation Agreement Entered into by and between Hongchuang Packaging and Jiangsu Jintan Economic Development Zone Management Committee</i> (Announcement No.: 2021-207) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Total	--	--	--	3,573,386,620.25	19,620,035,090.44	--	--	0.00	1,446,279,953.24	--	--	--

#### **4. Financial asset investments**

##### **(1) Investments in securities**

☐Applicable ☒Not applicable

No investments in securities during the Reporting Period.

##### **(2) Investments in derivatives**

☐Applicable ☒Not applicable

No investments in derivatives during the Reporting Period

#### **5. Use of funds raised**

☒Applicable ☐Not applicable

##### **(1) Overall use of funds raised**

☒Applicable ☐Not applicable

Year of raising funds	Way of raising funds	Date of listing of securities	Total amount of funds raised	Net amount of funds raised (1)	Total amount of funds used during the Reporting Period	Cumulative amount of funds used (2)	Proportion of proceeds utilized at the end of the Reporting Period (3)=(2)/(1)	Total amount of funds raised with changes of use during the Reporting Period	Total cumulative amount of funds raised with changes of use	Total cumulative amount of funds raised with changes of use as a percentage of the total amount of funds raised	Total amount of unused funds	Use and whereabouts of unused funds	Amount of funds raised that have been idle for more than two years
2016	Initial Public Offering	September 14, 2016	78,376.68	74,776.7	211.8	65,747.05	87.92%	0	10,588.68	14.16%	10,392.13	Deposited in a designated bank account for fundraising	9,029.65
2020	Offering of convertible corporate bonds to non-specific investors	February 28, 2020	160,000	158,612.26	0	158,612.26	100.00%	0	0	0.00%	0	N/A	0
2020	Offering of shares to specific investors	September 4, 2020	500,000	498,250.46	0	503,663.58	101.09%	0	0	0.00%	0	N/A	0
2023	Offering of shares to specific investors	June 20, 2023	750,000	745,354.61	63,860.11	718,348.31	96.38%	0	0	0.00%	31,360.73	Of this amount, RMB250 million is deposited in the cash management special settlement account for fundraising opened by the Company with Huatai Securities Co., Ltd. for the purpose of cash management, while the remaining fundraising funds are held in a designated bank account for fundraising	0
Total	--	--	1,488,376.68	1,476,994.03	64,071.91	1,446,371.2	97.93%	0	10,588.68	0.72%	41,752.86	--	9,029.65

## Explanations of the overall use of the funds raised

## I. Initial Public Offering

Upon the approval of the CSRC in Zheng Jian Xu Ke [2016] No. 1886, the Company made its initial public offering of 33.48 million RMB-denominated ordinary shares. China Merchants Securities Co., Ltd., the main underwriter, issued 33.48 million shares by combining offline enquiry and allotment to investors and online subscription based on market value to public investors. All of the 33.48 million shares issued are new shares, with no transfer of old shares. Among them, 3.348 million shares were allotted offline, 30.132 million shares were issued online at a price of RMB23.41 per share. After deducting RMB35.9998 million of newly increased external expenses directly related to the issuance of equity securities, such as online issuance fees,

prospectus printing fees, accountancy fees relating to filing the relevant documents, lawyer fees and valuation fees, the net amount of raised funds was RMB747.767 million. The availability of the above raised funds was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2016] No. 000897.” As of September 30, 2016, the Company’s self-owned funds invested in the fundraising projects reached RMB236.6591 million, which was audited by Dahua CPAs (SGP) with the issuance of the report titled “Da Hua He Zi No. [2016] No. 004562.” In 2017, the total amount of raised funds used was RMB26,067,736.89. In 2018, the total amount of raised funds used was RMB36,288,006.85. In 2019, the total amount of raised funds used was RMB24,728,775.11. In April 2019, the Company held the 27th meeting of the Third Board of Directors, and in May 2019, the 2018 Annual General Meeting, during which the *Proposal on Adjustment of Certain Fundraising Investment Projects* was considered and approved. The original investment projects financed by the proceeds from IPO, namely the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” and the “R&D center construction project,” were changed to the “Energy Technology Research Institute Project,” which is being implemented by the wholly-owned subsidiary, Shanghai Energy New Materials Research Co., Ltd. In 2023, Shanghai Energy New Materials Research Co., Ltd. began operations. The total amount of raised funds used was RMB13,472,295.56 in 2023. During the Reporting Period, the total amount of raised funds used was RMB2,117,999.66. As of December 31, 2024, the balance of the special account was RMB103,921,272.77 (including the net interest income from the special fundraising account after deducting handling fees, amounting to RMB13,624,804.04).

## II. Public Offering of Convertible Corporate Bonds in 2020

Upon the approval of the CSRC with the *Reply on Approving the Public Offering of Convertible Corporate Bonds of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2019] No. 2701), the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, with a face value of RMB100 each bond and a total amount of RMB1,600,000,000. After deducting the underwriting and sponsorship fees (pre-tax) of RMB9,433,962.26 and other offering expenses (pre-tax) of RMB4,443,396.23 from the total amount of proceeds from the public offering of convertible corporate bonds, the net amount of proceeds from the offering by the Company was RMB1,586,122,641.51. The availability of funds raised this time was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2020] No. 000047.” As verified by Dahua CPAs (SGP), the Company used the raised funds of RMB1,586,122,641.51 for the complete replacement of part of the self-raised funds that have been previously invested in the projects financed by the proceeds. As of December 31, 2020, funds raised from convertible corporate bonds issued by the Company were all used to replace self-raised funds, the balance of the special account was RMB0.00, and the Company had cancelled the special fundraising account.

## III. Non-public Offering of Shares in 2020

Upon the approval of the CSRC with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2020] No. 1476), the Company non-publicly issued 69,444,444 RMB-denominated ordinary shares to 22 specific investors on August 17, 2020, with a face value of RMB1.00 each share, at the offering price of RMB72.00 per share, and the total amount of the funds raised from this offering was RMB4,999,999,968.00. After deducting the underwriting and sponsorship fees (pre-tax) of RMB14,150,943.40 and other offering expenses (pre-tax) of RMB3,344,470.11 from the total amount of the funds raised from this offering, the net amount of funds raised from this offering by the Company was RMB4,982,504,554.49. The availability of funds raised this time was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2020] No. 000460.” As verified by Dahua CPAs (SGP), the Company used the raised funds of RMB254,221,260.11 for the replacement of the self-raised funds that have been previously invested in the projects financed by the proceeds. The amount of raised funds used was RMB1,999,307,646.21 in 2020. The amount of raised funds used was RMB2,637,743,136.15 in 2021. The amount of raised funds used was RMB145,363,757.34 in 2022. As of December 31, 2022, the balance of the fundraising account was RMB0.00, and the Company had cancelled the special fundraising account.

## IV. Non-public Offering of Shares in 2021

Upon the approval of the CSRC with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2022] No. 1343), the Company non-publicly issued 85,421,412 RMB-denominated ordinary shares to specific investors on May 24, 2023, with a face value of RMB1.00 each share, at the offering price of RMB87.80 per share, and the total amount of the funds raised from this offering was RMB7,499,999,973.60. After deducting the pre-tax offering expenses of RMB46,453,872.58, the actual amount of funds raised from this offering by the Company was RMB7,453,546,101.02. The availability of funds raised this time was verified by Dahua CPAs (SGP) with the capital verification report titled “Da Hua Yan Zi [2023] No. 000250.” As verified by Dahua CPAs (SGP), the Company used the raised funds of RMB3,998,086,272.07 for the replacement of the part of self-raised funds that have been previously invested in the projects financed by the proceeds. Due to the Company’s production and operational arrangements, as of December 31, 2024, there is an amount of RMB734,000.93 still to be transferred from the special fundraising account to the Company’s self-owned account. From June 14, 2023 to December 31, 2023, the Company used RMB2,546,795,768.34 of the raised funds. During the Reporting Period, RMB638,601,104.38 of the raised funds was used; and RMB250,000,000.00 of temporarily idle raised funds was used for wealth management during the Reporting Period. As of December 31, 2024, the balance of the raised funds is RMB313,607,340.77 (including the net interest income from the special fundraising account after deducting handling fees, amounting to RMB43,544,384.54), and the actual balance in the bank’s special account for raised funds is RMB64,341,341.70 (including the net interest income from the special fundraising account after deducting handling fees, amounting to RMB43,544,384.54).

### (2) Projects in which the Company undertakes to invest the funds raised

☒Applicable ☐Not applicable

Name of financing project	Date of listing of securities	Projects in which the Company undertakes to invest the funds raised and the whereabouts of the over raised funds	Nature of project	Whether the project has been changed, including changes of some parts of the project	Total amount of funds the Company undertakes to invest	Total investment amount after the adjustment (1)	Investment amount during the Reporting Period	Cumulative investment amount as of the end of the Reporting Period (2)	Investment progress as of the end of the Reporting Period (3) = (2)/(1)	Date on which the project will be ready for use	Benefits achieved during the Reporting Period	Cumulative benefits achieved as of the end of Reporting Period	Whether the expected benefits are achieved	Whether the feasibility of the project has changed significantly
Projects in which the Company undertakes to invest the funds raised														
Initial Public Offering	September 14, 2016	Reconstruction and expansion project of color packaging boxes with annual production output of 3 billion pieces	Production construction	No	28,414.7	28,414.7	0	28,414.7	100.00%	August 15, 2019	11,250.06	35,194.11	Yes	No
Initial Public Offering	September 14, 2016	Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons	Production construction	Yes	10,684.57	3,617.5	0	3,617.5	100.00%			0	N/A	Yes
Initial Public Offering	September 14, 2016	R&D center construction project	R&D project	Yes	4,993.17	1,471.56	0	1,471.56	100.00%			0	N/A	No
Initial Public Offering	September 14, 2016	Repayment of bank loans	Repayment of loans	No	20,000	20,000	0	20,000	100.00%			0	N/A	No
Initial Public Offering	September 14, 2016	Addition to current capital	Replenishment of liquidity	No	10,684.26	10,684.26	0	10,684.26	100.00%			0	N/A	No
Public Offering of Convertible Corporate Bonds in	February 28, 2020	Lithium battery separator project (phase I) with an annual production output of 400	Production construction	No	58,612.26	58,612.26	0	58,612.26	100.00%	December 31, 2019	10,470.89	136,886.21	No	No

2020		million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.												
Public Offering of Convertible Corporate Bonds in 2020	February 28, 2020	Wuxi Energy New Material Industrial Base	Production construction	No	100,000	100,000	0	100,000	100.00%	September 30, 2020	-18,896.71	73,047.28	No	No
Non-public Offering of Shares in 2020	September 4, 2020	Expansion project of lithium-ion battery separator (phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.	Production construction	No	148,250.46	148,250.46	0	149,909.24	10,112.00%	July 31, 2022	16,094.93	104,187.26	No	No
Non-public Offering of Shares in 2020	September 4, 2020	Expansion of Wuxi Energy New Material Industrial Base Phase II	Production construction	No	200,000	200,000	0	203,754.33	101.88%	October 31, 2022	-28,145.61	47,831.79	No	No
Non-public Offering of Shares in 2020	September 4, 2020	Addition to current capital	Replenishment of liquidity	No	150,000	150,000	0	150,000	100.00%			0	N/A	No
Non-public Offering of Shares in 2021	June 20, 2023	Microporous membrane project of high-performance lithium-ion battery of Chongqing Energy (phase I)	Production construction	No	41,010	41,010	0	41,010	100.00%	July 31, 2022	-1,872.93	7,892.78	No	No
Non-public Offering of Shares in 2021	June 20, 2023	Microporous membrane project of high-performance lithium-ion battery	Production construction	No	140,630	140,630	0.00	140,630	100.00%	December 31, 2025	-3,877.54	9,910.19	No	No

		of Chongqing Energy (phase II)												
Non-public Offering of Shares in 2021	June 20, 2023	Suzhou GreenPower project with an annual output of 200 million square meters of lithium-ion battery coated separator	Production construction	No	35,160	35,160	0	35,160	100.00%	November 30, 2023	4,438.32	6,023.98	No	No
Non-public Offering of Shares in 2021	June 20, 2023	Jiangsu Energy EV Lithium Battery Separator Industrialization Project	Production construction	No	281,250	281,250	56,973.93	282,673.94	100.51%	December 31, 2024	-13,308.59	-7,414.31	No	No
Non-public Offering of Shares in 2021	June 20, 2023	Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	Production construction	No	76,170	76,170	6,886.19	47,739.76	62.68%	December 31, 2025	-3,759.75	-3,759.75	No	No
Non-public Offering of Shares in 2021	June 20, 2023	Addition to current capital	Replenishment of liquidity	No	171,134.61	171,134.61	0	171,134.61	100.00%			0	N/A	No
Total of committed investment projects				--	1,476,994.03	1,466,405.35	63,860.12	1,444,812.16	--	--	-27,606.93	409,799.54	--	--
Whereabouts of the over raised funds														
None	April 1, 2025	None	Production construction	No									N/A	No
Total				--	1,476,994.03	1,466,405.35	63,860.12	1,444,812.16	--	--	-27,606.93	409,799.54	--	--
Explanation for each project on the failure to meet planned progress, expected returns, and the reasons (including the reasons for selecting “N/A” for “Whether the expected benefits are achieved”)		The expected benefits refer to the annual profit after the project reaches a usable state and the full production capacity is released. As of December 31, 2024, the “Microporous membrane project of high-performance lithium-ion battery of Chongqing Energy (phase II)” and the “Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project” have not yet been fully completed and put into production. The “Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project” is still in the capacity ramp-up phase. The following projects have reached production capacity: “Lithium battery separator project (phase I) with an annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.,” “Expansion project of lithium-ion battery separator (phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.,” “Wuxi Energy New Material Industrial Base,” “Expansion of Wuxi Energy New Material Industrial Base Phase II,” “Microporous membrane project of high-performance lithium-ion battery of Chongqing Energy (phase I),” and “Suzhou GreenPower project with an annual output of 200 million square meters of lithium-ion battery coated separator.” However, due to the intensified market competition in the lithium-ion battery separator industry in recent years, combined with the downstream pressure to reduce costs, the price and gross margin of lithium battery separator products have decreased, leading to the failure to achieve the expected benefits this year.												

Explanation for material changes in the feasibility of projects	<p>I. Initial Public Offering</p> <p>1. The “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” was planned by the Company based on the market situation and the Company’s production capacity before listing. As time goes by, the market has changed dramatically. Since 2016, the procurement model of downstream tobacco manufacturers for special paper products has been adjusted from quantity allocation by cigarette manufacturers to the independent procurement mode through centralized bidding or commercial negotiation by cigarette label printing enterprises. Cigarette-related enterprises can expand their bargaining range from region to the entire country by means of tendering or commercial negotiation through public market inquiry and bargaining by themselves, breaking the original competitive landscape featuring fixed share and region. As a result, special paper manufacturers took active competition strategies like price cuts to snap up orders, and the industry pattern changed. As a result of the above industrial policy adjustments, the special paper industry has formed a new pattern featuring full market competition, with intensified market competition and a sharp decline in prices. If the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” went on as scheduled, we may face risks that the utilization rate of raised funds may decline and the expected investment objective may not be achieved. Therefore, the Company terminated the implementation of the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” in 2019.</p> <p>2. The “R&amp;D center construction project” was launched to meet the Company’s demand for R&amp;D in its main businesses before listing. With the completion of major asset restructuring in 2018, the Company’s main businesses included lithium battery separator, which has high technological requirements. The manufacturing of lithium batteries has a high requirement for the characteristics of separator materials, especially consistency, and the size and uniformity of distribution of separator micropores. Based on the Company’s business development plan and market demand, to better implement its development strategy, the Company intends to integrate the technology centers currently scattered in subordinate companies, so as to ensure that the Company’s R&amp;D technology can further improve production efficiency, product quality and new product development capacity. The above change was considered and approved by the 27th meeting of the Third Board of Directors of the Company, the 22nd meeting of the Third Supervisory Committee and the 2018 Annual General Meeting.</p>
Amount, use and status of over raised funds	N/A
Changes in the location to implement the projects financed by the proceeds	Applicable
	<p>Occurred in the past</p> <p>Upon the consideration and approval of the <i>Proposal on Adjustment of Certain Fundraising Investment Projects</i> at the 27th meeting of the Third Board of Directors of the Company, it was agreed to terminate the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” and the “R&amp;D center construction project,” and invest the balance of the raised funds for these two projects, totaling RMB105.8868 million, and corresponding interest income, in the new investment project financed by the proceeds “Energy Research Institute Project.” The Company invested to establish a wholly-owned subsidiary as the entity to implement the “Energy Research Institute Project,” and leased the experimental building in the factory area of Shanghai Energy. The location to implement the project is changed to 155 Nanlu Road, Pudong New Area, Shanghai. On March 9, 2023, Shanghai Energy New Material Technology Co., Ltd. and the Company, the implementation body of the new investment project, completed the signing of the four-party supervision agreement of fundraising with the sponsor and the account opening bank.</p>
Adjustment to the implementation method of the projects financed by the proceeds	Applicable
	<p>Occurred in the past</p> <p>The Company’s 27<sup>th</sup> meeting of the third session of the Board of Directors considered and approved the <i>Proposal on Changing the Investment Projects Supported by Some Raised Funds</i> which agreed to terminate the implementation of the former raised funds supported projects, i.e. “Expansion construction of high-end environmentally friendly specialty paper project with an annual production capacity of 130,000 tons” and “R&amp;D center construction project”, and to use the balance amounting RMB105.8868 million of raised funds for the abovementioned projects for new raised funds supported projects, i.e. “Energy Research Institute Project”, with Shanghai Energy New Materials Research Co., Ltd., the Company’s wholly-owned subsidiary, as its implementation entity.</p>
Previous investment in the projects financed by the proceeds and replacement with the funds raised	Applicable
	<p>I. Initial Public Offering</p> <p>Upon the consideration and approval of the <i>Proposal on Replacing Self-raised Funds Previously Invested in Projects Financed by the Proceeds</i> at the 18th meeting of the Second Board of Directors of the Company, it was agreed to replace the self-raised funds of RMB236.6591 million that had been invested in projects financed by the proceeds. RMB197.9357 million was previously invested in the “Reconstruction and expansion</p>

project of color packaging boxes with annual production output of 3 billion pieces,” RMB24.2138 million was previously invested in the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons,” and RMB14.5096 million was previously invested in the “R&D center construction project.”

## II. Public Offering of Convertible Corporate Bonds in 2020

At the 42nd meeting of the Third Board of Directors of the Company, the *Proposal on the Use of Proceeds from Convertible Corporate Bonds to Replace Self-Raised Funds Previously Invested in Projects Financed by the Proceeds* was considered and approved, and it was agreed that the Company used the funds raised from this offering to replace some of the self-raised funds already invested in projects financed by the proceeds. As of March 16, 2020, the Company accumulatively invested self-raised funds of RMB1,697.9844 million in projects financed by the proceeds, and the net amount of funds raised from this offering of convertible corporate bonds was RMB1,586.1226 million, which was used fully to replace the previously invested self-raised funds. Specifically, RMB586.1226 million of self-raised funds invested in “Wuxi Energy New Material Industrial Base,” in which RMB596.8886 million was initially invested, was replaced; RMB1,000 million of self-raised funds invested in the “Lithium battery separator project (phase I) with an annual production output of 400 million square meters of Jiangxi Tonry New Energy Technology Development Co., Ltd.,” in which RMB1,101.0959 million was previously invested, was replaced.

## III. Non-public Offering of Shares in 2020

At the 11th meeting of the Fourth Board of Directors and the 11th meeting of the Fourth Supervisory Committee, the *Proposal on Replacing Previously Invested Self-Raised Funds in Projects Financed by the Proceeds from the Non-public Offering of A Shares in 2020* was considered and approved, and it was agreed to replace the self-raised funds of RMB254.2213 million already invested in the projects with the funds raised. Specifically, RMB157.1693 million was previously invested in the “Expansion project of lithium-ion battery separator (phase I) of Jiangxi Tonry New Energy Technology Development Co., Ltd.,” and RMB97.052 million was previously invested in the “Expansion of Wuxi Energy New Material Industrial Base Phase II.”

## IV. Non-public Offering of Shares in 2021

At the sixth meeting of the Fifth Board of Directors and the sixth meeting of the Fifth Supervisory Committee, the *Proposal on Replacing Previously Invested Self-Raised Funds in Projects Financed by the Proceeds from the Non-public Offering of A Shares in 2021* was considered and approved, and it was agreed to replace part of self-raised funds already invested in the projects financed by the proceeds with the funds raised. As of June 13, 2023, the amount previously invested by the Company in the projects financed by the proceeds with self-raised funds was RMB4,017,576,500.58, and the amount replaced with raised funds amounted to RMB3,998,086,272.07. Specifically, previously invested funds amounted to RMB411,491,379.33 for “Microporous membrane project of high-performance lithium-ion battery of Chongqing Energy (phase I),” and RMB410,100,000.00 of such funds were replaced. Previously invested funds amounted to RMB1,409,367,607.63 for “Microporous membrane project of high-performance lithium-ion battery of Chongqing Energy (phase II),” and RMB1,406,300,000.00 of such funds were replaced. Previously invested funds amounted to RMB1,421,550,504.48 for “Jiangsu Energy EV Lithium Battery Separator Industrialization Project,” and RMB1,421,550,504.48 of such funds were replaced. Previously invested funds amounted to RMB408,535,767.59 for “Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project,” and RMB408,535,767.59 of such funds were replaced. Previously invested funds amounted to RMB366,631,241.55 for “Suzhou GreenPower project with an annual output of 200 million square meters of lithium-ion battery coated separator,” and RMB351,600,000.00 of such funds were replaced. For the reason of the Company’s production and operation arrangements, there was RMB734,000.93 to be transferred from the designated fundraising account to the Company’s self-owned account as at December 31, 2024.

## Applicable

### I. Initial Public Offering

On February 24, 2020, at the 41st meeting of the Third Board of Directors and the 36th meeting of the Third Supervisory Committee, the *Proposal on Using Some Idle Funds Raised to Temporarily Replenish Working Capital* was considered and approved, and it was agreed to use idle funds raised of no more than RMB110 million to temporarily replenish working capital within 12 months from the date of the approval of the above proposal. Both independent directors and sponsor expressed opinions of agreeing upon the proposal. On August 26, 2020, the Company returned the aforementioned RMB110 million that was temporarily used to replenish working capital to a special fundraising account, and informed the sponsor CITIC Securities and sponsor representative of the return of the funds in a timely manner.

### II. Non-public Offering of Shares in 2020

On September 7, 2020, at the 11th meeting of the Fourth Board of Directors and the 11th meeting of the Fourth Supervisory Committee, the *Proposal on Using Some Idle Funds Raised to Temporarily Replenish Working Capital* was considered and approved, and it was agreed to use idle funds raised from the non-public offering of shares in 2020 of no more than RMB800 million to temporarily replenish working capital for production and operation activities related to the Company’s main business within 12 months from the date on which the Sixth Extraordinary General Meeting of 2020 approved the proposal. Both independent directors

	and sponsor expressed opinions of agreeing upon the proposal. As of June 1, 2021, the Company returned the idle raised funds of RMB800 million used to temporarily replenish working capital to the Company's special fundraising account, and timely informed the sponsor CITIC Securities and sponsor representative of the return of the funds.
Amount of and reasons for any balance of the funds raised after the project implementation	N/A
Use and whereabouts of unused proceeds	On June 17, 2024, the Company convened the 27th meeting of the Fifth Board of Directors and the 23rd Meeting of the Fifth Supervisory Committee to consider and approve the <i>Proposal on Use of Part of the Idle Proceeds for Cash Management</i> . It was agreed that the Company shall use not more than RMB250 million of the idle proceeds from the non-public offering of A-shares in 2021 for cash management to purchase financial products or deposit products with high security, good liquidity and capital preservation sold by financial institutions with legal operating qualifications at an appropriate time, under the condition that the Company ensures that it will not affect the normal implementation of the fund-raising investment plan. The cash management period shall not exceed 12 months from the date when this matter was considered and approved by the Board of Directors, and the funds can be used on a rolling basis within the said amount and period, and the Chairman of the Company was also authorized to exercise the decision-making power for this investment and sign the relevant contract. The Company opened a special settlement account for fundraising financial products on June 27, 2024 with Huatai Securities Co., Ltd. Pursuant to the aforesaid resolution, the Company entered into the <i>Heng Yi No. 24026 Income Certificate Product Subscription Agreement</i> with Huatai Securities Co., Ltd. on June 28, 2024 for the purchase of principal-protected income certificates with temporarily idle proceeds of RMB250 million. The interest date of the product is July 1, 2024, and the expiration date is June 12, 2025. The remaining unused proceeds are deposited in the designated bank account for fundraising.
Problems and other situations in the utilization and disclosure of the raised funds	N/A

**(3) Project with changed use of funds raised**
☒Applicable ☐Not applicable

Unit: RMB'0,000

Name of financing project	Way of raising funds	Project after the change	Project before the change	Total amount of intended investment from the funds raised in the project after the change (1)	Actual investment amount during the Reporting Period	Actual cumulative investment amount as at the end of the Reporting Period (2)	Investment progress as of the end of the Reporting Period (3) = (2)/(1)	Date on which the project will be ready for use	Benefits achieved during the Reporting Period	Whether the expected benefits are achieved	Whether the project feasibility has changed significantly after the change
Initial Public Offering	Initial Public Offering	Energy Technology Research Institute Project	1. Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output	10,588.68	211.8	1,559.03	14.72%		0	N/A	No

			of 13,000 tons; 2. R&D center construction project								
Total	--	--	--	10,588.68	211.8	1,559.03	--	--	0	--	--
Reason for change, decision making procedure and information disclosure (by specific project)			<p>1. The “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” was planned by the Company based on the market situation and the Company’s production capacity before listing. As time goes by, the market has changed dramatically. Since 2016, the procurement mode of downstream tobacco manufacturers for special paper products has been adjusted from quantity allocation by cigarette manufacturers to the independent procurement mode through centralized bidding or commercial negotiation by cigarette label printing enterprises. Cigarette-related enterprises can expand their bargaining range from region to the entire country by means of tendering or commercial negotiation through public market inquiry and bargaining by themselves, breaking the original competitive landscape featuring fixed share and region. As a result, special paper manufacturers took active competition strategies like price cuts to snap up orders, and the industry pattern changed. As a result of the above industrial policy adjustments, the special paper industry has formed a new pattern featuring full market competition, with intensified market competition and a sharp decline in prices. If the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” went on as scheduled, we may face risks that the utilization rate of raised funds may decline and the expected investment objective may not be achieved. Therefore, the Company terminated the implementation of the “Reconstruction and expansion project of high-grade environmental-friendly specialty papers with annual production output of 13,000 tons” in 2019.</p> <p>2. The “R&amp;D center construction project” was launched to meet the Company’s demand for R&amp;D in its main businesses before listing. With the completion of major asset restructuring in 2018, the Company’s main businesses included lithium battery separator, which has high technological requirements. The manufacturing of lithium batteries has a high requirement for the characteristics of separator materials, especially consistency, and the size and uniformity of distribution of separator micropores. Based on the Company’s business development plan and market demand, to better implement its development strategy, the Company intends to integrate the technology centers currently scattered in subordinate companies, so as to ensure that the Company’s R&amp;D technology can further improve production efficiency, product quality and new product development capacity. The above change was considered and approved by the 27th Meeting of the Third Board of Directors of the Company, the 22nd Meeting of the Third Supervisory Committee and the 2018 Annual General Meeting. For details, please refer to the <i>Announcement on Adjustment of Certain Fundraising Investment Projects</i> (Announcement No.: 2019-041) published by the Company at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on April 26, 2019.</p>								
Status of and reason for failing to make planned progress or achieve expected returns (by specific project)			The main reason for the failure of the “Energy Technology Research Institute Project” to meet the planned schedule is that the implementation body of the project, Shanghai Energy New Materials Research Co., Ltd., encountered difficulties in industrial and commercial registration in the early stage. To ensure that the funds raised are earmarked for specific purposes, before the completion of the industrial and commercial procedures of the proposed implementation body of the project, the Company mainly used its own funds for R&D activities, R&D investment, equipment purchase, site expenses, etc.								
Description of major changes in project feasibility after the change			The industrial and commercial registration of Shanghai Energy New Materials Research Co., Ltd, the implementation body of the “Energy Technology Research Institute Project,” has been completed. The Company attaches great importance to R&D investment and has demonstrated that there has been no significant change in the feasibility of the project.								

## VIII. Sale of Significant Assets and Equity Interests

### 1. Sale of significant assets

☐Applicable ☒Not applicable

The Company did not sell any significant assets during the Reporting Period.

### 2. Sale of significant equity interests

☐Applicable ☒Not applicable

## IX. Analysis of Major Companies in Which the Company Has a Stake or a Controlling Stake

☒Applicable ☐Not applicable

Major subsidiaries and companies in which the Company has a stake with each contributing to over 10% of the Company's net profit

Unit: RMB100 million

Company name	Company Type	Main Business	Registered Capital	Total Assets	Net Assets	Operating revenue	Operating Profit	Net Profit
Shanghai Energy	Subsidiary	Lithium battery separator	RMB389,210,834	439.43	112.22	86.17	-12.18	-9.77

Acquisition and disposal of subsidiaries during the Reporting Period

☒Applicable ☐Not applicable

Company name	Way of acquisition or disposal of subsidiaries during the Reporting Period	Impact on the Company's overall production, operation and earnings
Shanghai Jiezhuyuan New Material Technology Co., Ltd.	Establishment by investment	No impact so far
Shanghai Hengjieyuan New Material Technology Co., Ltd.	Establishment by investment	No impact so far
SEMCO MALAYSIA SDN. BHD.	Establishment by investment	No impact so far
Guangdong Energy New Materials Research Institute Co., Ltd.	Cancellation	No impact

Explanation on major companies in which the Company has a stake or a controlling stake

Shanghai Energy is a holding subsidiary of the Company. As at the end of the Reporting Period, the Company held a 95.22% stake in Shanghai Energy, whose major product is lithium battery separator and major subsidiaries include Zhuhai Energy, Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Newmi Tech and Chongqing Energy. Market competition intensified with the concentrated release of large-scale production capacity of separator companies. In 2024, Shanghai Energy achieved an operating revenue of RMB8.617 billion, down 16.97% year on year, and a net profit attributable to the owner of the parent company of RMB-879 million.

## X. Structured Bodies Controlled by the Company

☐Applicable ☒Not applicable

## XI. Outlook of the Company

### 1. Corporate strategy

The Company will focus on the lithium battery separator sector, march towards the vision to become a "world-class polymer material research, development and production enterprise" and bear in mind the philosophy of creating value for customers with quality, price and service. The Company will continuously improve its global capacity deployment, improve product quality, and strengthen R&D. The Company will enrich the product matrix, seek cost reduction and benefit enhancement through lean management, and build up technical innovation capacity. The Company will actively expand Chinese and overseas markets, improve the core market competitiveness, actively capture development opportunities in the new energy sector, and dedicate itself to creating value for customers. The Company will also engage in aseptic packaging and BOPP film business and become the most competitive new material producer in China.

### 2. Operating plan for 2025

The global new energy sector has been thriving. As a leader in the wet-process lithium battery separator sector, the Company will persist in advancing the construction for production bases both in China and overseas according to our established plans, hastening the process of globalization. The Company will continue to focus on and pay attention to the development of cutting-edge technology, promote the industrialization process of the solid electrolyte coating film project for semi-solid state batteries, enhance the R&D efforts

and industrialization investment in the key materials of all-solid state electrolyte, so as to improve its strategic deployment in the field of separator.

Looking ahead, the Company will continue to enhance our product innovation capabilities by bolstering our R&D efforts. Given the intensifying market competition, the Company need to capitalize on our existing industry-leading scale and cost advantages, place greater emphasis on the development of new products and technologies to drive profitability and innovation-led growth in the long run. In 2025, the Company will continue to actively promote overseas projects, ramp up efforts in overseas market development, accelerate our global layout, optimize product portfolio using our core competitive advantages, and increase market share.

Furthermore, in the face of intense competition and the need for future global development, the Company will continue to upgrade equipment, optimize processes, and improve quality, which ensure that the Company can continuously enhance production efficiency, improve product quality, and achieve cost reduction and efficiency enhancement, thereby solidifying its core competitive advantages. Under the strategic collaboration with globally renowned consulting firms, the Company has significantly elevated its management level and efficiency. It has also cultivated a team with international management capabilities, positioning the Company to establish a core competitive edge for sustainable development. Leveraging cooperation with renowned Chinese enterprises like LUSTER, we have intensified technological innovation and the digital “intelligent manufacturing” of separators. This has propelled the Company towards high-end and intelligent development, underpinned by industrial big data, artificial intelligence, and intelligent control technologies. The Intelligent Control System for Multi-parameter Automatic Optimization of Base Film Thickness has been deployed in Wuxi, Zhuhai, Jingmen and other bases. We are now deploying AI visual inspection classification system in Wuxi Energy to realize on-line adaptive control of separator thickness, real-time quality inspection, effectively guaranteeing high consistency of products, improving the “intelligent manufacturing” of separators, and promoting the Company’s high-quality development with new quality productive forces.

### 3. Risks the Company may face

#### (1) National regulatory risk relating to lithium battery separator business

In recent years, various countries have intensively introduced industry policies to support the development of the new energy vehicle industry. Benefiting from policy support, the production value of the new energy vehicle industry quickly increased, driving the rapid development of the upstream lithium battery industry. If there are significant adverse changes in carbon emissions, renewable energy application and other relevant industry policies in the future, the relevant policies may have a negative impact on the development of the entire industry chain of new energy vehicle, thus having an adverse impact on the upstream lithium battery separator industry and the Company’s operation result.

Countermeasures: By actively investing in the R&D of new applications of separator, the Company will explore its new commercial application market. At the same time, the Company also invests resources to distribute new product projects to diversify business risks and reduce the impact of policy fluctuations on the Company to a certain extent.

#### (2) Intensified market competition risk

In recent years, the rapid growth of the new energy vehicle industry has significantly propelled the swift development of the upstream lithium-ion battery separator industry. The relatively high gross margin levels in the lithium-ion battery separator industry have attracted numerous Chinese enterprises to enter this sector. Substantial capital investments have led to a rapid increase in production capacity. Currently, competition in the Chinese lithium-ion battery separator industry is becoming increasingly fierce. If the Company fails to accurately grasp the patterns of industry development, continuously innovate in technology, and improve operational management to enhance product quality and reduce production costs, the increasingly competitive market will have an adverse impact on the Company’s performance.

Countermeasures: The Company’s lithium-ion battery separator business has formed industry leading advantages in production capacity, R&D capacity, product quality, lean management, customer and market and other aspects. The Company will continue to reduce costs and increase efficiency, improve the product quality and reduce the production costs through technological innovation, and develop diversified customer groups in Chinese and overseas markets to reduce the impact of Chinese and foreign market fluctuations on the Company’s performance.

#### (3) Risk of price fluctuation of major raw materials

The major raw materials used by the Company are subjected to price fluctuation to some extent, especially polypropylene and polyethylene, whose prices are affected by the strong fluctuations of the international crude oil price. If the prices of the main raw materials fluctuate significantly due to factors such as macroeconomic volatility and supply-demand conditions in the upstream and downstream industries, it may still have a certain impact on the Company’s gross margin and thus have an adverse effect on the Company’s performance.

Countermeasures: The Company has established long-term and stable cooperative relations with major suppliers, established a strategic purchase system as a whole, and improved the bargaining power and reduced the cost of raw materials by means of large-scale purchase. The Company will also reduce the proportion of raw material cost in production cost through technological innovation, process and equipment flow transformation, production efficiency improvement and loss reduction.

#### (4) Risk relating to construction in progress

Current construction in progress includes Yuxi Energy, Hubei Energy, Jiangsu Ruijie, USA Energy and other production bases, which require a large amount of capital. If the Company fails to raise funds in time, complete and put into operation on schedule, it will have a negative impact on the subsequent production and operation and future profits.

Countermeasures: The Company will continue to utilize equity financing, bank loans and other diversified financing methods, strengthen cooperation with financial institutions, and take various measures to ensure that the construction of the project has sufficient sources of funds, so as to ensure that the project can be completed smoothly and on schedule.

#### (5) Risk of technical leakage and loss of core personnel

An enterprise engaging in lithium battery separator requires advanced technology and process, rich management experience and in-depth understanding of the industry. To ensure the ability of constant innovation and the steady growth of business, the Company should have teams consisting of steady high-quality employees in scientific research, management and sales. The Company constantly improves the mechanisms for talent cultivation, incentive, promotion and restriction, but there is still the possibility of the outflow of core employees from the Company. In case of leakage of the core technology or the departure of core employees, the production and operation of the Company may be adversely affected.

Countermeasures: The Company has implemented equity incentive to the core employees, so that the employees can share the value of the growth of the enterprise, but also make the interests of the Company and the interests of employees deeply tied. The Company will continue to increase the introduction and training of core technical personnel, further maintain the stability of core employees, continue to maintain the company's industry-leading technical level.

(6) Technological progress and product substitution risk

Lithium-ion battery is mainly used for mobile phones, computers, new energy vehicles, power station for energy storage and other industries. After development for many years, lithium-ion batteries have been superior to traditional storage batteries such as nickel-cadmium batteries, nickel-metal hydride batteries, lead-acid batteries in terms of volumetric specific energy, gravimetric specific energy, gravimetric specific power, cycle life, charge/discharge efficiency, etc., becoming a new energy industry with priority support and key development from national governments. Although the lithium-ion battery is the first choice for electronic products and pure electric vehicles, and it will take quite a long time to commercialize other emerging batteries such as all-solid-state batteries which are immature technically, the market demands for lithium-ion batteries will be affected when emerging batteries such as all-solid-state batteries break the technical bottleneck, achieve mass production and are fully commercialized, and the lithium battery separator in the industry chain will also be affected adversely.

Countermeasures: After years of R&D investment and technology accumulation, the Company has strong research on new products and prospective technology reserves. The R&D Department of the Company continues to pay attention to the market development trend, and organizes a discussion group on film technology development, develops project development plans for R&D, and actively develops other new products and technologies of functional film. In addition, the Company strengthens strategic cooperation with well-known lithium-ion battery manufacturers at home and abroad, develops products together with customers in-depth cooperation, timely grasps the technical development trend and complies with the market demand.

(7) Risk of exchange rate fluctuation

The export sales volume of the Company increases constantly as the Company expands its business scale and gradually strengthens the development in the international market. If the RMB exchange rate and the foreign exchange rate in the countries where our products were sold fluctuate sharply in the future, the results of the Company may be affected to some extent.

Countermeasures: The Company will minimize the exchange risk with such measures as closely watching the exchange rate, adjusting the product prices in time based on the exchange rate to guarantee the product profit, strengthening cost control and conducting the foreign exchange derivatives trading for the purpose of hedging.

(8) Risks arising from changes in the international business and trade environment

The international business and trade environment landscape is fraught with such fluctuations ranging from shifts in the global economic climate to policy adjustments. Nevertheless, the Company's globalization strategy remains paramount. However, with increasing complexity of the international competitive landscape, major regions represented by Europe and America are progressively introducing policies to support the development of Chinese manufacturing industries. Failing to swiftly align with these policies and execute our globalization agenda could potentially impede the Company's market penetration and overall performance.

Countermeasures: While paying close attention to the relevant policies of Europe and America, the Company will continuously pay attention to the R&D efforts and technical improvement of products of various business systems, improve product quality and production efficiency, constantly consolidate and strengthen its competitive advantages in technological R&D, capacity scale, product quality, cost efficiency and other aspects, and reduce costs and increase efficiency on the premise of ensuring product quality. We will also continuously expand market development in Chinese and overseas regions and actively establish stable cooperative relations with global customers.

(9) Management risk after expansion of business scale

With the development of the Company's business, the scale of the Company's assets and business will be further expanded, which raises higher requirements for the management level of the Company. The management risk arises if the capabilities of the Company to manage the production, sales, quality control and risks cannot meet the requirements for scale expansion, and the systems for talent cultivation, organization pattern and management are not further improved.

Countermeasures: The Company will continuously improve the management system, ensure the efficient operation of production, quality control, sales, management and other business links, establish an effective incentive system, attract talents through the Company's broad development platform and effective incentive systems, strengthen talent training and deliver talents for the Company's development through targeted training and training measures for employees and managers at all levels.

## XII.Reception of Visitors to the Company for Purposes of Research, Communication, and Interview during the Reporting Period

☒Applicable ☐Not applicable

Reception Date	Reception Venue	Reception Mode	Type of Visitors	Visitors	Major Discussions and Materials Provided	Index to Main Enquiry Information
April 24, 2024	Live streaming	Online communication on network platform and teleconference	Institutional investors, individual investors	Investors participating in the Company's 2023 annual results communication meeting via network platforms and telephone	Presentation of the Company's results for 2023 and 1Q 2024	<i>Record of Investor Relations Activities on April 24, 2024 disclosed at www.cninfo.com.cn</i>

August 28, 2024	Panorama Network "Investor Relations Interactive Platform" ( <a href="http://ir.p5w.net">http://ir.p5w.net</a> )	Online communication on network platform	Institutional investors, individual investors	Investors participating in the Company's 2024 interim results briefing via network platforms	Presentation of the Company's interim results for 2024	<i>Record of Investor Relations Activities on August 28, 2024</i> disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
September 11, 2024	Meeting room of Shanghai Energy	Field research	Institutional investors	Bernstein, JP Morgan Asia, DNB Asset Management, Investec Wealth & Investment, Letko Brosseau & Partners, Catamaran, Chanakya Capital Partners, Pzena Investment Management, Fullerton Fund Management	The Company's development strategy, R&D and innovation of lithium battery separator technology, etc.	<i>Record of Investor Relations Activities on September 11, 2024</i> disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
October 31, 2024	Meeting room of Jiangxi Tonry New Energy Technology Development Co., Ltd.	Field research and teleconference	Institutional investors	Harvest Fund, Yinhua Fund, Zhengyuan Investment, Loyal Valley Capital, Sinolink Securities, Minsheng Securities, Orient Securities, Shennong Asset Management, Huafu Securities, China International Finance Co., Ltd, Hua Chuang Securities, TF Securities, Citigroup Global Markets Asia Limited, UBS Securities, CITIC Securities, Caitong Securities, etc.	The Company's results in the first 3 quarters of 2024, product price trends, capital expenditure, cost reduction measures, etc.	<i>Record of Investor Relations Activities on October 31, 2024</i> disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
November 14, 2024	Teleconference	Teleconference	Institutional investors	Fullgoal Fund, Harvest Fund, ORIGIN, Huatai PineBridge, HSBC Asset Management Hong Kong, Citigroup Global Markets Asia Limited, Maxwealth Fund, BlackRock, Sequoia Capital, China Universal Asset Management, Southern Fund, CICC Securities, CITIC Securities, Caitong Securities, TF Securities, Minsheng Securities, Southwest Securities, etc.	Introduction to the Company's all-solid state battery deployment, advantages of the Company's lithium sulfide products and patents, etc.	<i>Record of Investor Relations Activities on November 14, 2024</i> disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

November 29, 2024	Meeting room of Shanghai Energy New Material Technology Co., Ltd.	Field research and teleconference	Institutional investors	Goldman Sachs, Alliance Bernstein Lp, Allianz Global Investors Asia Pacific Ltd, Dymon Asia Capital HK Ltd, Fullerton Inv Mgmt (Shanghai) Co Ltd, Millennium Mgmt LLC, Pinpoint Asset Mgmt Ltd, Point72 Asset Mgmt, Stonelake Asset Mgmt (Hong Kong) Ltd, Sunshine Asset Management Co., Ltd, Guolian Securities, China Pacific Asset Management, etc.	The progress of overseas projects, the release of new production capacity, the ultra-thin separator products, etc.	<i>Record of Investor Relations Activities on November 29, 2024 and attachments disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a></i>
December 26, 2024	Meeting room of Shanghai Energy New Material Technology Co., Ltd.	Field research	Institutional investors	ORIGIN, Harvest Fund, Fullgoal Fund, ABC-CA FUND, China Pacific Asset Management, Caitong Fund Management, Hwabao WP Fund, Zijin Investment Group, China Asset Management, PICC Asset Management, Wanjia Asset, Xingquan Fund, Galaxy Asset Management, BOCOM Schroders, Huatai Asset Management, Guosen Securities Asset Management, Lion Fund, CITIC-Prudential, Greenwoods, Huatai PineBridge, UBS SDIC, BlackRock, Maxwealth Fund, CCB Life Asset Management, CICC Securities, Guosen Securities, Caitong Securities, Sinolink Securities, Guolian Securities, Changjiang Securities and other institutional investors	The development background and prospects of solid-state batteries, the definition and application scenarios of semi-solid batteries, the Company's semi-solid layout, and the progress of key materials for the Company's all-solid-state batteries, etc.	<i>Record of Investor Relations Activities on December 26, 2024 disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a></i>

### XIII. Development and Implementation of Market Value Management System and Valuation Enhancement Plan

Whether the Company has a market value management system in place.

☒ Yes ☐ No

Whether the Company has disclosed plans for valuation enhancement.

☐ Yes ☒ No

The Company held the thirty-fifth meeting of the Fifth Board of Directors on December 27, 2024, and considered and approved the *Proposal on the Formulation of the Market Value Management System*. To strengthen the market value management of the Company, further standardize the Company's market value management, and safeguard the legitimate rights and interests of the Company, investors and other stakeholders, the Company formulated the *Market Value Management System*. The purpose of the market value management is to achieve

the dynamic equilibrium between the Company's market value and its intrinsic value by formulating correct development strategies, perfecting corporate governance, improving operation and management, fostering core competitiveness, as well as through the tools of capital operation. Based on the systematic, scientific, normative and normal principles, the Company will focus on its main business, and enhance its operational efficiency and profitability. In addition, we will take into account our own actual situation and comprehensively utilize mergers and acquisitions and reorganization, equity incentives and employee stock ownership plans, cash dividends, investor relations management, information disclosure, share repurchases and other legal and compliant methods to enhance the value of the Company's investment.

#### **XIV. Implementation of the Action Plan for “Dual Improvements in Quality and Returns”**

Whether the Company has disclosed the announcement on action plan for “Dual Improvements in Quality and Returns”.

☒Yes    No

To safeguard the interests of all shareholders, enhance investor confidence, and promote the long-term healthy and sustainable development of the Company, we have formulated the action plan for “Dual Improvements in Quality and Returns.” Actions have been formulated in the plan focusing on such aspects as “focusing on the main business and driving high-quality development with innovation,” “consolidating competitive advantages and realizing globalization,” “consolidating governance and improving standardized operation,” “investor-oriented and valuing investor returns,” “improving information disclosure and adhering to an investor demand-oriented approach.” For details, please refer to the *Announcement on the Action Plan for “Dual Improvements in Quality and Returns”* (Announcement No. 2024-039) disclosed by the Company on February 27, 2024 in the designated information disclosure media.

During the Reporting Period, the Company proactively advanced the implementation of the action plan for “Dual Improvements in Quality and Returns”. In terms of corporate governance perfection, the Company continued to improve and enhance its internal standardized operation and revised, issued and implemented multiple management systems in accordance with relevant laws and regulations. In respect of investor returns, the Company implemented the annual profit distribution plan for 2023, under which a cash dividend of RMB15.426097 per 10 shares was paid to all shareholders, totaling about RMB1.5 billion in cash dividends. In addition, the Company completed its share repurchase scheme. During the Reporting Period, the Company repurchased shares at an amount of RMB200 million for cancellation to enrich shareholders' equity.

The Company attaches importance to investor relations management. During the Reporting Period, the Company strengthened its communication with investors by more frequent, in-depth and targeted communications. By multiple channels, such as, organizing investor on-site visits and investigations, holding result briefings, making response via [irm.cninfo.com.cn](http://irm.cninfo.com.cn), and answering investor hotline calls, we proactively conveyed our long-term investment value to the market, which increased the information communication efficiency and transparency. We focus on investors' expectations and suggestions, and construct an ecology for good interactions with investors, with an aim to create long-term value for investors.

## Section 4 Corporate Governance

### I. Basic Information of Corporate Governance

The Company established and improved the modern enterprise system in strict accordance with the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Code of Corporate Governance for Listed Companies* in China and other relevant laws and regulations, and constantly improved the corporate governance structure, improved the internal control system and standardized the Company's operation. During the Reporting Period, the Company established a special meeting system for independent directors in accordance with the *Company Law*, the *Securities Law*, the *Administrative Measures for Independent Directors of Listed Companies*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Self-regulatory Guideline No. 1 for Listed Companies of the Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Main Board* and other relevant laws, regulations and normative documents; formulated the *Rules of Procedure of the Environment, Social and Governance (ESG) Committee*, the *Management Measures for Selection and Engagement of Accounting Firms*, and the *Market Value Management System*, taking into account the actual situation of the Company; and revised the *Articles of Association*, the *Information Disclosure Management System*, the *Internal Control System*, the *Internal Reporting System for Material Information*, the *Foreign Exchange Hedging Business Management System*, the *Registration and Management System for Informants of Insider Information*, the *Investor Relations Management System*, the *Internal Audit System*, the *Management System for Controlled Subsidiaries*, the *Venture Capital Management System*, the *Independent Director System*, the *Entrusted Financial Management System*, the *Annual Reporting System of the Audit Committee of the Board of Directors*, the *System of Connected Transactions*, the *Work System of the Secretary of the Board of Directors*, the *Management System of Foreign Investments*, the *Management System of Raised Funds*, the *Authorization Management System*, the *External Guarantee System*, the *Management Measures for the Shares Held by Directors, Supervisors, and Senior Management and Their Changes* and other relevant systems.

During the Reporting Period, the Company held 11 general meetings of shareholders, 19 Board meetings, 16 meetings of the Supervisory Committee and 4 special meetings of independent directors. The procedures for holding the meetings are legal and the resolutions are legal and effective.

Were there any significant differences between the Company's actual governance status and laws, administrative regulations, and the regulations issued by CSRC on listed company governance

☐ Yes ☒ No

There was no difference between the Company's actual governance status and laws, administrative regulations, and the regulations issued by CSRC on listed company governance.

### II. Details of the Company's Separation from the Controlling Shareholder and Actual Controller with Respect to Corporate Assets, Personnel, Finance, Organization, Business, etc.

The Company is independent of its shareholders in terms of business, assets, personnel, institutions, financial affairs, etc., has an independent and complete business system and market-oriented independent operation ability, and has a complete supply, production and sales system.

#### 1. Assets integrity

The Company has independent and complete business assets that can be used for business activities. The Company has complete sites, facilities, instruments and equipment, trademarks, patents, etc. required for production independent of shareholders and other related parties. The Company's assets are strictly separated from the shareholders and actual controller, and there is no case that the shareholders and actual controller encroach on the Company's assets.

#### 2. Personnel independence

The General Manager, Vice General Manager, Chief Financial Officer, Secretary of the Board and other senior executives of the Company are all full-time working in the Company and receiving remuneration, and there is no case that they hold any post other than director or supervisor at the controlling shareholder, actual controller and other enterprises under their control, or hold any position in other enterprises with the same or similar business with the Company. The Company's financial personnel are not doing part-time job in the controlling shareholders, actual controllers and other enterprises under their control. The Company is completely independent in terms of social security and salary.

#### 3. Financial independence

The Company has set up an independent financial department, and established an independent and complete financial accounting system according to the current accounting standards and relevant laws and regulations, which can help make financial decisions independently. The Company has a standardized financial accounting system and financial management system. The Company has set up an independent bank account and, as an independent taxpayer, has gone through tax registration with the tax bureau of Yuxi High-tech Zone. The Company does not guarantee the debts of shareholders or other related parties with the Company's assets, interests or reputation. The Company has complete control over all assets, and there is no case that monetary funds or other assets are occupied by shareholders and damage the Company's interests.

#### 4. Institutional independence

The Company has a production and operation place and organization independent of the controlling shareholder, and there is no mixed operation or joint office with the controlling shareholder. There is no interference of the controlling shareholder and any other units or individuals in the Company's organizational structure. In accordance with the requirements of the *Company Law*, the Company has established and improved the organizational structure system of the general meeting of shareholders, the Board of Directors, the Supervisory Committee, and the management, and is completely independent of the affiliated enterprises in terms of institutional setting. The shareholder unit nominates directors to participate in the management of the Company in accordance with the provisions of the

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*Company Law* and the *Articles of Association*, and does not directly interfere with the production and operation activities of the Company.

5. Business independence

The Company has an independent production, supply and marketing system, and independently carries out various businesses. There is no case of relying on or entrusting shareholders or other related parties to sell products, or relying on or entrusting shareholders or other related parties to purchase raw materials. There is no horizontal competition with the controlling shareholder, actual controller and the enterprises under their control.

### III. Horizontal Competition

☐Applicable ☒Not applicable

### IV. Details about the Annual General Meeting and Extraordinary General Meeting of Shareholders Convened during the Reporting Period

#### 1. Details about the general meetings of shareholders during the Reporting Period

Meeting	Meeting Type	Investor Participation	Date Convened	Disclosure Date	Meeting Resolution
The First Extraordinary General Meeting for 2024	Extraordinary General Meeting	40.11%	February 26, 2024	February 27, 2024	Announcement on Resolutions of the First Extraordinary General Meeting for 2024 (Announcement No. 2024-038) at www.cninfo.com.cn
The Second Extraordinary General Meeting for 2024	Extraordinary General Meeting	40.10%	March 7, 2024	March 8, 2024	Announcement on Resolutions of the Second Extraordinary General Meeting for 2024 (Announcement No. 2024-044) at www.cninfo.com.cn
The Third Extraordinary General Meeting for 2024	Extraordinary General Meeting	11.58%	April 26, 2024	April 27, 2024	Announcement on Resolutions of the Third Extraordinary General Meeting for 2024 (Announcement No. 2024-087) at www.cninfo.com.cn
2023 Annual General Meeting	Annual General Meeting	41.95%	May 16, 2024	May 17, 2024	Announcement on Resolutions of the 2023 Annual General Meeting (Announcement No. 2024-110) at www.cninfo.com.cn
The Fourth Extraordinary General Meeting for 2024	Extraordinary General Meeting	25.60%	June 4, 2024	June 5, 2024	Announcement on Resolutions of the Fourth Extraordinary General Meeting for 2024 (Announcement No. 2024-124) at www.cninfo.com.cn
The Fifth Extraordinary General Meeting for 2024	Extraordinary General Meeting	27.52%	June 24, 2024	June 25, 2024	Announcement on Resolutions of the Fifth Extraordinary General Meeting for 2024 (Announcement No. 2024-147) at www.cninfo.com.cn
The Sixth Extraordinary General Meeting for 2024	Extraordinary General Meeting	27.05%	July 5, 2024	July 6, 2024	Announcement on Resolutions of the Sixth Extraordinary General Meeting for 2024 (Announcement No. 2024-158) at www.cninfo.com.cn
The Seventh Extraordinary General Meeting for 2024	Extraordinary General Meeting	27.05%	July 8, 2024	July 9, 2024	Announcement on Resolutions of the Seventh Extraordinary General Meeting for 2024 (Announcement No. 2024-161) at www.cninfo.com.cn
The Eighth Extraordinary General Meeting for 2024	Extraordinary General Meeting	23.70%	September 13, 2024	September 14, 2024	Announcement on Resolutions of the Eighth Extraordinary General Meeting for 2024 (Announcement No. 2024-205)

					at www.cninfo.com.cn
The Ninth Extraordinary General Meeting for 2024	Extraordinary General Meeting	23.20%	November 15, 2024	November 16, 2024	Announcement on Resolutions of the Ninth Extraordinary General Meeting for 2024 (Announcement No. 2024-231) at www.cninfo.com.cn
The Tenth Extraordinary General Meeting for 2024	Extraordinary General Meeting	25.42%	December 30, 2024	December 31, 2024	Announcement on Resolutions of the Tenth Extraordinary General Meeting for 2024 (Announcement No. 2024-259) at www.cninfo.com.cn

## 2. Extraordinary general meeting requested by the preferred shareholder with restituted voting rights

☐Applicable ☒Not applicable

## V. Details on Directors, Supervisors, and Senior Management

### 1. Basic information

Name	Gender	Age	Title	Service status	Start date	End date	Shares held at the beginning of the period (share)	Quantity of shares increased in the current period (share)	Quantity of shares decreased in the current period (share)	Other increased or decreased changes (share)	Quantity of shares held at the end of the period (share)	Reason for share increase/decrease
Paul Xiaoming Lee	Male	67	Chairman	Incumbent	April 20, 2011	March 23, 2026	127,438,975	1,004,163			128,443,138	Shareholding increase
Li Xiaohua	Male	63	Vice chairman and general manager	Incumbent	April 20, 2011	March 23, 2026	67,750,989	668,600		346,500	68,766,089	Shareholding increase, share repurchase
Zhai Jun	Male	51	Director	Incumbent	August 7, 2023	March 23, 2026	0				0	
Xiang Ming	Male	62	Director	Incumbent	August 7, 2023	March 23, 2026	0				0	
Mai Weihua	Male	58	Director	Incumbent	November 22, 2021	March 23, 2026	17,000	96,500		30,000	143,500	Shareholding increase, granting of restricted shares under the 2024 Restricted Shares Incentive Plan
Feng Jie	Male	61	Director	Incumbent	January 4, 2017	March 23, 2026	82,000				82,000	
Li Zhe	Male	38	Independent Director	Incumbent	December 29, 2023	March 23, 2026	0				0	
Pan Siming	Male	48	Independent Director	Incumbent	March 24, 2023	March 23, 2026	0				0	
Zhang Jing	Female	64	Independent	Incumbent	March 24, 2023	March 23, 2026	0				0	

			Director									
Zhang Tao	Male	48	Chairman of Supervisory Committee	Incumbent	January 3, 2019	March 23, 2026	10,000	20,800			30,800	Shareholding increase
Li Bing	Male	58	Supervisor	Incumbent	March 24, 2023	March 23, 2026	11,000	11,400			22,400	Shareholding increase
Kang Wenting	Female	38	Employee Representative Supervisor	Incumbent	April 8, 2020	March 23, 2026	0				0	
Yu Xue	Female	38	Board Secretary and Vice General Manager	Incumbent	November 4, 2021	March 23, 2026	81,100	113,300		48,000	242,400	Shareholding increase, granting of restricted shares under the 2024 Restricted Shares Incentive Plan, repurchase of restricted shares under 2022 Share Option and Restricted Share Incentive Plan for cancellation
Li Jian	Male	47	Chief Financial Officer	Incumbent	September 30, 2020	March 23, 2026	0	176,900		60,000	236,900	Shareholding increase, granting of restricted shares under the 2024 Restricted Shares Incentive Plan
Total	--	--	--	--	--	--	195,391,064.00	2,091,663.00	0.00	484,500.00	197,967,227.00	--

Whether there was any departure of Directors and Supervisors and dismissal of senior management during the term of office during the Reporting Period

Yes ☐ No ☒

Changes in Directors, supervisors and senior management of the Company

Applicable ☒ Not applicable ☐

## 2. Positions Held

Professional background, main working experience and main duties in the Company of current directors, supervisors, and senior executives of the Company

### (I) Members of the Board of Directors

1. Paul Xiaoming Lee, Chairman of the Company, male, born in 1958, American nationality with the right of residence in foreign country, and master's degree. He joined Kunming Plastic Research Institute of China in 1982, acted as the Vice President from 1984 to 1989, graduated from the polymer material discipline at the University of Massachusetts of America in December 1992, and served as the Manager of the Technical Department of Inteplast Corporation in America from 1992 to 1995. Since April 1996, he has successively served as the Vice General Manager, General Manager, Vice Chairman and Chairman of Hongta Plastic, Chairman and General Manager of Dexin Paper, and Chairman of Chengdu Hongta Plastic. Mr. Lee joined Innovative Color Printing as the Chairman in 2006. He is currently the Chairman of Hongchuang Packaging, the Vice Chairman of Shanghai Energy, the Chairman of Dexin Paper, the Chairman of Hongta Plastic, and the Chairman of the Company.

2. Li Xiaohua, Vice Chairman of the Company, male, born in 1962, Chinese nationality with the right of residence in foreign country, and master's degree. He graduated from the polymer material discipline at the University of Massachusetts of America in February 1993, and worked at World-Pak Corporation in the US from 1993 to 1996. Since April 1996, he has successively served as the Vice General Manager and Vice Chairman of Hongta Plastic, the Vice Chairman of Dexin Paper, and the General Manager and Vice Chairman of Chengdu Hongta Plastic, and joined Innovative Color Printing as the General Manager and Vice Chairman in 2006. He is currently the Director of Hongchuang Packaging, the Vice Chairman of Shanghai Energy, the Director of Jiangxi Enpo, the Director of Dexin Paper, and the General Manager and Vice Chairman of the Company.

3. Zhai Jun, Director of the Company, male, born in 1974, Chinese nationality, and master's degree. He graduated from Wuhan University of Technology majoring in Vehicle Engineering in June 2000 and served as project manager in State Development and Investment Corporation from April 2000 to January 2006. Mr. Zhai worked for Valeo Automotive Air Conditioning Hubei Co., Ltd. as a Director and Vice General Manager from January 2006 to March 2009; he served as a project manager of State Development and Hi-tech Investment Corporation from March 2009 to July 2009; and he also serves as a Managing Director of SDIC Investment Management Co., Ltd. from July 2009 to present. He is currently the Director of the Company.

4. Xiang Ming, Director of the Company, male, born in 1963, Chinese nationality, and doctoral candidate. He graduated from the Institute of Polymer Research of Chengdu University of Science and Technology in 1988, and served in the Institute of Polymer Research of Sichuan University since 1988, and retired in April 2023. Mr. Xiang served as the Chairman of Chengdu Huicheng Technology Co., Ltd. since 2011. He is currently the Director of the Company.

5. Ma Weihua, Director of the Company, male, born in 1967, Chinese nationality, and bachelor's degree, engineer. From 1989 to 1997, he successively served as Deputy Section Chief of Equipment Section of Zhenyuan Gold Mine, Yunnan Province, and technician of Equipment Section of Yuxi Hydropower Equipment Factory. From 1997 to 2016, he successively served as the Director of Production Department, Vice General Manager and Director of Hongta Plastic. He is currently the General Manager of Shanghai Energy and the Director of the Company.

6. Feng Jie, Director of the Company, male, born in 1964, Chinese nationality, and bachelor's degree and medium industrial economist. He served in Simao Industrial and Commercial Bank of China from 1981 to 1984; served as a statistician of the Comprehensive Management Section, Director of the Computer Center and the Secretary of the Communist Youth League at Yunnan Optical Instrument Factory from 1989 to 1997; served as a technician, statistical officer and Director of the General Manager's Office at Hongta Plastic from 1997 to 2005; and served as the Director of Chengdu Office of Hongta Plastic from 2005 to 2009. Since 2009, he has successively served as the Director of the Sales Department, the Vice General Manager and General Manager of Chengdu Hongta Plastic. He is currently the Director of the Sales Department and the General Manager of Chengdu Hongta Plastic, and the Director of the Company.

7. Li Zhe, Independent Director of the Company, male, born in 1987, Chinese nationality, and doctoral candidate. He is the deputy director of the Finance Department, associate professor of the School of Accounting, and the tutor of doctoral candidate of Central University of Finance and Economics. He has been an independent director of Leyard Optoelectronic Co., Ltd. from January 2023 to present. Mr. Li serves as an independent director of Genertec Kunming Machine Tool Co., Ltd. from July 2023 to present. He is currently an Independent Director of the Company.

8. Pan Siming, Independent Director of the Company, born in 1977, Chinese nationality, and bachelor's degree. He served as financial analysis of Huachen Automotive Group from July 2001 to December 2009. He served as financial manager of Zhejiang Longsheng Group Co., Ltd. from December 2009 to August 2012. Mr. Pan was appointed as the director of post-loan management of the small and medium-sized department of Minsheng Bank from August 2012 to April 2016, and has been appointed as the director of post-investment management of Yang Yue Shanghai Investment Management Ltd. from April 2016 to present. He is currently an Independent Director of the Company.

9. Zhang Jing, Independent Director of the Company, born in 1961, Chinese nationality, professor and doctoral tutor of Applied Physics in the College of Science of Donghua University. She served as executive vice president of the College of Science of Donghua University and Secretary of the Party Committee of the College of Science. She was a director of Shanghai Energy from 2016 to 2018. She was a director of the Plasma Science and Technology Committee of the CSTAM from 2015 to 2020. Ms. Zhang has been a director of Shanghai Sunshine Esailchem Technology Corp., Ltd. since 2018. Ms. Zhang is an associate editor of the journal Plasma Science and Technology from 2021 to present. She is currently an Independent Director of the Company.

### (II) Members of the Supervisory Committee

1. Zhang Tao, Chairman of the Supervisory Committee of the Company, male, born in 1977, Chinese nationality, and bachelor's degree. He worked as a financial analyst at the Financial Center of Beijing Marketing Company of Hacı Co., Ltd. from July 2000 to January 2001; worked as an accountant at the Finance Department of Hongta Plastic from August 2001 to August 2006; and served as the Manager of the Finance Department of Dexin Paper from September 2006 to March 2019. He serves as the supervisor of Yuxi

Kunshasi Plastic Masterbatch Co., Ltd. from October 11, 2021 to December 11, 2024. He serves as the Deputy Chief Financial Officer from April 2019 to present. He is currently the Chairman of the Supervisory Committee of the Company.

2. Li Bing, Supervisor of the Company, male, born in 1967, Chinese nationality, and junior college degree, assistant engineer. He served as a technician in the process technology section of Yuxi Hydroelectric Equipment Factory from September 1988 to December 1995. He served as a workshop supervisor and head of the process technology section of Yuxi Globe Colour Printing Carton Co., Ltd. from December 1995 to July 2004. He served as a sales manager of Yunnan Dexin Paper Co., Ltd. from October 2005 to February 2021. He served as a sales manager of Yunnan Energy New Material Co., Ltd. and Yunnan Dexin Paper Co., Ltd. from March 2021 to June 2021. Mr. Li was appointed as the general manager of Yunnan Dexin Paper Co., Ltd. from July 2021 to present. He is currently a Supervisor of the Company.

3. Kang Wenting, Supervisor of the Company, female, born in 1987, Chinese nationality, and bachelor's degree. She served as the Personnel Supervisor of Kunming Xinghe Spa Resort & Hotel from 2013 to 2014, and from 2015 to March 2019, has successively served as the Personnel Supervisor of the Human Resources Department of the Company. She served as the director of the Operation Support Department of the Company from October 2019 to November 2024. From July 2024 to present, she serves as Human Resources Director at Yuxi Energy and is currently the Director of the Administrative Department of the Company and Employee Representative Supervisor of the Company.

(III) Senior Management

1. Li Xiaohua, born in 1962, Chinese nationality with the right of residence in foreign country, and master's degree. He graduated from the polymer material discipline at the University of Massachusetts in February 1993, and worked at World-Pak Corporation in the US from 1993 to 1996. Since April 1996, he has successively served as the Vice General Manager and Vice Chairman of Hongta Plastic, the Vice Chairman of Dexin Paper, and the General Manager and Vice Chairman of Chengdu Hongta Plastic. Joined Innovative Color Printing as the General Manager and Vice Chairman in 2006. He is currently the Chairman of Hongchuang Packaging, the Chairman of Shanghai Energy, the Director of Jiangxi Enpo, the Director of Dexin Paper, and the General Manager and the Vice Chairman of the Company.

2. Yu Xue, Vice General Manager of the Company, Secretary of the Board of Directors, female, born in 1987, Chinese nationality, and master's degree. She served as the Securities Affairs Representative of the Company from March 2013 to November 2021. She is currently the Chairman of Hubei Energy, the Director of Jiangxi Ruijie, the Vice General Manager and the Secretary of the Board of Directors of the Company.

3. Li Jian, Chief Financial Officer of the Company, male, born in 1978, Chinese nationality, and bachelor's degree, Chinese Certified Public Accountant and Chinese Certified Tax Agent. From 1997 to October 2016, he served as the General Budget Accountant at Liujiqiao Fiscal Office of the Finance Bureau of Chongren County, Jiangxi Province, the Financial Manager of Shunde Ouyadian Building Material Co., Ltd., the Project Manager of Shenzhen Pengcheng Accounting Firm, the Assistant to the Chief Financial Officer of Jiangsu Safety Steel Rope Co., Ltd. and the Chief Financial Officer of Suzhou ALTON Electric Industry Co., Ltd. Since October 2016, he served as the Chief Financial Officer of Shanghai Energy. He is currently the Chief Financial Officer of the Company.

Positions held at the shareholder's entity

☒Applicable    ☐Not applicable

Name of person	Name of shareholder's entity	Position held in shareholder's entity	Start date	End date	Receiving remuneration and allowance at shareholder's entity
Li Xiaohua	Yuxi Heyi Investment Co., Ltd.	Chairman	February 4, 2024		No
Zhai Jun	CMG-SDIC Capital Co., Ltd.	Managing director	October 31, 2017		Yes

Positions held at other entities

☒Applicable    ☐Not applicable

Name	Other Entity Names	Positions in other organizations	Start date	End date	Receiving remuneration and allowance at other entities
Paul Xiaoming Lee	Shanghai Ruiji New Material Technology Co., Ltd.	Director	November 19, 2024		No
	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Vice Chairman	May 1, 1996	December 11, 2024	No
Li Xiaohua	Shanghai Ruiji New Material Technology Co., Ltd.	Chairman	January 20, 2020		No
Li Xiaohua	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Director and General Manager	May 1, 1996	December 11, 2024	No

Li Xiaohua	Zhuhai Chenyu New Material Technology Co., Ltd.	Chairman	April 19, 2024		No
Li Xiaohua	Chenyu (Zhuhai Hengqin) New Material Technology Co., Ltd.	Chairman	November 15, 2024		No
Li Xiaohua	Changshu Chenyu New Material Technology Co., Ltd.	Chairman	May 7, 2024		No
Li Zhe	Central University of Finance and Economics	Associate Professor, Ph.D. Advisor, Deputy Director of the Finance Division	May 15, 2023		Yes
Li Zhe	Leyard Optoelectronic CO., LTD.	Independent Director	January 16, 2023		Yes
Li Zhe	Genertec Kunming Machine Tool Co., Ltd.	Independent Director	July 14, 2023		Yes
Zhang Tao	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Supervisor	October 11, 2021	December 11, 2024	No
Xiang Ming	Chengdu Huicheng Technology Co., Ltd.	Chairman	July 6, 2011		Yes
Zhai Jun	SDIC Fund	Managing director	July 31, 2009		Yes
Zhai Jun	Kelong New Energy	Director	December 13, 2016		No
Zhai Jun	HXF Saw Co., Ltd.	Director	October 22, 2012		No
Zhai Jun	Shanghai Dianda Information Technology Co., Ltd.	Director	April 27, 2015	September 30, 2024	No
Zhai Jun	China Intelligent Vehicle Innovation Platform (Shanghai) Co., Ltd.	Director	November 30, 2021		No
Zhai Jun	Jingci Material Science Co., Ltd.	Director	June 11, 2018		No
Zhang Jing	College of Science, Dong Hua University	Professor, Doctoral Supervisor	January 30, 1989		Yes
Zhang Jing	Shanghai Sunshine Esailchem Technology Co., Ltd.	Director	December 11, 2017		Yes
Pan Siming	Shanghai Yangyue Investment Management Co., Ltd.	Director of Post-Investment Management	April 11, 2016		Yes

Penalties to the current directors, supervisors and senior management of the Company and those leaving office during the Reporting Period by securities regulatory agencies in the past three years

☐Applicable ☒Not applicable

### 3. Remuneration for Directors, Supervisors, and Senior Management

Decision-making procedures, determination basis and actual payment of remuneration for directors, supervisors, and senior management

1. Decision-making procedure for remunerations of directors, supervisors and senior management: The Remuneration & Evaluation Committee of the Board of Directors of the Company studies and establishes the evaluation standard, remuneration policy and plan for the directors, General Manager and other senior management members of the Company, the Board of Directors reviews the remunerations for the senior management, the General Meeting of Shareholders reviews the remunerations of the directors and the supervisors, and the Human Resources Department and the Finance Department of the Company assist the Remuneration & Evaluation Committee of the Board of Directors to implement the remuneration plan for the directors and the senior management of the Company.

2. Basis for determining the remunerations of directors, supervisors and senior management: The remunerations for the directors and supervisors are determined in line with the actual working status of the Company and in combination of the current market situation. The remunerations of the senior management are determined in line with related provisions of the Company and in combination of the operating objectives of the Company in 2024 and specific job responsibilities the senior management members of the Company take to complete the annual operating objectives.

3. Actual payment of remunerations to the directors, supervisors and senior management: The remunerations of the Independent Directors are paid to personal accounts based on the standard and schedule every quarter or every month. The remunerations of other people are paid based on respective evaluation result on a monthly basis or at the time specified by the remuneration payment policy.

## Remuneration for Directors, supervisors, and senior management during the Reporting Period

Unit: RMB0'000

Name	Gender	Age	Title	Service status	Total pre-tax remunerations received from the Company	Whether remuneration was received from related parties of the Company
Paul Xiaoming Lee	Male	67	Chairman	Incumbent	203.70	No
Li Xiaohua	Male	63	Vice Chairman and General Manager	Incumbent	174.60	No
Mai Weihua	Male	58	Director	Incumbent	101.40	No
Feng Jie	Male	61	Director	Incumbent	28.35	No
Zhai Jun	Male	51	Director	Incumbent	0.00	Yes
Xiang Ming	Male	62	Director	Incumbent	0.00	No
Li Zhe	Male	38	Independent Director	Incumbent	8.98	No
Pan Siming	Male	48	Independent Director	Incumbent	10.23	No
Zhang Jing	Female	64	Independent Director	Incumbent	10.23	Yes
Zhang Tao	Male	48	Chairman of Supervisory Committee	Incumbent	29.05	No
Li Bing	Male	58	Supervisor	Incumbent	29.98	No
Kang Wenting	Female	38	Employee Representative Supervisor	Incumbent	13.35	No
Yu Xue	Female	38	Board Secretary and Vice General Manager	Incumbent	84.48	No
Li Jian	Male	47	Chief Financial Officer	Incumbent	117.34	No
Total	--	--	--	--	811.69	--

## VI. Performance of Directors during the Reporting Period

## 1. Meetings of the Board of Directors during the Reporting Period

Meeting	Date Convened	Disclosure date	Meeting resolution
The 17th Meeting of the 5th Board of Directors	January 3, 2024	January 4, 2024	The meeting considered and approved the <i>Proposal on Adjusting the US Lithium Battery Separator Project</i>
The 18th Meeting of the 5th Board of Directors	January 4, 2024	January 5, 2024	The meeting considered and approved the <i>Proposal on Not Revising the Share Transfer Price Downward</i>
The 19th Meeting of the 5th Board of Directors	February 2, 2024	February 3, 2024	The meeting considered and approved the <i>Proposal on Repurchase of Shares of the Company</i> , the <i>Proposal on the Company's 2024 Restricted Share Incentive Plan (Draft) and Its Summary</i> , the <i>Proposal on Formulation of Management Measures for the Implementation and Evaluation of the Company's 2024 Restricted Share Incentive Plan</i> , the <i>Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to the Equity Incentive</i> , and the <i>Proposal on Convening the First Extraordinary General Meeting of the Company for 2024</i>
The 20th Meeting of the 5th Board of Directors	February 18, 2024	February 19, 2024	The meeting considered and approved the <i>Proposal to Change the Purpose of the Repurchased Shares to Cancellation</i> , and the <i>Proposal to Convene the Second Extraordinary General Meeting of the Company for 2024</i>
The 21st Meeting of the 5th Board of Directors	March 18, 2024	March 19, 2024	The meeting considered and approved the <i>Proposal to Cancel Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan</i>
The 22nd Meeting of the 5th Board of Directors	April 10, 2024	April 11, 2024	The meeting considered and approved the <i>Proposal on the Extension of the Shareholding Increase Plan for Certain Directors, Supervisors and Senior Management</i> , the <i>Proposal on the Change of Accounting Policies</i> , and the

			<i>Proposal on the Convening of the Third Extraordinary General Meeting of the Company for 2024</i>
The 23rd Meeting of the 5th Board of Directors	April 24, 2024	April 25, 2024	The meeting considered and approved the <i>Proposal on the 2023 Work Report of the Board of Directors</i> , the <i>Proposal on the 2023 Work Report of the General Manager</i> , the <i>Special Opinion on the Maintenance of Independence by Independent Directors in 2023</i> , the <i>Proposal on the 2023 Annual Financial Results Report</i> , the <i>Proposal on the 2023 Profit Distribution Plan</i> , the <i>Proposal on the 2023 Internal Control Evaluation Report</i> , the <i>Proposal on the 2023 Self-Inspection Form on the Implementation of Internal Control Rules</i> , the <i>Proposal on the 2023 Annual Report and Its Summary</i> , the <i>Proposal on the 2023 Environmental, Social and Governance Report (ESG Report)</i> , the <i>Proposal on the Establishment of the Environmental, Social and Governance (ESG) Committee under the Board</i> , the <i>Proposal on the Establishment of Rules of Procedure for the Environmental, Social and Governance (ESG) Committee</i> , the <i>Proposal on the Renewal of the Appointment of Dahua CPAs (SGP) as the Company's Financial Audit Institution and Internal Control Audit Institution for 2024</i> , the <i>Proposal on the Deposit and Utilization of the Company's Proceeds in 2023</i> , the <i>Proposal on the Expected Daily Connected Transactions in 2024</i> , the <i>Proposal on the Remuneration of the Directors in 2023</i> , the <i>Proposal on the Remuneration of Senior Management of the Company for 2023</i> , the <i>Proposal on the Purchase of Liability Insurance by the Company for Directors, Supervisors and Senior Management</i> , the <i>Proposal on the Application for Comprehensive Credit Line from Banks for 2024</i> , the <i>Proposal on the Amount of Guarantees within the Scope of the Company's Consolidated Statement of Account for 2024</i> , the <i>Proposal on the Investment Amount of Bank Wealth Management Products Purchased with Part of Idle Funds</i> , the <i>Proposal on Providing Financial Assistance to a Majority-owned Subsidiary and Its Subsidiaries</i> , the <i>Proposal on Revision of the Foreign Exchange Hedging Business Management System</i> , the <i>Proposal on Conducting Foreign Exchange Hedging Business in 2024</i> , the <i>Proposal on the First Quarterly Report for 2024</i> , and the <i>Proposal on the Convening of the 2023 Annual General Meeting</i>
The 24th Meeting of the 5th Board of Directors	May 16, 2024	May 17, 2024	The meeting considered and approved the <i>Proposal for Adjustment of Matters Relating to the 2024 Restricted Share Incentive Plan</i> , the <i>Proposal for Granting Restricted Share to Incentive Recipients of the First Grant under the 2024 Restricted Share Incentive Plan</i> , the <i>Proposal for Revision of the Company's Relevant System</i> , the <i>Proposal for Revision of the Independent Director System</i> , the <i>Proposal for Revision of the External Guarantee System</i> , the <i>Proposal to Amend the Outbound Investment Management System</i> , the <i>Proposal to Amend the Connected Transaction System</i> , the <i>Proposal to Amend the Code of Conduct for Controlling Shareholders and Actual Controllers</i> , the <i>Proposal to Amend the Rules for the Implementation of Cumulative Voting</i> , the <i>Proposal to Amend the Internal Control System</i> , the <i>Proposal to Amend the Delegation of Authority Management System</i> , the <i>Proposal to Amend the Information Disclosure Management System</i> , the <i>Proposal to Amend the Measures for the Management of Shares Held by Directors, Supervisors and Senior Management of the Company and their Changes</i> , the <i>Proposal to Amend the Working System of the Secretary of the Board of Directors</i> , the <i>Proposal to Amend the Annual Reporting System of the Audit Committee of the Board of Directors</i> , the <i>Proposal to Amend the Venture Capital Management System</i> , the <i>Proposal to Amend the Management System for Majority-Controlled Subsidiaries</i> , the <i>Proposal to Amend the Management System for Raised Funds</i> , <i>Proposal to Amend the Internal Audit System</i> , the <i>Proposal to Amend the Investor Relations Management System</i> , the <i>Proposal to Amend the Internal Reporting System for Material Information</i> , the <i>Proposal to Amend the General Manager's Work Rules</i> , the <i>Proposal on Revision of the Management System for Entrusted Financial Management</i> , the <i>Proposal on Revision of the Management System for the Registration of Informants of Insider Information</i> , the <i>Proposal to Amend the Criteria for Determining Internal Control Deficiencies</i> , and

			<i>the Proposal to Convene the Fourth Extraordinary General Meeting for 2024</i>
The 25th Meeting of the 5th Board of Directors	May 24, 2024	May 25, 2024	The meeting considered and approved the <i>Proposal on Changing the Registered Capital and Amending the Articles of Association of the Company and Handling the Industrial and Commercial Change Registration</i>
The 26th Meeting of the 5th Board of Directors	June 6, 2024	June 7, 2024	The meeting considered and approved the <i>Proposal to Cancel Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan, the Proposal for Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan and Adjustment of Repurchase Price, the Proposal on Changing the Registered Capital and Amending the Articles of Association of the Company and Handling the Industrial and Commercial Change Registration, and the Proposal to Convene the Fifth Extraordinary General Meeting for 2024</i>
The 27th Meeting of the 5th Board of Directors	June 17, 2024	June 19, 2024	The meeting considered and approved the <i>Proposal on Use of Some Idle Proceeds for Cash Management, the Proposal on the Construction of the Second Phase of the Wet Process Lithium Battery Separator Project in Hungary, the Proposal on Adjustment of Allowances for Independent Directors, and the Proposal on Convening the Sixth Extraordinary General Meeting for 2024</i>
The 28th Meeting of the 5th Board of Directors	June 21, 2024	June 22, 2024	The meeting considered and approved the <i>Proposal for Repurchase and Cancellation of Certain Restricted Shares under the 2024 Restricted Share Incentive Plan and Adjustment of Repurchase Price, the Proposal on Changing the Registered Capital and Amending the Articles of Association of the Company and Handling the Industrial and Commercial Change Registration, and the Proposal to Convene the Seventh Extraordinary General Meeting for 2024</i>
The 29th Meeting of the 5th Board of Directors	July 25, 2024	July 26, 2024	The meeting considered and approved the <i>Proposal on Not Revising the Share Transfer Price Downward</i>
The 30th Meeting of the 5th Board of Directors	August 27, 2024	August 28, 2024	The meeting considered and approved the <i>Proposal on the Interim Report for 2024 and Its Summary, the Proposal on the Deposit and Utilization of the Proceeds in the First Half of 2024, the Proposal Regarding the Special Explanation on Funds Appropriated for Non-operating Purposes and Other Related Fund Transactions for the First Half of 2024, the Proposal on Changing the Registered Capital and Amending the Articles of Association of the Company and Handling the Industrial and Commercial Change Registration, and the Proposal to Convene the Eighth Extraordinary General Meeting for 2024</i>
The 31st Meeting of the 5th Board of Directors	September 23, 2024	September 24, 2024	The meeting considered and approved the <i>Proposal on the Investment and Construction of a Lithium Battery Separator Project in Malaysia by a Majority Controlled Subsidiary</i>
The 32nd Meeting of the 5th Board of Directors	October 16, 2024	October 17, 2024	The meeting considered and approved the <i>Proposal on the Formulation of the Measures for the Administration of the Selection and Engagement of Accounting Firms</i>
The 33rd Meeting of the 5th Board of Directors	October 29, 2024	October 30, 2024	The meeting considered and approved the <i>Proposal on the Third Quarterly Report for 2024, the Proposal on Replacement of Accounting Firm, and the Proposal on Amending the Articles of Association of the Company and Handling the Industrial and Commercial Change Registration, and the Proposal to Convene the Ninth Extraordinary General Meeting for 2024</i>
The 34th Meeting of the 5th Board of Directors	December 13, 2024	December 14, 2024	The meeting considered and approved the <i>Proposal on the Repurchase and Cancellation of Certain Restricted Shares, the Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan, the Proposal on the Amendment of the Fund Raising Management System, the Proposal on Changing the Registered Capital and Amending the Articles of Association of the Company and Handling the Industrial and Commercial Change Registration, and the Proposal to Convene the Tenth Extraordinary General Meeting for 2024</i>
The 35th Meeting of the 5th Board of Directors	December 27, 2024	December 31, 2024	The meeting considered and approved the <i>Proposal on Application for a Consolidated Credit Line from Banks for 2025, the Proposal on the Amount of Guarantees within the Scope of the Company's Consolidated Statement of Accounts for 2025, the Proposal on the Provision of Financial Assistance to</i>

			Majority Controlled Subsidiaries, the Proposal on the Investment Amount of Bank Wealth Management Products Purchased with Part of Idle Funds, the Proposal on Conducting Foreign Exchange Hedging Business in 2025, the Proposal to Amend the Measures for the Management of Shares Held by Directors, Supervisors and Senior Management of the Company and Their Changes, the Proposal for Establishment of Market Value Management System, and the Proposal for Convening the First Extraordinary Meeting of the Company for 2025
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## 2. Details of directors' attendance at board meetings and shareholders' general meetings

Details of directors' attendance at board meetings and shareholders' general meetings							
Name of director	Meetings required to attend during the Reporting Period (times)	Attendance in person (times)	Attendance by way of telecommunication (times)	Entrusted presence (times)	Absence (times)	Whether non-attendance in person for two consecutive times or not	Attendance in shareholders' general meeting
Paul Xiaoming Lee	19	19	0	0	0	No	11
Li Xiaohua	19	17	2	0	0	No	11
Zhai Jun	19	13	6	0	0	No	11
Xiang Ming	19	13	6	0	0	No	11
Mai Weihua	19	19	0	0	0	No	11
Feng Jie	19	19	0	0	0	No	11
Li Zhe	19	2	17	0	0	No	11
Pan Siming	19	2	17	0	0	No	11
Zhang Jing	19	2	17	0	0	No	11

Explanations for non-attendance in person for two consecutive times

## 3. Details on directors' objection to relevant matters

Whether Directors object to relevant matters of the Company

☐ Yes ☒ No

During the Reporting Period, no Directors objected to relevant matters of the Company.

## 4. Other details about the performance of directors

Whether advice to the Company from Directors adopted

☒ Yes ☐ No

Explanation on advice to the Company from Directors being adopted or not adopted

During the Reporting Period, directors of the Company were diligent, conscientious, honest and self-disciplined, and faithfully performed the responsibilities as directors. The directors carefully listened to the report of the Company's relevant principals on project construction, development strategy, profit distribution plan, effectiveness of internal control, appointment of financial audit institutions, etc., and actively expressed opinions on the Board of Directors. Independent directors strictly abide by relevant laws and regulations, uphold the principles of independence, objectivity and impartiality, and faithfully perform their duties. During the Reporting Period, they actively participated in the decision-making of the Board of Directors and convened special meetings of independent directors to consider major matters such as connected transactions and financial assistance, understood the Company's production and operation through on-site visits, discussed with other directors and management on the Company's operation and development, and provided the Company with professional consultancy and advice, giving full play to their professional judgment and supervisory role, and effectively safeguarding the lawful rights and interests of the Company and its shareholders.

## VII. Details on Specialized Committees under the Board of Directors during the Reporting Period

Committee Name	Members	Number of Meetings	Date convened	Meeting Content	Important Opinions and Suggestions Proposed	Other Duty Performance Information	Details on Objection to Matters (If any)
Strategy Committee of	Paul Xiaoming Lee, Li	2	June 11, 2024	The meeting considered and approved the <i>Proposal on the Construction of the</i>	Unanimously adopted	None	None

the 5 <sup>th</sup> Board of Directors	Xiaohua, Feng Jie, Li Zhe, Pan Siming			<i>Second Phase of the Wet Process Lithium Battery Separator Project in Hungary</i>			
			September 20, 2024	The meeting considered and approved the <i>Proposal on the Investment and Construction of a Lithium Battery Separator Project in Malaysia by a Majority Controlled Subsidiary</i>	Unanimously adopted	None	None
Audit Committee of the 5th Board of Directors	Li Zhe, Xiang Ming, Pan Siming	5	April 19, 2024	The meeting considered and approved the <i>Proposal on the 2023 Annual Report and Its Summary</i> , the <i>Proposal on the 2023 Internal Control Evaluation Report</i> , the <i>Proposal on the Renewal of the Appointment of Dahua CPAs (SGP) as the Company's Financial Audit Institution and Internal Control Audit Institution for 2024</i> , and the <i>Proposal on the First Quarterly Report for 2024</i>	Unanimously adopted	None	None
			August 26, 2024	The meeting considered and approved the <i>Proposal on the Interim Report for 2024 and Its Summary</i> and the <i>Proposal on the Interim Internal Audit Report for 2024</i>	Unanimously adopted	None	None
			October 15, 2024	The meeting considered and approved the <i>Proposal on the Formulation of the Measures for the Administration of the Selection and Engagement of Accounting Firms</i> , and the <i>Proposal on the Selection and Engagement of Accounting Firms</i>	Unanimously adopted	None	None
			October 26, 2024	The meeting considered and approved the <i>Proposal on the Third Quarterly Report for 2024</i> , the <i>Proposal on the Internal Audit Report for the Third Quarter of 2024</i> , and the <i>Proposal on Replacement of Accounting Firm</i>	Unanimously adopted	None	None
			December 24, 2024	The meeting considered and approved the <i>Proposal on Conducting Foreign Exchange Hedging Business in 2025</i>	Unanimously adopted	None	None
The Remuneration and Appraisal Committee of the 5th Board of Directors	Li Zhe, Paul Xiaoming Lee, Zhang Jing	4	February 2, 2024	The meeting considered and approved the <i>Proposal on the Company's 2024 Restricted Share Incentive Plan (Draft) and its Summary</i> , and the <i>Proposal on Formulation of Management Measures for the Implementation and Evaluation of the Company's 2024 Restricted Share Incentive Plan</i>	Unanimously adopted	None	None
			April 19, 2024	The meeting considered and approved the <i>Proposal on the Remuneration of Directors of the Company for 2023</i> , the <i>Proposal on the Remuneration of Senior Management of the Company for 2023</i> , and the <i>Proposal on the Purchase of Liability Insurance by the Company for the Directors, Supervisors and</i>	Unanimously adopted	None	None

				<i>Senior Management</i>			
			May 6, 2024	The meeting considered and approved the <i>Proposal for Adjustment of Matters Relating to the 2024 Restricted Share Incentive Plan</i> , and the <i>Proposal for Granting Restricted Share to Incentive Recipients of the First Grant under the 2024 Restricted Share Incentive Plan</i>	Unanimously adopted	None	None
			June 11, 2024	The meeting considered and approved the <i>Proposal on Adjustment of Allowances for Independent Directors</i>	Unanimously adopted	None	None
Environment, Social and Governance (ESG) Committee of the 5th Board of Directors	Li Xiaohua, Zhang Jing, Zhai Jun	1	April 24, 2024	The meeting considered and approved the <i>Proposal on the 2023 Environmental, Social and Governance Report (ESG Report)</i> and the <i>Proposal on the Establishment of Rules of Procedure for the Environmental, Social and Governance (ESG) Committee</i>	Unanimously adopted	None	None

### VIII. Details on the Work of the Supervisory Committee

Whether there were any risks in the Company according to the supervision of the Supervisory Committee during the Reporting Period

☐Yes ☒No

The Supervisory Committee raised no objection to matters under supervision during the Reporting Period.

### IX. Employees of the Company

#### 1. Number of employees, composition by profession, and educational level

Incumbent staff of parent company at the end of the Reporting Period (person)	18
Incumbent staff of major subsidiary at the end of the Reporting Period (person)	8,097
Total incumbent staff at the end of the Reporting Period (person)	9,526
Total staff receiving remunerations in current period (person)	14,496
Number of retirees whose expenses shall be borne by the parent company and major subsidiaries (person)	0
Composition by profession	
Category of profession	Number of persons by profession
Production staff	7,909
Sales people	119
Technician	533
Financial staff	110
Administrative staff	855
Total	9,526
Educational level	
Category of educational level	Number (person)
Doctor's degree and above	34
Master's degree	247
Bachelor's degree	1,089
Junior college	2,183
Technical secondary school and below	5,973
Total	9,526

#### 2. Remuneration policy

During the Reporting Period, the Company observed the principles of distribution based on labor, efficiency priority combining fairness and sustainable development, and on this basis, the Company made detailed policies in respect of staff's remuneration, fringe

benefit, performance evaluation and other aspects. The Company built a new salary architecture featuring a wide range and “hierarchical ladder,” and implemented the two-level salary distribution mechanism. At the same time, the Company has linked the salary and bonus to the working time at the Company, output, cost, fixed staff of every position, equipment maintenance and other factors, and established a reasonable evaluation mechanism. The Company has taken multifaceted measures, including diversification of internal remuneration structure, to motivate employees and attract high-quality human resources. These measures have helped the Company improve the overall performance, realized a sustainable development of the Company and made the Company more competitive in the market. The Company has actively explored and continuously deepened the income distribution system. In future, the Company will make a moderate adjustment to the remuneration system based on its performance, market situation and industry trend.

### 3. Training plan

In 2024, the Company kept taking in excellent talents, actively strengthened internal personnel training, established a sound training system and enhanced the professional development ability of employees. The Company has recorded a total of 9,036 training events, including 8,905 internal training session and 131 external training sessions, and recorded a total of about 210,000 class hours. These trainings have benefited a total of about 210,000 people. These trainings cover new employee training, job skill training, risk management training, quality and safety management training, food safety training, product knowledge training, anti-fraud training, general management training, certification training, safety training and reserve talent training.

### 4. Labor outsourcing

☐Applicable ☒Not applicable

## X. Profit Distribution and Conversion of Capital Reserve into Share Capital

Formulation, execution or adjustments of profit distribution policy, especially cash dividend policy, during the Reporting Period

☒Applicable ☐Not applicable

(I) According to the *Articles of Association*, the Company’s profit distribution policy is as follows:

1.The Company’s profit distribution policy shall focus on the reasonable investment return to investors, take into account the sustainable development of the Company, reflect the strong awareness of rewarding shareholders, and maintain continuity and stability.

2.Form of profit distribution, proportion of cash dividends: The Company pays dividends in cash or by shares in a positive manner. In particular, the cash dividend policy target is low normal dividend plus extra dividend. Where the Company’s audited net profit is positive with no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company’s revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company’s share capital, it may plan for dividend distribution by stock while satisfying the above requirement for cash dividend distribution.

3.Interval for profit distribution: subject to the satisfaction of the cash dividend conditions stipulated in paragraph 4 below, the Company shall, in principle, pay cash dividends once a year, and the Board of Directors of the Company may propose interim cash dividends based on the profit status and capital demands of the Company. The Board of Directors of the Company shall, taking into account the characteristics of the industry in which it operates, its development stage, its own business model, its profitability level, and any plan of its significant capital expenditure, distinguish the following circumstances and propose a differentiated cash dividend policy in accordance with the procedures set forth in the *Articles of Association* of the Company:

(1) If the Company is in a maturity stage and has no plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 80%;

(2) If the Company is in a maturity stage and has any plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 40%;

(3) If the Company is in a growth stage and has any plan of significant expenditure, the proportion of cash dividends in the overall profit distribution shall account for at least 20%;

(4) If it is difficult to distinguish the development stage of the Company and there are major capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding item III.

4.Conditions for distributing cash dividends

(1) The remaining distributable profit of the Company is positive after the profit achieved in the current year is used for making up for the losses of previous years and making provision for surplus reserves.

(2) The auditor of the Company issues a standard unqualified audit report on the financial statements of the Company in the current year.

(3) The Company has no significant investment plans or significant cash expenditure.

Significant investment plan or significant cash expenditure means that the accumulative expenditure of the Company for the proposed external investment, assets acquisition or equipment purchase within the next twelve months reaches or exceeds 30% of the Company’s latest audited net assets and exceeds RMB300 million.

5.Conditions for distributing stock dividends: where the Company is well-run, with rapid growth of operating revenue and net profit, and the Board of Directors believes that the Company is in the growth stage, the level of the Company’s net assets is high and the stock price does not match the size of the share capital, it may propose a Plan for stock dividend distribution, subject to the consideration and approval at the general meeting of shareholders of the Company. Stock dividend may be distributed separately or in conjunction with cash dividend.

6. The Company can refrain from distributing profits when any of the following circumstances exist:

(1) The most recent year's audit report was unqualified or unqualified with a paragraph on material uncertainties related to going concern;

(2) Data from the most recent financial statements showed a gearing ratio of more than 70%;

(3) Net cash flows from operating activities for the period were negative;

(4) Other cases in which profit distribution is not appropriate.

(II) During the Reporting Period, the implementation of the 2023 annual equity distribution by the Company was in compliance with the relevant provisions of the *Articles of Association*, with due consideration given to the reasonable demands of the investors and the legitimate rights and interests of minority investors protected. On April 24, 2024, the Company convened the Twenty-third Meeting of the Fifth Board of Directors to consider and approve the *Proposal for the Profit Distribution Plan for 2023*, which was implemented after being considered and approved by the 2023 Annual General Meeting convened on May 16, 2024 by the Company. For details, please refer to the *Announcement on the Profit Distribution Plan for 2023* (Announcement No. 2024-069) and the *Announcement on the Implementation of Equity Distribution for 2023* (Announcement No. 2024-119) published by the Company in the designated information disclosure media.

Special explanation on cash dividend distribution policy	
Whether or not the policy is in compliance with the provisions of the Articles of Association or requirements of the resolutions of the general meeting of shareholders of the Company:	Yes
Whether or not the standard and proportion of dividends are clear and defined:	Yes
Whether or not the relevant decision-making process and mechanism are complete:	Yes
Whether or not the Independent Directors fully perform their duties and play their roles:	Yes
In case of not conducting cash dividend distribution, the Company shall disclose the specific reasons and the next steps to be adopted to enhance investor return level:	Not applicable
Whether or not minority shareholders have the opportunity to voice their opinions and demands, and whether or not their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or amended, whether or not the conditions and procedures are compliant and transparent:	Not applicable

The Company made a profit during the Reporting Period and the profit distributable to the shareholders of the parent Company was positive, but it did not put forward a plan for cash dividend distribution to shareholders

☐Applicable ☒Not applicable

Profit distribution and conversion of capital reserve to share capital during the Reporting Period

Applicable ☒Not applicable

There will be no cash dividends, no bonus shares, and no conversion of capital with provident fund for the year.

## XI. Implementation of any Equity Incentive Plan, Employee Stock Ownership Scheme or Other Incentive Measures for Employees

☒Applicable ☐Not applicable

### 1. Equity Incentive

As of the end of the Reporting Period, the Company had two equity incentive plans in effect, as described below:

(I) 2022 Share Option and Restricted Share Incentive Plan

1. On January 24, 2022, the 41st meeting of the Fourth Board of Directors of the Company considered and approved the *Proposal on the 2022 Stock Option and Restricted Share Incentive Plan (Draft) and its Summary*, the *Proposal on the Formulation of the Measures for the Administration of the Implementation and Evaluation of the 2022 Stock Option and Restricted Share Incentive Plan*, and the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to Equity Incentives*. The independent directors expressed a concurring independent opinion with respect to the Incentive Plan and solicited proxy votes from all shareholders with respect to the Incentive Plan.

On January 24, 2022, the 35th meeting of the Fourth Supervisory Committee of the Company considered and approved the *Proposal on the 2022 Stock Option and Restricted Share Incentive Plan (Draft) and its Summary*, the *Proposal on the Formulation of the Measures for the Administration of the Implementation and Evaluation of the 2022 Stock Option and Restricted Share Incentive Plan*, and the *Proposal on Verifying the List of Incentive Recipients of the Company's 2022 Stock Option and Restricted Share Incentive Plan*.

For details, please refer to the *Announcement on Resolutions of the Forty-first Meeting of the Fourth Board of Directors* (Announcement No. 2022-012), the *Announcement on Resolutions of the Thirty-fifth Meeting of the Fourth Supervisory Committee* (Announcement No. 2022-018), and the *Announcement on the 2022 Share Option and Restricted Share Incentive Plan (Draft) (Corrected) of the Company* published by the Company on January 25, 2022 in the designated information disclosure media, including *Securities Times*, *China Securities Journal*, *Securities Daily*, *Shanghai Securities News* and [www.cninfo.com.cn](http://www.cninfo.com.cn).

The Company published the names and titles of the incentive recipients under the Incentive Plan from January 26, 2022 to February 6, 2022 on its intranet OA system. The Supervisory Committee of the Company did not receive any objections from any organization or individual during the public announcement period. For details, please refer to the Supervisory Committee's *Verification Opinion on the*

*List of Incentive Recipients under the 2022 Stock Option and Restricted Share Incentive Plan and Explanation of Public Announcement* (Announcement No. 2022-022), which was disclosed in the designated media for information disclosure on February 7, 2022.

On February 14, 2022, the second extraordinary general meeting of the Company for 2022 considered and approved the *Proposal on the 2022 Stock Option and Restricted Share Incentive Plan (Draft) and its Summary*, the *Proposal on the Formulation of the Measures for the Administration of the Implementation and Evaluation of the 2022 Stock Option and Restricted Share Incentive Plan*, and the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to Equity Incentives*. The Company's implementation of the 2022 Stock Option and Restricted Share Incentive Plan was approved, and the Board of Directors was authorized to set the grant date, to grant stock options and restricted shares to incentive recipients when they become eligible, and to handle all matters necessary for the grant. For details, please refer to the *Announcement on the Resolutions of the Second Extraordinary General Meeting of 2022* (Announcement No. 2022-026) disclosed by the Company on February 15, 2022 in the designated information disclosure media.

The Company conducted a self-inspection on the trading of the Company's shares by the persons who have knowledge of the insider information of the Incentive Plan and the incentive recipients during the six months (i.e., from July 23, 2021 to January 24, 2022) prior to the public disclosure of the draft Incentive Plan (Draft). For details, please refer to the *Self-Investigation Report on the Trading of the Company's Shares by Incentive Recipients and Informants with Insider Information under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-027) disclosed by the Company in the designated information disclosure media on February 15, 2022.

2. On March 7, 2022, the Company held the 43rd Meeting of the Fourth Board of Directors and the 37th Meeting of the Fourth Supervisory Committee, which considered and approved the *Proposal to Adjust the List of Stock Option Incentive Recipients and the Number of Equity Granted under the 2022 Stock Option and Restricted Share Incentive Plan* and the *Proposal to Grant Stock Options to Incentive Recipients under the 2022 Stock Option and Restricted Share Incentive Plan*. The independent directors of the Company expressed an independent opinion of "Agree." The Supervisory Committee of the Company reviewed the list of incentive recipients on the date of grant of stock options and issued a verification opinion. For details, please refer to the *Announcement on Adjustment of the List of Stock Option Incentive Recipients and the Number of Equity Granted under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-034), the *Announcement on Grant of Stock Options to Incentive Recipients under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-035) and the *Verification Opinion of the Supervisory Committee on the List of Incentive Recipients on the Date of Grant of Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-037) disclosed by the Company in the designated information disclosure media on March 8, 2022.

On March 14, 2022, the Company completed the registration of stock option grants under the 2022 Stock Option and Restricted Share Incentive Plan, granting 1,595,437 stock options to 877 incentive recipients. For details, please refer to the *Announcement on Completion of Registration of Stock Option Grants under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-040) disclosed by the Company on March 15, 2022 in the designated information disclosure media.

3. Pursuant to the authorization of the Board of Directors by the General Meeting in the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to the Equity Incentive*, which was considered and approved by the Second Extraordinary General Meeting of 2022, on May 9, 2022, at the 49th meeting of the 4th Board of Directors and the 42nd meeting of the 4th Supervisory Committee of the Company, the *Proposal on the Adjustment of Matters Relating to Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan* and the *Proposal on the Granting of Restricted Shares to Incentive Recipients under the 2022 Stock Option and Restricted Share Incentive Plan* were considered and approved. The independent directors of the Company expressed an independent opinion of "Agree." The Supervisory Committee of the Company reviewed the list of incentive recipients on the date of grant of restricted shares and issued a verification opinion. For details, please refer to the *Announcement Regarding Adjustment of Matters Related to Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-085), the *Announcement on Grant of Restricted Shares to Incentive Recipients under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-086), and the *Verification Opinion of the Supervisory Committee on the List of Incentive Recipients on the Date of Grant of Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-087) disclosed by the Company on May 10, 2022 in the designated information disclosure media.

On May 23, 2022, the Company completed the registration of restricted share grants under the 2022 Stock Option and Restricted Share Incentive Plan, granting 1,595,437 restricted shares to 826 incentive recipients. For details, please refer to the *Announcement on Completion of Registration of Restricted Share Grants under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2022-098) disclosed by the Company on May 24, 2022 in the designated information disclosure media.

4. On June 25, 2023, pursuant to the authorization of the second extraordinary meeting of 2022, the seventh meeting of the Fifth Board of Directors and the seventh meeting of the Fifth Supervisory Committee of the Company considered and approved the *Proposal on the Compliance with the Exercise Conditions of the First Exercise Period of the Company's 2022 Stock Option and Restricted Share Incentive Plan for Stock Options*, and the *Proposal to Adjust the Exercise Prices of Stock Options and Cancel Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan*, approving to cancel 123,477 stock options granted but not yet authorized for exercise for 90 persons. The independent directors of the Company expressed an independent opinion of "Agree." For details, please refer to the *Announcement on Adjustment of Stock Option Exercise Prices and Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2023-102), and the *Announcement Regarding Compliance with Exercise Conditions for the First Exercise Period of Stock Options under the Company's 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2023-103) disclosed by the Company on June 26, 2023 in the designated information disclosure media.

On July 3, 2023, the Company's cancellation of certain stock options was completed upon the examination and confirmation by CSDC Shenzhen Branch, and the total number of stock options cancelled this time was 123,477 units. For details, please refer to the *Announcement on the Completion of Cancellation of Certain Stock Options under the Company's 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2023-116) disclosed by the Company on July 4, 2023 in the designated information disclosure media.

5. On June 25, 2023, the seventh meeting of the Fifth Board of Directors and the seventh meeting of the Fifth Supervisory Committee of the Company considered and approved the *Proposal on the Repurchase and Cancellation of Certain Restricted Shares under the 2022*

*Stock Option and Restricted Share Incentive Plan* and the *Proposal Regarding the First Unlocking Period of Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan Meeting the Conditions for Unlocking*. The conditions for unlocking the restricted shares during the first unlocking period of the Company's 2022 Stock Option and Restricted Share Incentive Plan were satisfied. It was approved to unlock 598,537 restricted shares held by 765 incentive recipients; and the Company was approved to repurchase and cancel 88,630 restricted shares held by 68 incentive recipients in aggregate. The independent directors of the Company expressed an independent opinion of "Agree." For details, please refer to the *Announcement on Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2023-104) and the *Announcement Regarding the First Unlocking Period of Restricted Shares under the Company's 2022 Stock Option and Restricted Stock Incentive Plan Meeting the Conditions for Unlocking* (Announcement No. 2023-105) disclosed by the Company on June 26, 2023 in the designated information disclosure media. The aforesaid repurchase and cancellation was considered and approved by the second extraordinary general meeting of the Company for 2023.

On June 30, 2023, the Company disclosed the *Suggestive Announcement on the Listing and Circulation of Shares in the First Unlocking Period of Restricted Shares under the Company's 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2023-114) in the designated information disclosure media. The 598,537 restricted shares unlocked during the first unlocking period of the Incentive Plan were listed on July 3, 2023.

On July 20, 2023, the Company disclosed the *Announcement on the Completion of the Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2023-123) in the designated information disclosure media. The Company completed the procedures for the repurchase and cancellation of 88,630 restricted shares at the CSDC Shenzhen Branch.

6. On March 18, 2024, the twenty-first meeting of the Fifth Board of Directors and the seventeenth meeting of the Fifth Supervisory Committee of the Company considered and approved the *Proposal on Cancellation of Part of the Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan*, approving the Company to cancel 584,593 stock options granted to 794 incentive recipients but not exercised as of the expiration of the first exercise period. For details, please refer to the *Announcement on Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2024-047) disclosed by the Company on March 19, 2024 in the designated information disclosure media.

On March 26, 2024, the Company disclosed the *Announcement on the Completion of Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2024-050) in the designated information disclosure media. The Company completed the procedures for the cancellation of 584,593 stock options at CSDC Shenzhen Branch.

7. On June 6, 2024, the twenty-sixth meeting of the Fifth Board of Directors and the twenty-second meeting of the Fifth Supervisory Committee of the Company considered and approved the *Proposal on the Repurchase and Cancellation of Certain Restricted Shares and Adjustment of Repurchase Prices under the 2022 Stock Option and Restricted Share Incentive Plan* and the *Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan*. It was approved to repurchase and cancel an aggregate of 166,541 restricted shares held by 100 incentive recipients who have separated or demoted, and to cancel an aggregate of 152,320 stock options held by 103 incentive recipients who have separated or demoted. As the performance assessment requirements at the corporate level for the second unlocking period/exercise period of the Company's 2022 Stock Option and Restricted Share Incentive Plan were not met, it was agreed to repurchase and cancel an aggregate of 365,858 restricted shares held by 665 incentive recipients, and to cancel an aggregate of 362,513 stock options that had been granted to 691 incentive recipients but had not yet been exercised. Meanwhile, in view of the Company's 2022 annual equity distribution, 2023 semi-annual equity distribution and 2023 annual equity distribution, the repurchase price of the Company's restricted shares was adjusted accordingly in accordance with the relevant regulations and the Company's 2022 Stock Option and Restricted Share Incentive Plan. For details, please refer to the *Announcement on Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2024-127) and *Announcement on the Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan and Adjustment of the Repurchase Price* (Announcement No. 2024-128) disclosed by the Company on June 7, 2024 in the designated information disclosure media. The restricted share repurchase and cancellation was considered and approved by the fifth extraordinary general meeting of the Company for 2024.

On June 18, 2024, the Company disclosed the *Announcement on the Completion of Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2024-133) in the designated information disclosure media. The Company completed the procedures for the cancellation of 514,833 stock options at CSDC Shenzhen Branch.

On September 10, 2024, the Company disclosed the *Announcement on the Completion of the Repurchase and Cancellation of Certain Restricted Shares* (Announcement No. 2024-202) in the designated information disclosure media. The Company completed the procedures for the repurchase and cancellation of 532,399 restricted shares at the CSDC Shenzhen Branch.

8. On December 13, 2024, at the 34th meeting of the Fifth Board of Directors and the 28th meeting of the Fifth Supervisory Committee of the Company, the *Proposal on the Repurchase and Cancellation of Certain Restricted Shares* and the *Proposal on the Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* were considered and approved. It was approved to repurchase and cancel an aggregate of 18,638 restricted shares held by 37 departed incentive recipients, and to cancel an aggregate of 18,638 stock options granted but not yet authorized for exercise. For details, please refer to the *Announcement on Repurchase and Cancellation of Certain Restricted Shares* (Announcement No. 2024-243) and the *Announcement on Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Stock Incentive Plan* (Announcement No. 2024-244) disclosed by the Company on December 14, 2024 in the designated information disclosure media. The restricted share repurchase and cancellation was considered and approved by the tenth extraordinary general meeting of the Company for 2024.

On January 10, 2025, the Company disclosed the *Announcement on the Completion of the Cancellation of Certain Stock Options under the 2022 Stock Option and Restricted Share Incentive Plan* (Announcement No. 2025-009) in the designated information disclosure media. The Company completed the procedures for the cancellation of 18,638 stock options at CSDC Shenzhen Branch.

On March 22, 2025, the Company disclosed the *Announcement on the Completion of Repurchase and Cancellation of Certain Restricted Shares* (Announcement No. 2025-037) in the designated information disclosure media. The Company completed the procedures for the repurchase and cancellation of 18,638 restricted shares at CSDC Shenzhen Branch.

(II) 2024 restricted share incentive plan

1. On February 2, 2024, the 19th meeting of the Fifth Board of Directors of the Company considered and approved the *Proposal on the 2024 Restricted Share Incentive Plan (Draft) and its Summary*, the *Proposal on the Formulation of the Measures for the Administration of the Implementation and Evaluation of the 2024 Restricted Share Incentive Plan*, and the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to Equity Incentives*. The relevant proposals were considered and approved by the Remuneration and Appraisal Committee of the Board of Directors of the Company and the Special Meeting of Independent Directors.

On February 2, 2024, the 15th meeting of the Fifth Supervisory Committee of the Company considered and approved the *Proposal on the 2024 Restricted Share Incentive Plan (Draft) and Its Summary*, the *Proposal on the Formulation of the Measures for the Administration of the Implementation and Evaluation of the 2024 Restricted Share Incentive Plan*, and the *Proposal on Verifying the List of Incentive Recipients of the Company's 2024 Restricted Share Incentive Plan*. The Supervisory Committee of the Company verified and issued a verification opinion on matters relating to the Incentive Plan.

For details, please refer to the *Announcement on Resolutions of the 19th Meeting of the Fifth Board of Directors* (Announcement No. 2024-019), the *Announcement on Resolutions of the 15th Meeting of the Fifth Supervisory Committee* (Announcement No. 2024-024), and the *Announcement on the 2024 Restricted Share Incentive Plan of Yunnan Energy New Material Co., Ltd (Draft)* published by the Company on February 3, 2024 in the designated information disclosure media.

From February 6, 2024 to February 16, 2024, the names and positions of certain incentive recipients of the initial grant under the Restricted Share Incentive Plan were posted on the Company's bulletin board. During the public announcement period, the Supervisory Committee did not receive any objections to the list of incentive recipients under the Restricted Share Incentive Plan. On February 20, 2024, the Company disclosed in the designated information disclosure media the *Verification Opinion of the Supervisory Committee on the List of Incentive Recipients of the 2024 Restricted Share Incentive Plan and Explanation of Public Announcement* (Announcement No. 2024-034). On February 27, 2024, the Company disclosed the *Self-Investigation Report on the Trading of the Company's Shares by Incentive Recipients and Informants with Insider Information under the Restricted Share Incentive Plan* (Announcement No. 2024-037).

On February 26, 2024, the first extraordinary general meeting of the Company for 2024 considered and approved the *Proposal on the 2024 Restricted Share Incentive Plan (Draft) and Its Summary*, the *Proposal on the Formulation of the Measures for the Administration of the Implementation and Evaluation of the 2024 Restricted Share Incentive Plan*, and the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to Equity Incentives*. For details, please refer to the *Announcement on the Resolutions of the First Extraordinary General Meeting for 2024* (Announcement No. 2024-038) disclosed by the Company on February 27, 2024 in the designated information disclosure media.

2. Pursuant to the authorization of the Board of Directors by the General Meeting in the *Proposal on Requesting the General Meeting to Authorize the Board of Directors to Handle Matters Relating to the Equity Incentive*, which was considered and approved by the First Extraordinary General Meeting of 2024, on May 16, 2024, at the 24th meeting of the 5th Board of Directors and the 20th meeting of the 5th Supervisory Committee of the Company, the *Proposal on the Adjustment of Matters Relating to Restricted Shares under the 2024 Restricted Share Incentive Plan* and the *Proposal on the Granting of Restricted Shares to Incentive Recipients under the 2024 Restricted Share Incentive Plan* were considered and approved. The Supervisory Committee of the Company verified the foregoing, reviewed the list of incentive recipients on the first grant date and expressed its verification opinion. Grandall Law Firm issued a legal opinion. For details, please refer to the *Announcement Regarding Adjustment of Matters Related to Restricted Shares under the 2024 Restricted Share Incentive Plan* (Announcement No. 2024-105), the *Announcement on Grant of Restricted Shares to Incentive Recipients under the 2024 Restricted Share Incentive Plan* (Announcement No. 2024-106), and the *Verification Opinion of the Supervisory Committee on the List of Incentive Recipients on the Date of Grant of Restricted Shares under the 2024 Restricted Share Incentive Plan* (Announcement No. 2024-109) disclosed by the Company on May 17, 2024 in the designated information disclosure media.

On May 22, 2024, the Company completed the registration of the initial grant of restricted shares under the 2024 Restricted Share Incentive Plan, granting 5,034,316 restricted shares to 140 incentive recipients. For details, please refer to the *Announcement on Completion of Registration of the First Grant under the 2024 Restricted Share Incentive Plan* (Announcement No. 2024-113) disclosed by the Company on May 23, 2024 in the designated information disclosure media.

3. On June 21, 2024, at the twenty-eighth meeting of the Fifth Board of Directors and the twenty-fourth meeting of the Fifth Supervisory Committee, the *Proposal on the Repurchase and Cancellation of Certain Restricted Shares under the 2024 Restricted Stock Incentive Plan and Adjustment of the Repurchase Price* was considered and adopted, approving to repurchase and cancel the 40,700 restricted shares held by the two separated incentive recipients. Meanwhile, in view of the Company's 2023 annual equity distribution, the repurchase price of the Company's restricted shares was adjusted accordingly in accordance with relevant regulations and the Company's 2022 Stock Option and Restricted Share Incentive Plan. For details, please refer to the *Announcement on Repurchase and Cancellation of Certain Restricted Shares under the 2024 Restricted Share Incentive Plan and Adjustment of Repurchase Price* (Announcement No. 2024-143) disclosed by the Company on June 22, 2024 in the designated information disclosure media. The matter was approved by the seventh extraordinary general meeting of the Company in 2024.

On September 10, 2024, the Company disclosed the *Announcement on the Completion of the Repurchase and Cancellation of Certain Restricted Shares* (Announcement No. 2024-202) in the designated information disclosure media. The Company completed the procedures for the repurchase and cancellation of 40,700 restricted shares at the CSDC Shenzhen Branch.

4. On December 13, 2024, the *Proposal on the Repurchase and Cancellation of Certain Restricted Shares* was considered and approved at the thirty-fourth meeting of the Fifth Board of Directors and the twenty-eighth meeting of the Fifth Supervisory Committee of the Company. It was agreed that a total of 45,600 restricted shares held by nine departed incentive recipients would be repurchased and cancelled. For details, please refer to the *Announcement on Repurchase and Cancellation of Certain Restricted Shares* (Announcement

No. 2024-243) disclosed by the Company on December 14, 2024 in the designated information disclosure media. The matter was approved by the tenth extraordinary general meeting of the Company in 2024.

On March 22, 2025, the Company disclosed the *Announcement on the Completion of Repurchase and Cancellation of Certain Restricted Shares* (Announcement No. 2025-037) in the designated information disclosure media. The Company completed the procedures for the repurchase and cancellation of 45,600 restricted shares at CSDC Shenzhen Branch.

Equity incentives granted to the Company's Directors and senior management

☒Applicable ☐Not applicable

Unit: share

Name	Post	The number of stock options held at the beginning of the year	The number of newly granted stock options during the Reporting Period	The number of exercisable options during the Reporting Period	The number of exercised options during the Reporting Period	The exercise price of the number of options exercised during the Reporting Period (RMB per share)	The number of stock options held at the end of the period	The market price at the end of the Reporting Period (RMB per share)	The number of restricted shares held at the beginning of the period	The number of unlocked shares during the current period	The number of newly granted restricted shares during the Reporting Period	The grant price of restricted shares (RMB per share)	The number of restricted shares held at the end of the period
Ma Weihua	Director		0	0	0		0		0	0	30,000	24.59	30,000
Yu Xue	Board Secretary	40,000	0	16,000	0		12,000		24,000	0	60,000	24.59	72,000
Li Jian	CFO	0	0	0	0		0		0	0	60,000	24.59	60,000
Total	--	40,000	0	16,000	0	--	12,000	--	24,000	0	150,000	--	162,000
Remarks (if any)	As the assessment requirements at the corporate level during the second unlocking period of the Company's 2022 Stock Option and Restricted Share Incentive Plan were not met, 12,000 restricted shares held by Yu Xue were repurchased and canceled during the Reporting Period. During the Reporting Period, the Company implemented the 2024 Restricted Stock Plan with a grant price of RMB24.59 per share. In view of the Company's completion of the 2023 annual equity distribution on June 3, 2024, in accordance with the Administrative Measures for Equity Incentives of Listed Companies and the relevant provisions of the Company's 2024 Restricted Share Incentive Plan, the relevant grant price was adjusted to RMB23.0474 per share accordingly as at the end of the Reporting Period.												

## Evaluation mechanism and incentive of senior management

The Company has established a complete performance evaluation system, and the income of senior management is linked to the overall operating performance. During the Reporting Period, the Board of Directors of the Company evaluated the work performance of senior management according to the annual operating performance of the Company, the job responsibilities of senior management and the completion of annual work objectives, and prepared incentive compensation plans for senior management according to the evaluation results. Such plans were submitted for review in accordance with regulations. The Company encouraged senior management with the equity incentive plan. The Company formulated implementation check-up management measures for all of the Company's equity incentive plans. The Company's check-up indicators are related to the Company's medium and long-term development strategies and annual business objectives. According to the relevant check-up methods, the Company conducted individual level performance assessment on the incentive recipients according to the key work performance, work ability, work attitude and other indicators, and finally determined the number of restricted shares or options that shall be unlocked by the incentive recipients based on the Company level and individual level assessment results.

## 2. Implementation of Employee Stock Ownership Plan

☐Applicable ☒Not applicable

## 3. Other Employee Incentives

☐Applicable ☒Not applicable

## XII. Internal Control System Construction and Implementation during the Reporting Period

### 1. Internal control construction and implementation

During the Reporting Period, the Company, in accordance with the *Basic Norms for the Internal Control of Enterprises* and related guidelines, updated and perfected its internal control system in due time, and established an internal control system featuring scientific design, simplicity, applicability, and effective running. The Audit Committee of the Board of Directors and internal audit department jointly formed the Company's risk management and internal control organization system to supervise and evaluate the internal control management of the Company. Through the operation, analysis and evaluation of the internal control system, the Company effectively prevented risks in operational management and promoted the fulfillment of internal control objectives.

### 2. Details on material weakness in the Company's internal control during the Reporting Period

☐Yes ☒No

## XIII. The Company's Management and Control of Subsidiaries during the Reporting Period

The Company will continue to exercise management and supervision over the standardized operations, information disclosure, financial matters, and business operations of its subsidiaries in accordance with relevant laws, regulations, and institutional requirements such as the *Company Law* and the *Articles of Association*. This includes timely monitoring of significant events such as the financial status of subsidiaries to ensure lawful and compliant operations, asset security, the authenticity and completeness of financial reports and related information, thereby further enhancing the subsidiaries' operational management and risk management capabilities.

## XIV. Internal Control Assessment Report or Internal Control Audit Report

### 1. Assessment report on internal control

Disclosure date of the assessment report on internal control	April 23, 2025	
Disclosure index of the assessment report on internal control	2024 Assessment Report on Internal Control disclosed at www.cninfo.com.cn on April 23, 2025	
Ratio of total assets of the unit included in the assessment scope to the total assets on the Company’s consolidated financial statements	100.00%	
Ratio of operating revenue of the unit included in the assessment scope to the operating revenue on the Company’s consolidated financial statements	100.00%	
Defect identification criteria		
Type	Financial report	Non-financial report
Qualitative criteria	General defects: There is little possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Material defects: There is some possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Major defects: There is the possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives.	General defects: There is little possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Material defects: There is some possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives. Major defects: There is the possibility that a failure to take any action will result in potential misstatement, economic loss or unachieved business objectives.
Quantitative criteria	General defects: < 0.25% of Total Assets, < 0.5% of Operating revenue; material defects: ≥ 0.25% of Total Assets and < 1% of Total Assets, ≥ 0.5% of Operating revenue and < 1.5% of Operating revenue; major defects: ≥ 1% of Total Assets, ≥ 1.5% of Operating revenue.	General defects: < 0.25% of Total Assets, < 0.5% of Operating revenue; material defects: ≥ 0.25% of Total Assets and <1% of Total Assets, ≥ 0.5% of Operating revenue and < 1.5% of Operating revenue; major defects: ≥ 1% of Total Assets, ≥ 1.5% of Operating revenue.
Number of major defects in the financial report	0	
Number of major defects in the non-financial report	0	
Number of material defects in the financial report	0	
Number of material defects in the non-financial report	0	

## 2. Audit report on internal control

☒Applicable ☐Not applicable

Audit opinion in the audit report on internal control	
In our opinion, Energy Technology maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, in accordance with the <i>Basic Norms for the Internal Control of Enterprises</i> and related provisions.	
Disclosure of the audit report on internal control	Disclosed
Disclosure date of the full audit report on internal control	April 23, 2025
Disclosure index of the audit report on internal control	The <i>Audit Report on Internal Control of Yunnan Energy New Material Co., Ltd.</i> (Rong Cheng Shen Zi [2025] No. 100Z2647) disclosed by the Company at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on April 23, 2025
Type of opinion in the audit report on internal control	Unqualified opinion
Whether there was any major defect in the non-financial report	No

Whether the accounting firm issued a qualified audit report on internal control or not

☐Yes ☒No

Whether the audit report on internal control issued by the accounting firm is consistent with the self-assessment report from the Board of Directors or not

☒Yes ☐No

## XV. Rectification of Problems Found in Self-Inspection of the Special Operation on Improving Corporate Governance of Listed Companies

Not applicable

## Section 5 Environment and Social Responsibility

### I. Major Environmental Protection Issues

Whether the listed company and its subsidiaries fell into major pollutant-discharge units published by the environmental protection authorities

☒Yes ☐No

Environmental protection related policies and industry standards

The Company strictly abided by the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Decision of the State Council on Strengthening Energy Conservation* (Guo Fa [2006] No. 28) and other national and local laws and regulations in its daily production and operation. The Group discharges waste gas, waste water and solid waste in accordance with the *Integrated Emission Standard of Air Pollutants* (GB 16297-1996), the *Discharge Standard of Pollutants for Synthetic Resin Industry* (GB31572-2015), the *Integrated Sewage Discharge Standard* (GB 8978-1996) and the *National Catalog of Hazardous Wastes (2021 Edition)*.

Environmental protection administrative permits

The Company and its subsidiaries have completed the *Pollutant Discharge Permit* and other relevant environmental protection qualification procedures in accordance with the relevant laws and regulations.

Industry emission standards and specific conditions of pollutant emission involved in production and operation activities

Name of Company or Subsidiary	Category of the Major Pollutants and Specific Pollutants	Name of the Major Pollutants and Specific Pollutants	Discharge Method	Number of Discharge Outlet	Distribution of Discharge Outlets	Concentration/Intensity of the Discharge	Pollutant Discharge Standards Implemented	Total Discharge (t/a)	Total Discharge Approved (t/a)	Excess Discharge
Suzhou GreenPower	Exhaust gas	Non-methane total hydrocarbon	Organized emission	12	Factory area	0.95mg/m <sup>3</sup>	<i>Discharge Standard of Pollutants for Synthetic Resin Industry</i> (GB31572-2015)	0.742	14.408	Nil
		Particulate matter		7		2.2mg/m <sup>3</sup>	<i>Emission Standard of Air Pollutants for Boilers</i>	1.022	2.9199	
		Sulfur dioxide		7		3mg/m <sup>3</sup>	(GB 32/4385-2022)	2.316	3.9009	
		Nitrogen oxide		7		25mg/m <sup>3</sup>		7.137	8.0227	
		Carrene		5		3mg/m <sup>3</sup>	<i>Integrated Emission Standard of Air Pollutants</i> (DB 32/4041-2021)	3.084	15.242	
Shanghai Energy	Solid waste	Waste paraffin oil	Handled by	/	Hazardous	/	National Catalog of	29.51	100	Nil

		Waste oil	qualified disposal units		waste warehouse		Hazardous Wastes (2021 Edition)	5.63	9.7	
		Waste oil film						0.11	25	
		Waste activated carbon						7.16	40.0	
		Waste packaging materials, adsorption medium						7.91	10	
		Waste clay						215.25	290.0	
		Waste adhesive bucket						0.00	2	
		Laboratory waste						7.53	15	
Chongqing Energy	Solid waste	Waste clay	Handled by qualified disposal units	/	Hazardous waste warehouse	/	National Catalog of Hazardous Wastes (2021 Edition)	638.32	1142.36	Nil
		Waste white oil						22.92	5162.1	
		Waste motor oil						2.765	4.5	
		Waste activated carbon						27.93	86.34	
		Waste filter screen						2.3	3	
Jiangxi Tonry	Waste water	Ammonia nitrogen	Organized emission	1	Factory area	4.80mg/L	<i>Discharge Standard of Pollutants for Synthetic Resin Industry</i> (GB31572-2015)	0.2145	0.58	Nil
		Chemical oxygen demand (COD)				37mg/L	<i>Integrated Sewage Discharge Standard</i> (GB 8978-1996)	1.6531	4.44	
	Exhaust gas	Particulate matter	Organized emission	19	Factory area	7mg/m <sup>3</sup>	<i>Emission Standard of Air Pollutants for Boilers</i> (GB 13271-2014)	/	/	Nil
		Sulfur dioxide				1.5mg/m <sup>3</sup>		/	/	
		Nitrogen oxide				35.8mg/m <sup>3</sup>		18.018	89.8	
		TVOC	Organized emission	33	Factory area	6.74mg/m <sup>3</sup>	<i>Emission Standard of Volatile Organic Compounds – Part 4: Plastic Manufacturing Industry</i> (DB 361101.4-2019), <i>Integrated Emission Standard of Air Pollutants</i> (DB 31/933-2015)	32.1046	36.84	Nil
	Solid waste	Waste clay	Handled by	/	Hazardous	/	National Catalog of	893.080	/	Nil

Wuxi Energy		Waste activated carbon	qualified disposal units		waste warehouse		Hazardous Wastes (2021 Edition)	120.5278		
		Waste paraffin oil						110.4318		
		Waste containing paraffin oil (waste residue)						1.6122		
		Waste filter cartridge						0.3396		
	Waste water	Chemical oxygen demand (COD)	Organized emission	2	Factory area	19mg/L	<i>Discharge Standard of Pollutants for Synthetic Resin Industry</i> (GB31572-2015)	2.42	31.2572	Nil
		Petroleum				0.29mg/L	0.0288	0.0892		
		Total phosphorus				0.16mg/L	0.022	0.2652		
	Exhaust gas	Particulate matter	Organized emission	11	Factory area	2.3mg/m <sup>3</sup>	<i>Emission Standard of Air Pollutants for Boilers</i> (DB/324385-2022)	0.0322	2.5372	Nil
		Sulfur dioxide				/	0.0515	3.36		
		Nitrogen oxide				36.9mg/m <sup>3</sup>	3.7637	5.88		
Carrene		16.5mg/m <sup>3</sup>				<i>Integrated Emission Standard of Air Pollutants</i> (DB 32/4041-2021) <sup>12</sup>	2.1052	49.6845		
Non-methane total hydrocarbon		7mg/m <sup>3</sup>				<i>Discharge Standard of Pollutants for Synthetic Resin Industry</i> (GB31572-2015)	0.12344	0.224		
Solid waste		Sludge (containing oil)				Handled by qualified disposal units	/	Hazardous waste warehouse	/	
	Waste clay	590.4	600							
	Waste motor oil	3.9	4							
	Waste filter screen	7.37	10							
	Waste white oil	88.5	90							
	Waste thermal oil	5.3	50							
	Waste containing paraffin oil, waste residue	0.5	10							
	Waste activated carbon (900-039-49)	15.07	35							
	Waste packaging	82.844	140.4							

		bucket								
		Damaged waste packaging bucket						0.6	12.7	
		Waste activated carbon (900-041-49)						3.07	35	

## Disposal of Pollutants

The Company attaches great importance to the conservation of natural resources and strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other laws and regulations on the prevention and control of environmental pollution. We have formulated the *Compilation of Environmental and Hazardous Waste Management Policies*, the *Management Regulations of Solid Waste, Waste Gas, Waste Water and Noise*, the *Responsibility System for Prevention and Control of Environmental Pollution by Solid Waste*, *Prevention and Protection of Pollution to Soil and Underground Water* and other relevant policies. The Safety and Environmental Protection Department of each company conducts internal supervision, management and feedback on the discharge of exhaust gas, wastewater and waste based on the standards set by local environmental protection authorities. Meanwhile, we regularly engage qualified third party inspection units for inspections and accept external inspections from time to time to ensure that our emissions meet the relevant standards.

### 1. Exhaust Gas Emission

The Company strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Regulation of Shanghai City on the Prevention and Control of Atmospheric Pollution*, the *Implementation Scheme for Action Plan of Jiangsu Province on the Prevention and Control of Atmospheric Pollution* and other national and local laws and regulations on exhaust gas emission management, and adheres to standards on emissions. The Company has formulated relevant exhaust gas management policies, including the *Exhaust Gas Emission Management Policy*, the *Exhaust Gas Absorption System Operating Procedures*, etc., and strictly implements them. We require that the exhaust gas absorption facilities and exhaust gas treatment systems of each workshop must operate normally, and we carry out regular repair and maintenance of related equipment and adds relevant equipment as needed in a timely manner.

The exhaust gas generated by the Company mainly comes from workshop exhaust gas and boiler exhaust gas, including VOCs (volatile organic compounds) emissions and nitrogen oxide emissions, among which VOCs mainly come from workshop exhaust gas, and nitrogen oxides mainly come from boiler exhaust gas. The Company continues to invest in waste gas recovery and treatment devices to reduce emissions. The VOCs exhaust gas online monitoring system has also been put into operation in certain factories of Wuxi Energy, Jiangxi Tonry, Yunnan Hongchuang, etc. and will become available in additional areas in the future, so that we will gradually achieve real-time monitoring of emission concentration. Also, Zhuhai Energy installed water spraying and activated carbon adsorption devices for lowering VOCs emission concentration. In addition, each base of the Company has dedicated personnel who are responsible for safety and environmental protection work and regularly conduct on-site supervision and inspection to ensure the normal running of the environmental protection facilities. In accordance with the requirements of relevant national laws and regulations, the Company has also engaged qualified third parties to conduct regular and ongoing monitoring of various indicators of exhaust emissions.

### 2. Waste Water Discharge

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Integrated Sewage Discharge Standards (Shanghai Landmarks)*, the *Work Plan of Jiangsu Province on the Prevention and Control of Water Pollution* and other national and local laws and regulations on wastewater discharge management, and adheres to standards on emissions. Wastewater discharged by the Company includes domestic sewage and wastewater from other production activities. Production wastewater is treated by sewage treatment facilities in compliance with the relevant regulations based on the production practices in each region where we operate, and then reused or discharged into the municipal sewage pipe network. For domestic sewage, the Company engages qualified third parties for regular monitoring. Take Shanghai Energy as an example. Shanghai Energy has a sewage treatment station, and the wastewater is discharged to the municipal pipe network after primary precipitation, secondary precipitation, anaerobism and oxygen consumption and filtration treatment. We conduct strict and effective internal monitoring on the compliance of wastewater discharge to make sure it has no impact on the surrounding surface water by setting up relevant personnel to manually carry out inspections on a daily basis, and engaging a third party to check and issue reports on a monthly basis.

### 3. Waste Discharge

During the production and research and development process, the Company generates certain types and a small number of hazardous wastes and non-hazardous wastes. We classify and collect such waste before storing and treating them in separate areas as required by the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, and the *National Catalog of Hazardous Wastes (2021 Edition)*. Among them, all hazardous wastes are taken away from the plants and handled by qualified third parties whose relevant qualifications are carefully confirmed in contracts signed between them and us. Hazardous wastes include laboratory wastes, waste activated carbon, etc. which are usually stored in separate hazardous waste warehouses and disposed by qualified units more than three times a year according to the actual conditions. Whereas, among the non-hazardous wastes, the paper, plastic bottles, etc. are recycled through the recycling bins set up in the Group, and the household wastes are handled by the sanitation department.

### Contingency plans for environmental emergencies

To effectively respond to the security risks arising from emergencies, each company, in accordance with the requirements of the *Environmental Protection Law of the People's Republic of China*, the *Management Measures for the Contingency Plan for Environmental Emergencies*, the *National Contingency Plan for Environmental Emergencies* and other laws and regulations, has formulated comprehensive and special contingency plans such as the *Contingency Plan for Fire Accidents*, the *Contingency Plan for Environmental Emergencies*, the *Contingency Plan for Production Safety Accidents*, the *Contingency Plan for Crane Accidents and Injuries*, and the *Special Contingency Plan for Natural Gas Leakage*, and regularly organizes its employees to conduct relevant drills, so as to ensure the effective deployment of its contingency plans.

### Environmental self-monitoring plan

The Company and its subsidiaries have developed self-monitoring plans in accordance with the requirements of relevant laws and regulations, installed automatic testing facilities in strict accordance with the plans, and regularly conduct or entrust qualified third parties to organize self-monitoring of pollutants such as discharged exhaust gas, wastewater, and noise.

Investment in environmental governance and protection and payment of environmental protection tax

During the Reporting Period, the Company's environmental protection expenditure amounted to RMB26,805,400, including the investment in environmental protection equipment and pollutant treatment facilities, and it fully paid an amount of RMB1,223,200 for environmental protection tax (excluding Hungary Energy).

Measures taken to reduce carbon emissions during the Reporting Period and their effects

☒Applicable ☐Not applicable

As a company deeply willing to take its social responsibility, the Company has actively responded to and fully pushed up its corporate sustainable low-carbon development strategies in a systematical method since the establishment of ESG Committee. During the Reporting Period, the Company, starting with carbon accounting as the fundamental link, increased the proportion of green electricity usage to strengthen the data foundation. Based on this, it implemented emission reduction actions at the operational level, thereby driving emission reduction initiatives across the value chain.

1. Multiple products passed the third-party's carbon footprint certifications, basically meeting the requirements of overseas core customers

The Company has established an improved whole-factory carbon calculation mechanism. Based on its independently established carbon calculation model, it accurately calculates the carbon emissions of each production base, and flexibly calculates the carbon footprints of lithium battery separator products under multiple standard systems, laying a solid data support for the Company's low-carbon development. During the Reporting Period, multiple products of the Company passed the third-party's carbon footprint certifications, and the certification results basically met the requirements of overseas core customers.

2. Green electricity usage promotion

In terms of green electricity consumption, thanks to the Company's diverse strategies such as self-established PV, purchased green electricity and acquisition of green certificates, the Company's green electricity consumption accounted for up to 59% in 2024. During the Reporting Period, the PV projects of Jiangsu Energy, Wuxi Energy, Jiangsu Ruijie were successfully put into production. During the Reporting Period, the PV power consumption was 31,657,000 kWh, marking a reduction of about carbon emission of 17626.66 tons.

3. Carbon reduction in operation level

In terms of carbon reduction measures taken in operation level of the factory, during the Reporting Period, Yunnan Hongta Plastic used a set of biomass boilers, which enabled the replacement of the traditional fuel with the biomass particulate, leading to a reduced consumption of natural gas, thus, realizing lower carbon emissions. Jiangxi Tonry implemented the use of the thermal oil boiler chimney, tail gas equipment analysis and air compressor waste heat recovery, which helped reduce the steam consumption, and thus realize energy conservation and consumption reduction. Suzhou Greenpower improved its low-pressure 0.4kV power supply system for energy conservation, and added an active power filter APF and a static reactive power generator SVG, significantly helping reducing electricity consumption.

Administrative penalties imposed on environmental issues during the Reporting Period

Company or subsidiary name	Reason for penalties	Violations	Penalty results	Impact on the production and operation of the listed company	Rectified measures of the Company
Shanghai Energy	Air pollutant treatment facilities failed to keep normal running	Air pollutant treatment facility had a random failure, which lasted for no longer than one day with the discharged exhaust gas not exceeding the standard. After being noticed, the failure was rectified and repaired in a timely manner.	RMB100,000 only	No significant impact	Some accessories were replaced with strengthened daily patrol inspection and strengthened accountability system

Other environmental information that shall be publicly disclosed: None

Other environmental protection-related information: None

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Industry Information Disclosure*

Information about environmental accidents occurring in the listed company: None

## **II. Social Responsibility**

For details, please refer to the *Environmental, Social and Governance Report 2024 (ESG report)* disclosed by the Company at [www.cninfo.com.cn](http://www.cninfo.com.cn) on April 23, 2025.

The Company shall comply with the disclosure requirements for the chemical industry set forth in the *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange – Industry Information Disclosure*

## **III. Information about Efforts to Consolidate and Extend the Achievements of Poverty Alleviation and Rural Revitalization**

During the Reporting Period, Zhuhai Energy signed a Village-Enterprise Paired Assistance Agreement with Baiyun Village and Tiandu Village, Baiyun Township, Chishui County, Zunyi City, Guizhou Province, under which the Company would support these villages so that they would speed up in building model villages “Four Essentials in Rural Homes · Beautiful Villages (四在农家 和美丽乡村)” to fully push up rural revitalization.

## Section 6 Significant Events

### I. Performance of commitments

#### 1. Commitments of the Company's actual controller, shareholders, related parties and acquirer, as well as the Company and other commitment makers performed during the Reporting Period or ongoing at the end of the Reporting Period

☒ Applicable ☐ Not applicable

Commitment	Commitment made by	Type of commitment	Details of commitment	Time of commitment	Term of commitment	Performance of commitment
Commitments made during asset restructuring	The Company and all directors, supervisors and senior management	Commitment to submit true, accurate and complete information	1. There are no false records, misleading statements or major omissions in the information disclosed and application documents submitted by Energy Technology, and those making the commitments shall be jointly and severally liable for the authenticity, accuracy and integrity of such documents 2. If the information provided or disclosed for this major assets restructuring contains false records, misleading statements or major omissions, and is put on file by the judicial organ for investigation or by the CSRC for investigation, before the conclusion of the investigation is made, those making the commitments will not transfer the shares with interests in Energy Technology, and will submit the application for suspending the transfer and share accounts to the Board of Directors of the Energy Technology within two trading days after receiving the notice of the investigation, and the Board of Directors shall apply for lockup to the stock exchange and the registration and clearing company on behalf of those making the commitments; if the Board of Directors fails to submit the lockup application within two trading days, it will authorize the Board of Directors to directly submit the identity and account information of those making the commitments to the stock exchange and the registration and clearing company after verification and apply for lockup; if the Board of Directors fails to submit the identity and account information of those making the commitments to the stock exchange and the registration and clearing company, those making the commitments will authorize the stock exchange and the registration and clearing company to directly lock up the related shares. If the investigation found that there is any violation of laws or regulations, those making the commitments promise to use voluntarily the shares locked up to compensate the related investors.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	The Company	Commitment on legal compliance	1. The Company and its controlling shareholder and actual controller have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations in recent 3 years; 2. the Company and its controlling shareholders and actual controllers have not been publicly censured by the stock exchange and have no other major acts of dishonesty in the past 12 months; 3. The Company and its incumbent directors and senior management have not been investigated by judicial authorities for suspected crimes or investigated by the CSRC for suspected violations of laws and regulations.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Directors and senior management of	Commitment on dilution of current return and remedial	1. I hereby commit neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways. 2. I hereby commit to restrict my position-related consumption activities. 3. I hereby commit not to use the Company's assets for investment and consumption activities not related to	May 25, 2017	Long term	Strictly performed

	the Company	measures	execution of my duties. 4. I hereby commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures. 5. I hereby commit to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future. 6. Since the date of this commitment up to completion of this major asset restructuring, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.			
Commitments made during asset restructuring	Counterparty	Commitment to submit true, accurate and complete information	The counterparty will timely provide Energy Technology with information related to restructuring, and guarantee the authenticity, accuracy and completeness of the information provided. In case of any false record, misleading statement or major omission of the information provided, resulting in any loss to Energy Technology or investors, it shall be liable for compensation according to law. In case of any false record, misleading statement or major omission in the information provided or disclosed in this material assets restructuring, which is put on file by the judicial organ for investigation or by the CSRC for investigation, the counterparty will suspend the transfer of the shares with interests in Energy Technology until the case investigation conclusion is clear.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Counterparty	Commitment on legal compliance	1. Gao Xiang was the CFO of Shanghai Lvxin Packaging Materials Co., Ltd. (Shunhao). Due to Shunhao's failure to disclose related party transactions with related natural persons according to law, in violation of the relevant provisions on information disclosure in the <i>Securities Law</i> and the <i>Administrative Measures for Information Disclosure of Listed Companies</i> , on July 27, 2016, Shanghai Securities Regulatory Bureau issued a warning to Shunhao and related parties, including Gao Xiang, and imposed an administrative penalty of RMB30,000 on Gao Xiang; on January 5, 2017, Shenzhen Stock Exchange made the Decision on Criticism to Shanghai Shunhao New Material Technology Co., Ltd. and Related Parties through Circulating Notices, and circulated notification of criticism to Shunhao and related parties, including Gao Xiang. In addition, other counterparties have not been subject to administrative or criminal penalties related to the securities market in the past five years, and have not involved in major civil litigation or arbitration related to economic disputes. 2. Counterparties are eligible to purchase shares not publicly offered by Energy Technology, and are not under any circumstances where they are not allowed to purchase shares not publicly offered by Energy Technology as stipulated by laws, regulations, rules or normative documents. 3. Over the last five years, the counterparties have not failed to repay a large amount of debts as scheduled, failed to fulfill their declaration, been subject to administrative measures by the CSRC or disciplined by the stock exchange and there are no ongoing or threatened administrative or judicial proceedings for investigation against my material violation of laws or regulations.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Counterparty	Commitment on integrity of asset ownership	1. Shares of Shanghai Energy held by counterparties according to law. The counterparty has performed its contribution obligation to Shanghai Energy in accordance with the law, and there is no false contribution, delayed contribution, withdrawal of capital and other acts in violation of its obligations and responsibilities as a shareholder, and there is no situation that may affect the legal survival of Shanghai Energy. 2. The equity of Shanghai Energy held by the counterparty is actually legally owned. There is no ownership dispute, there is no trust, entrusted shareholding or similar arrangement, and there is no pledge, freezing, sealing, property preservation or other rights restrictions on the equity of Shanghai Energy held by the counterparty.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Counterparty	Commitment on no insider trading	I/the enterprise and its main management do not leak any insider information of Energy Technology or leverage insider information to conduct insider trading. If the above commitments are violated, all losses caused to the listed company will be borne.	June 13, 2017	Long term	Strictly performed

Commitments made during asset restructuring	Heyi Investment, Paul Xiaoming Lee family	Commitment to regulate related party transactions	After the completion of the major asset restructuring, the enterprises that are controlled by those making the commitments will avoid and reduce the related party transactions with Energy Technology as far as possible. For those related party transactions that cannot be avoided or have reasonable reasons, the enterprises that are controlled by those making the commitments will sign agreements with Energy Technology and perform legal procedures in accordance with the principles of justice, fairness and compensation for equal value, and shall, in accordance with the provisions of relevant laws, regulations, other normative documents and the <i>Articles of Association of Yunnan Energy New Material Co., Ltd.</i> , perform relevant internal decision-making approval procedures in accordance with the law and timely perform information disclosure obligations, guarantee not to trade with Energy Technology under unfair conditions compared with the market, guarantee not to illegally transfer the funds and profits of Energy Technology by using related party transactions, and do not use such transactions to engage in any behavior that damages the legitimate rights and interests of Energy Technology and other shareholders. If a breach of the above commitment results in damage to the interests of Energy Technology, those making the commitments will compensate the Energy Technology for the losses caused by the above acts to Energy Technology.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Heyi Investment, Paul Xiaoming Lee family	Commitment to avoid horizontal competition	1. At present, those making the commitments are not directly or indirectly engaged in the same or similar business with the existing business of Energy Technology or Shanghai Energy through other operating entities directly or indirectly controlled by it or in the name of natural person, and do not hold any position or act as any kind of consultant in any operating entity with the main business same as or similar to that in Energy Technology or Shanghai Energy, or engage in any other competition with Energy Technology or Shanghai Energy. 2. The commitment maker guarantees that after the completion of this major asset restructuring, it will not carry out or operate the same or similar business with the main business of Energy Technology or Shanghai Energy in its own way, directly or indirectly through other business entities under its direct or indirect control; do not hold any position or act as any kind of consultant in any operating entity with the same or similar business with Energy Technology or Shanghai Energy; do not provide technical services for existing customers of Energy Technology or Shanghai Energy in the name of other than Energy Technology or Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to Energy Technology or Shanghai Energy due to the commitment maker's breach of the above commitments, the operating profit obtained shall be owned by Energy Technology and all losses suffered by Energy Technology or Shanghai Energy shall be compensated.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Heyi Investment, Paul Xiaoming Lee family	Commitment on ensuring the independence of the listed company	Before this major asset restructuring, Energy Technology has been completely separated from other enterprises controlled by the commitment maker in terms of business, assets, institutions, personnel and finance. Energy Technology's business, assets, institutions, personnel and finance are independent. After the completion of this major asset restructuring, the commitment maker undertakes not to use the identity of the controlling shareholder or actual controller of Energy Technology to affect the independence of Energy Technology, and to ensure the independence of Energy Technology in business, assets, institutions, personnel and finance as far as possible.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Paul Xiaoming Lee family	Commitment on the existence of previous administrative penalty	There were administrative punishments in fire control and water affairs in Shanghai Energy. As of the date of this letter of commitment, Shanghai Energy and its subsidiaries do not have any administrative penalty that has not been implemented or rectified. In November 2015, Shanghai Pudong New Area Administration of Work Safety ordered Shanghai Energy to rectify the three dichloromethane storage tanks within a time limit. Shanghai Energy has completed the rectification, but has not completed the safety acceptance after the rectification. If the relevant competent departments in the local place where Shanghai Energy and its subsidiaries are located in have made administrative punishment to Shanghai Energy and its subsidiaries for fire control, water service or the three dichloromethane tanks at any time, the commitment maker promises to make cash compensation for all economic losses suffered by Shanghai	May 25, 2017	Long term	Strictly performed

			Energy or its subsidiaries within 30 days after the actual punishment or loss amount is determined, so as to ensure that it will not have a material impact on the production, operation and financial situation of Shanghai Energy and its subsidiaries. Joint and several liability shall be borne by those making the commitments.			
Commitments made during asset restructuring	Li Xiaohua	Commitment on capital source of Shanghai Energy	Although I hold the certificate of permanent residence right of the United States, I have not changed my nationality, I am still a Chinese nationality; my own investment in Shanghai Energy is all China's income, and does not involve the contribution of foreign exchange or foreign assets.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Shanghai Hengzou Enterprise Management Firm (Limited Partnership (formerly known as Zhuhai Hengjie Enterprise Management Firm (Limited Partnership))	Commitment of the enterprise not belonging to private investment funds or a private fund manager	This enterprise is the employee stock ownership platform of Shanghai Energy, and the enterprise does not exist to raise funds in a non-public way to qualified investors. There is no asset management by the fund manager or general partner, nor does it serve as the manager of any private equity fund. Therefore, the enterprise does not belong to the private investment fund or a private fund manager in the <i>Interim Measures for the Supervision and Administration of Private Investment Funds</i> and the <i>Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation)</i> , and does not need to follow the <i>Interim Measures for the Supervision and Administration of Private Investment Funds</i> and the <i>Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation)</i> and other relevant laws and regulations to fulfill the registration and filing procedures.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Kunming Huachen Investment Co., Ltd	Commitment of the enterprise not belonging to private investment funds or a private fund manager	The Company is not established by raising funds from qualified investors in a non-public way, or doesn't have the assets managed by the fund manager or the general partner, or act as the manager of any private investment fund. Therefore, the Company does not belong to the private investment funds or a private fund manager in the <i>Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation)</i> , and does not need to follow the <i>Interim Measures for the Supervision and Administration of Private Investment Funds and the Measures for the Registration and Filing of Private Investment Fund Managers (for Trial Implementation)</i> and other relevant laws and regulations to fulfill the registration and filing procedures.	June 13, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Paul Xiaoming Lee, Li Xiaohua	Non-competition commitment	During the term of office of Shanghai Energy or within 2 years after the resignation of Shanghai Energy, it will not directly or indirectly operate the same or similar business with Energy Technology or Shanghai Energy on its own or in the name of others, nor will it hold any post or provide any service in entities with the same or similar business with Energy Technology or Shanghai Energy; if they violate the aforesaid non-competition commitment, they shall pay a penalty of RMB5 million to Energy Technology, and shall turn over all the operating profits, wages, remuneration and other income earned by them due to the violation of the commitment to Energy Technology. If the aforesaid compensation still cannot make up for Energy Technology, Energy Technology has the right to request the breach party to be liable for the loss suffered by Energy Technology.	May 2, 2017	Long term	Strictly performed
Commitments made during asset restructuring	Paul Xiaoming Lee, Li Xiaohua	Commitment on no part-time work	During the term of office at Shanghai Energy, without the consent of Energy Technology, it is not allowed to work part-time (except for directors and supervisors) in other companies, and the income violating the prohibition of concurrent operation shall be owned by Energy Technology.	May 2, 2017	Long term	Strictly performed
Commitments made during asset	Jerry Yang Li	Commitment to ensure the	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to	October 25, 2018	Long term	Strictly performed

restructuring		independence of listed companies	her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly held shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. Therefore, with regard to the independence of listed companies involved in this restructuring, I hereby make the following confirmation and commitment: before this restructuring, Shanghai Energy has been completely separated from other enterprises under my control in terms of business, assets, institutions, personnel and finance, and Shanghai Energy's business, assets, institutions, personnel and finance are independent. After the completion of this restructuring, I promise not to use the identity of the actual controller of the listed company to affect the independence of the listed company, and to ensure the independence of the listed company in business, assets, institutions, personnel and finance as far as possible.			
Commitments made during asset restructuring	Jerry Yang Li	Commitment on regulating related party transactions	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly held shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. To reduce and standardize the related party transactions that may occur with the listed company, I hereby make the following commitments: after the completion of this restructuring, the enterprises under my control will avoid and reduce the related party transactions with the listed company as much as possible. For the related party transactions that cannot be avoided or have reasonable reasons, the enterprises under my control will follow the principles of justice, fairness, equal value and compensation with the listed company in accordance with the law sign the agreement, perform the legal procedures, and in accordance with the provisions of relevant laws, regulations, other normative documents and the <i>Articles of Association of Yunnan Energy New Material Co., Ltd.</i> , perform the relevant internal decision-making approval procedures in accordance with the law and timely perform the obligation of information disclosure, ensure that transactions with listed companies will not be conducted in an unfair manner compared with the market, and that the funds and profits of listed companies should not be transferred illegally by related party transactions, nor will they engage in any act that damages the legitimate rights and interests of listed companies and other shareholders. If there is any violation of the above commitments, resulting in damages to the interests of the listed company, I will compensate the listed company for the losses caused by the foregoing behavior to the listed Company.	October 25, 2018	Long term	Strictly performed
Commitments made during asset restructuring	Jerry Yang Li	Commitment on avoiding horizontal competition	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. After succession, I directly and indirectly hold 54,655,167 shares of the Company through Heyi Investment, accounting for 11.53% of the total share capital of the Company. My directly held shares is acquired by Ms. Wang Yuhua as one of counterparties, through purchasing the equity of Shanghai Energy through issuing shares of the Company. Therefore, To protect the legitimate rights and interests of the listed company and other shareholders and avoid horizontal competition with the listed company, I hereby make the following solemn commitment: 1. At present, I have not directly or indirectly engaged in the same or similar business with the existing business of the listed company or Shanghai Energy through other business entities directly or indirectly controlled by me or in the name of natural	October 25, 2018	Long term	Strictly performed

			persons, have not held any position or acted as any kind of consultant in any business entity with the same or similar main business as the listed company or Shanghai Energy, or any other situation of horizontal competition with the listed company or Shanghai Energy. 2. I guarantee that after the completion of this transaction, I will not carry out or operate the same or similar business with the main business of the listed company and Shanghai Energy through other business entities directly or indirectly controlled by myself, directly or indirectly; I will not hold any position or serve as any form of consultant in any business entity with the same or similar business with the listed company or Shanghai Energy; do not provide technical services for listed companies or existing customers of Shanghai Energy in the name of listed companies or other than Shanghai Energy; avoid any horizontal competition. 3. If any loss is caused to the listed company or Shanghai Energy due to my violation of the above commitments, the operating profit obtained shall be owned by the listed company and all losses suffered by the listed company or Shanghai Energy shall be compensated.			
Commitments made at the time of IPO or refinancing	The Company, controlling shareholders and the actual controller, directors, supervisors and senior management	Commitment on authenticity, accuracy and completeness of documents related to IPO	(I). Company's commitment: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority finds that the initial prospectus issued by the Company has false records, misleading statements or major omissions, which will make a significant and substantial impact on judging whether it meets the requirements of the law, the Company will repurchase all the new shares of the IPO in accordance with the law. 3. Within 10 trading days after the competent authority determines that the prospectus of the Company has false records, misleading statements or major omissions that have a significant and substantial impact on the judgment of whether the Company complies with the issuance conditions stipulated by the law, the Board of Directors of the Company shall formulate the share repurchase plan and submit it to the General Meeting of Shareholders for consideration and approval, and after it is approved, reviewed or filed by the relevant competent department (if necessary), share repurchase measures will be started, and all new shares of the initial public offering will be repurchased according to law; the repurchase price (in case of ex-right and ex-dividend due to cash dividend, share distribution, conversion to share capital and new share issuance, the right shall be restored in accordance with the relevant provisions of Shenzhen Stock Exchange, the same below) shall be determined according to relevant laws and regulations, and shall not be lower than the issuance price of the initial public offering shares. 4. If the prospectus of the Company's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, the Company will compensate investors for losses according to law. (II). Commitment of the controlling shareholder and actual controller of the Company: 1. there are no false records, misleading statements or major omissions in the prospectus of the Company's initial public offering. 2. If any competent authority determines that there are false records, misleading statements or major omissions in the prospectus of the Company's initial public offering, which have a significant and substantial impact on the judgment of whether it meets the issuance conditions prescribed by law, Heyi Investment and the family will buy back the transferred original restricted shares according to law; Heyi Investment and the family will formulate the share repurchase plan within 10 trading days after the above matters are identified, the original restricted shares issued by the Company's shareholders at the time of initial public offering shall be repurchased in accordance with the law by means of centralized bidding transaction in secondary market, bulk transaction, agreement transfer, tender offer, etc. The repurchase price is determined according to the negotiated price or secondary market price, but not lower than the original transfer price and the price determined according to relevant laws and regulations and regulatory rules. If Heyi Investment and the family buy back the original restricted shares that have been transferred to trigger the tender offer conditions, Heyi Investment and the family will perform the tender offer procedures in accordance with the law and perform the corresponding information disclosure obligations. 3. If the prospectus of the Company's initial public offering contains	September 14, 2016	Long term	Strictly performed

			false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, Heyi Investment and the family will compensate investors for losses according to law. (III). Commitment of directors, supervisors and senior managers of the Company: 1. the prospectus of the issuer's initial public offering doesn't contain false records, misleading statements or major omissions, and I am jointly and severally liable for its authenticity, accuracy and completeness. 2. If the prospectus of the issuer's initial public offering contains false records, misleading statements or major omissions, which causes investors to suffer losses in securities trading, I will compensate investors for losses according to law.			
Commitments made at the time of IPO or refinancing	Controlling shareholder, actual controller, and Shanghai Guohe Modern Services Equity Investment Fund Partnership (Limited Partnership)	About shareholding intention and reduction intention	(I). Commitment of controlling shareholders and actual controllers' shareholding intention and reduction intention: 1. as the controlling shareholder and actual controller of the Company, Heyi Investment and the family hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, the Company's shares held by Heyi Investment and the family's reduction shall comply with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. Heyi Investment and the family shall not reduce the shares of the Company directly held within three years after the Company's listing; after the Company's listing for three years, the shares of the Company directly or indirectly held by Heyi Investment and the family transferred each year shall not exceed 25% of the total shares of the Company directly or indirectly held by them. 3. Within two years after the expiration of the equity lock-in period promised by Heyi Investment and the family, the shares of the Company shall be reduced at a price not lower than the issue price of the Company's initial public offering shares (in case of ex-right and ex-dividend matters, the issue price shall be treated as ex-right and ex-dividend accordingly). Within two years after the expiration of the lock-up period, the total number of shares held by Heyi Investment and the family shall not exceed 30% of the total shares held by Heyi Investment and the family directly or indirectly before the issuance. 4. Within two years after the expiration of the shareholding lock-in period of Heyi Investment and the family's commitment, the price of shares of the Company reduced by Heyi Investment and the family through the secondary market will be determined according to the market price at that time on the premise of meeting the commitments made by Heyi Investment and the family, and the specific reduction plan will be formulated according to the market situation at that time. 5. Heyi Investment and the family promise to make an announcement through the Company three trading days in advance when carrying out the reduction, and complete the announcement within six months, and fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange. (II). Shanghai Guohe's commitment to shareholding intention and reduction intention: 1. Within two years after the expiration of the shareholding locking period promised by the Company, the Company intends to reduce its shareholding by means of, including but not limited to, centralized competitive trading in the secondary market, block trading, agreement-based transfer, etc. The reduction price will not be lower than the price of net assets per share, and the specific reduction price will be determined according to the market price at the time of the reduction on the premise of meeting the commitments made by the Company; the specific reduction plan will be based on the market conditions at that time. The specific reduction plan will be formulated in accordance with the market conditions and the operating condition of the Company. 2. The enterprise commits that it will make an announcement through the Company three days ahead of schedule in the implementation of the reduction. At the same time, it will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange, except when it holds shares less than 5% equity of the Company. 3. The enterprise will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if it fails to fulfill the above commitments, the Company's	September 14, 2016	Share holding period	Within the performance period, strictly performed

			cash dividends I should receive will be withheld by the Company and owned by the Company; (2) if it fails to fulfill the above commitments, it will bear relevant legal liabilities according to laws and regulations.			
Commitments made at the time of IPO or refinancing	Directors and senior management of Company	About shareholding intention and reduction intention	Paul Xiaoming Lee, Li Xiaohua, Xu Ming (resigned), Ma Weihua and Wang Xiaolu (resigned), directors and senior management of the Company, have made the following commitments: Within 36 months from the date of listing of the Company's shares, I will not transfer or delegate the management of the Company's shares directly or indirectly held prior to this offering, nor will I cause the Company to repurchase such shares. After the expiration of the lockup period of the above commitment, during the period when I am a director or senior management of the Company, the number of shares of the Company directly or indirectly held by me to be transferred each year shall not exceed 25% of the total number of shares of the Company held by me. I will not transfer the shares of the Company directly or indirectly held by me within 6 months after my departure. If I reduce my holding of the Company's shares within two years after the expiration of the lock-up period, the price of the reduction shall not be lower than the issue price of the Company's initial public offering. If the closing price of the Company's shares is lower than the issue price for 20 consecutive trading days within 6 months after the listing of the Company, or if the closing price is lower than the issue price at the end of the 6-month period after the listing of the Company, the lock-up period of the Company's shares will be automatically extended for 6 months. I will not affect the effectiveness of the commitment due to the change of position or resignation, and I will continue to fulfill the above commitment.	September 14, 2016	During the period of shareholding and serving as a director and senior management of the Company	Within the performance period, strictly performed
Commitments made at the time of IPO or refinancing	The Company	Commitment on remedial measures for breaking faith	1. If the Company fails to take the specific measures as promised to stabilize the stock price, the Company undertakes to accept the following binding measures: (1) the Company will publicly explain the specific reasons for not taking the above measures in the General Meeting of Shareholders and the newspapers designated by the CSRC, and apologize to the shareholders of the Company and the public investors; (2) If the investor suffers losses in the securities trading due to the failure to fulfill the commitments, the Company will compensate the investor for the losses according to law after being recognized by the CSRC, the stock exchange or the judicial organ; (3) The commitment of stock price stability is the true meaning of the Company. The responsible parties voluntarily accept the supervision of the regulatory body, self-discipline organization and the public. In case of the violation of the relevant commitments, the main body will bear corresponding responsibilities according to law. 2. If the controlling shareholder and the actual controller have delivered the notice of increase to the Company, but fail to fulfill the obligation of increasing the holdings, the Company has the right to detain the equal amount of the cash dividends payable to the controlling shareholder and the actual controller until the controlling shareholder and the actual controller fulfill their obligation to increase. 3. If a director or senior manager fails to fulfill his obligation to increase his or her holdings, the Company shall have the right to detain salaries and cash dividends of directors and senior management until the directors and senior managers fulfill their obligations to increase their holdings. 4. If there are any false records, misleading statements or major omissions in the prospectus of this public offering of shares, the Company will make a timely announcement, and the Company will disclose in its regular report that the Company, its controlling shareholders, actual controllers, and its directors, supervisors and senior management buy back shares due to information disclosure violations, performance of commitments such as acquisition of shares and compensation for losses, as well as remediation and correction in case of failure to perform commitments. 5. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company	September 14, 2016	Long term	Strictly performed

			(relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.			
Commitments made at the time of IPO or refinancing	Controlling shareholder, actual controller	Commitment on remedial measures for breaking faith	<p>1. If the controlling shareholder and the actual controller have delivered the notice of increase to the Company, but failed to fulfill the obligation of increasing the holdings, the Company has the right to detain the equal amount of the cash dividends payable to the controlling shareholder and the actual controller until the controlling shareholder and the actual controller fulfill their obligation to increase. 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above commitment, and if the controlling shareholder and the actual controller fail to fulfill the above-mentioned obligation of acquisition or compensation, the shares of the Company held by the controlling shareholder and the actual controller shall not be transferred before fulfilling the above-mentioned commitment. 3. The controlling shareholder and the actual controller have signed the promise of controlling shareholder and actual controller's shareholding intention and reduction intention. The controlling shareholder and the actual controller will strictly carry out the above commitments and promise to abide by the following restraint measures: (1) If the above commitments are not performed, the cash dividends to be obtained by the controlling shareholder and the actual controller shall be withheld by the Company and owned by the Company; (2) if the above commitments are not performed, the controlling shareholder and the actual controller shall extend the lock-in period for six months after the lock-in period they promised; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law. 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.</p>	September 14, 2016	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Directors, supervisors and senior managers	Commitment on remedial measures for breaking faith	<p>1. If any director or senior management of the Company fails to fulfill his obligation to increase the holdings, the Company shall have the right to detain directors and senior management salaries and cash dividends until the directors and senior managers fulfill their obligations to increase their holdings. 2. The directors, supervisors and senior managers have made corresponding commitments on the information disclosure of IPO and listing. The directors, supervisors and senior managers take the dividend of the Company in the current year and the following years obtained by holding the Company's shares directly or indirectly and the salary received from the Company in the current year and the following years as the performance guarantee of the above commitments. If the director, supervisor or senior manager fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the director, supervisor or senior manager such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the director, supervisor or senior manager shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its</p>	September 14, 2016	Long term	Strictly performed

			commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.			
Commitments made at the time of IPO or refinancing	Paul Xiaoming Lee family, Heyi Investment and Heli Investment	Commitment on avoiding horizontal competition	1. The undertaker does not, and will not, directly or indirectly engage in any activity that constitutes horizontal competition with the existing and future business of the Company and its holding subsidiaries, and is willing to assume compensation liability for the economic losses caused to the Company due to violation of the above commitments. 2. For other enterprises directly and indirectly controlled by the undertaker, the undertaker will adopt the representative office and personnel (including but not limited to directors, general managers, etc.) and the controlling position of the undertaker in such enterprises, to ensure that such enterprises perform the same obligations as the undertaker under this letter of commitment, to ensure that such enterprises do not compete with the Company and its holding subsidiaries in the same industry, and the undertaker is willing to bear all compensation liabilities for the economic losses caused to the Company due to violation of the above commitments. 3. If the Company further expands its scope of business on the basis of its existing business, and the undertaker and the enterprise controlled by the undertaker have carried out production and operation on this, the undertaker promises to transfer the possible horizontal competition business or equity held by this enterprise, and agrees that the Company has the priority to acquire and operate under the same commercial conditions. 4. Except for the investment in the Company, the undertaker will not invest in or operate the products (or similar products, or products with alternative function) developed, produced or operated by the Company and its holding subsidiaries in any way in any place. 5. This commitment letter is effective during the period when the undertaker and the company controlled by the undertaker are related parties of the Company.	November 10, 2012	Effective during the period in which the undertaker and the companies he/she controls have relation with the Company	Strictly performed
Commitments made at the time of IPO or refinancing	The Company, controlling shareholder and actual controller, director and senior management	The commitment that the Company's compensation measures can be effectively performed	1. The Company and its controlling shareholder and the actual controller make a commitment to the Company's ability to fill in the return measures. It does not exceed the authority to interfere in the Company's management activities and does not occupy the Company's interests. 2. Directors and senior managers make a commitment to fulfill the Company's return measures: (1) Promise not to transfer interests to other units or individuals free of charge or under unfair conditions, and not to damage the interests of the Company in other ways; (2) Promise to restrict the post consumption behavior of directors and senior managers; (3) Promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of its duties; (4) Commit that the remuneration system formulated by the board of directors or remuneration committee is linked to the implementation of the Company's measures to fill the return; (5) Promise that the exercise conditions of the Company's equity incentive to be announced are linked to the implementation of the Company's compensation measures.	September 14, 2016	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Heyi Investment, a controlling shareholder, and family members of Paul Xiaoming Lee, the actual controllers of the Company	Commitment on avoiding occupation of the Company's funds	The undertaker, close relative and the affiliated enterprise under control strictly restrict the funds of the Company and its subsidiary companies in the operating capital transactions between the Company and its subsidiaries; the Company and its subsidiaries shall not be required to pay wages, welfare, insurance, advertising and other expenses; the Company and its subsidiary funds are not directly or indirectly provided to the undertaker, close relatives and controlled affiliated enterprises, including: 1. to lend funds to the undertaker, close relatives and controlled affiliated enterprises for use with compensation or free of charge; 2. to provide entrusted loans without commercial substance to the undertaker, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; 3. to entrust the undertaker, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; 4. to issue commercial acceptance bills without real transaction background for the undertaker, close relatives and controlled affiliated enterprises; 5. to repay debts on behalf of the undertaker, close relatives and controlled affiliated enterprises; 6. to provide funds to the undertaker, close relatives and controlled affiliated enterprises in other	September 14, 2016	Long term	Strictly performed

			ways without consideration for goods and services; 7. Other methods recognized by China Securities Regulatory Commission.			
Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on remedial measures for breaking faith	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB17.955 million. I promise that I will strictly fulfill the commitments disclosed in the initial public offering and listing prospectus of the controlling shareholder and actual controller. If the commitments of the controlling shareholder and actual controller are not performed, cannot be performed or cannot be performed on schedule (except for objective reasons beyond the control of controlling shareholders and actual controllers such as changes in relevant laws and regulations, policies, natural disasters and another force majeure), I promise to strictly abide by the following measures: 1. If the controlling shareholder or the actual controller has served the Company with the increase notice but failed to fulfill the increase obligation, the Company has the right to withhold the cash dividends payable to the same amount until the controlling shareholder or the actual controller fulfills the increase obligation; 2. The controlling shareholder and the actual controller have signed the commitment letter of false record, misleading statement or major omission in the prospectus of this public offering of shares. The controlling shareholder and the actual controller take the profit distribution enjoyed by the controlling shareholder and the actual controller in the Company's profit distribution plan of the current year and the following years as the performance guarantee of the above commitment, and if the controlling shareholder and the actual controller fail to perform the above-mentioned acquisition or compensation obligations, the shares of the Company held by the controlling shareholder and the actual controller shall not be transferred before the above-mentioned commitments are performed; 3. The controlling shareholder and the actual controller have signed the commitment of the controlling shareholder and the actual controller's shareholding intention and reduction intention. The controlling shareholder and the actual controller will strictly perform the above commitments and promise to abide by the following binding measures: (1) If the above commitments are not performed, the cash dividends to be obtained by the controlling shareholder and the actual controller shall be withheld by the Company and owned by the Company; (2) if the above commitments are not performed, the controlling shareholder and the actual controller shall extend the lock-in period for half a year; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, the controlling shareholder and the actual controller will compensate the investors for the losses according to law; 4. If the Company fails to perform, has failed to perform or fails to perform on schedule due to objective reasons beyond the control of the Company, such as changes in relevant laws and regulations, policies, natural disasters and other force majeure, the Company shall take the following measures: (1) Timely and fully disclose the specific reasons for the Company's failure, failure to fulfill its commitments or failure to fulfill its commitments on schedule; (2) make supplementary or alternative commitments to the investors of the Company (relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and the articles of association), so as to protect the rights and interests of investors as much as possible.	October 25, 2018	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on avoiding horizontal competition with Energy Technology	1. The undertaker does not, and will not, directly or indirectly engage in any activity that constitutes horizontal competition with the existing and future business of the Company and its holding subsidiaries, and is willing to assume compensation liability for the economic losses caused to the Company due to violation of the above commitments. 2. For other enterprises directly and indirectly controlled by the undertaker, the undertaker will adopt the representative office and personnel (including but not limited to directors, general managers, etc.) and the controlling position of the	October 25, 2018	Long term	Strictly performed

			undertaker in such enterprises, to ensure that such enterprises perform the same obligations as the undertaker under this letter of commitment, to ensure that such enterprises do not compete with the Company and its holding subsidiaries in the same industry, and the undertaker is willing to bear all compensation liabilities for the economic losses caused to the Company due to violation of the above commitments. 3. If the Company further expands its scope of business on the basis of its existing business, and the undertaker and the enterprise controlled by the undertaker have carried out production and operation on this, the undertaker promises to transfer the possible horizontal competition business or equity held by this enterprise, and agrees that the Company has the priority to acquire and operate under the same commercial conditions. 4. Except for the investment in the Company, the undertaker will not invest in or operate the products (or similar products, or products with alternative function) developed, produced or operated by the Company and its holding subsidiaries in any way in any place. 5. This commitment letter is effective during the period when the undertaker and the company controlled by the undertaker are related parties of the Company.			
Commitments made at the time of IPO or refinancing	Jerry Yang Li	Commitment on reduction intention	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 10,416,022 shares of the Company held by her according to her will and the contribution of RMB17.955 million by Heyi Investment, the Company's controlling shareholder. With respect to the Company's shares indirectly held by me through Heyi Investment, my shareholding intention and reduction intention are as follows: 1. as the actual controller of the Company, I hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, I shall reduce my holding of the Company's shares in accordance with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. within three years after the listing of the Company, I will not reduce the shares of the Company I directly hold; upon expiry of three years after the listing of the Company, I will transfer the shares of the Company I directly hold each year not more than 25% of the total shares of the Company I directly hold; 3. within two years after the locking period I committed, the Company's shares will be reduced at a price not lower than the initial public offering price of the Company. If the Company's shares are subject to ex-right and ex-dividend during the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex-dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, the price at which I reduce my holdings of the Company's shares through the secondary market will be determined based on the market price at the time of the reduction, provided that all my previously made commitments are fulfilled. The specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the implementation of the reduction through the Company three trading days in advance, and complete the announcement within six months. At the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; 6. I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.	October 25, 2018	Holding period	Within the performance period, strictly performed
Commitments made at the time	Jerry Yang Li	Commitment on avoiding capital	(1) Except for the capital occupation disclosed in writing to the relevant intermediary institutions, there is no other capital occupation that shall be disclosed but not disclosed in accordance with the laws and regulations and the relevant	October 25, 2018	Long term	Strictly performed

of IPO or refinancing		occupation of Energy Technology	provisions of the CSRC for the time being by the undertaker, close relatives, controlled affiliated enterprises and the Company and its subsidiaries; (2) The undertaker, close relatives and controlled affiliated enterprises will strictly limit the occupation of funds of the Company and its subsidiaries in the operational capital transactions with the Company and its subsidiaries; (3) The undertaker, close relatives and controlled affiliated enterprises shall not require the Company and its subsidiaries to advance wages, welfare, insurance, advertising and other expenses, or require the Company and its subsidiaries to bear costs and other expenses on behalf of them; (4) The undertaker, close relatives and controlled affiliated enterprises do not seek to provide the funds of the Company and its subsidiaries directly or indirectly to the undertaker, close relatives and controlled affiliated enterprises in the following ways, including: a. To lend funds to the undertaker, close relatives and controlled affiliated enterprises for use with compensation or free of charge; b. Provide entrusted loans without commercial substance to the undertaker, close relatives and controlled affiliated enterprises through banks or non-bank financial institutions; c. Entrust the undertaker, close relatives and controlled affiliated enterprises to carry out investment activities without commercial substance; d. To issue commercial acceptance bills without real transaction background for the undertaker, close relatives and controlled affiliated enterprises; e. Repay debts on behalf of the undertaker, close relatives and controlled affiliated enterprises; f. Provide funds to the undertaker, close relatives and controlled affiliated enterprises in other ways without consideration for goods and services; g. Other methods recognized by China Securities Regulatory Commission; (5) If the undertaker, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries and require the Company and its subsidiaries to provide guarantees in violation of laws and regulations, the Company's board of directors shall not transfer the shares of the Company held and controlled before all the occupied funds are returned and all the illegal guarantees are released, and handle the procedures of share locking for the relevant parties. The board of directors of the Company shall, within 5 trading days from the date of knowing the fact that the undertaker, close relatives and controlled affiliated enterprises occupy the funds of the Company and its subsidiaries, and the Company and its subsidiaries provide guarantees in violation of laws and regulations, handle the locking procedures for the relevant parties.			
Commitments made at the time of IPO or refinancing	Sherry Lee	Commitment on reduction intention	Due to the death of Ms. Wang Yuhua, a member of Paul Xiaoming Lee's family who is the shareholder and actual controller of the Company, I, as one of the heirs, inherited 15,624,033 shares of the Company held by her according to her will and the contribution of the Company's controlling shareholder Heyi Investment of RMB9.045 million. Before inheritance, I have held 27,593,884 shares of the Company, of which 15,997,000 shares were held at the time of IPO and listing of the Company, 11,596,884 shares of the Company acquired by the Company's issuance of shares to purchase shares of Shanghai Energy. After inheritance, I hold directly and hold 65,503,802 shares of the Company indirectly through Heyi Investment, accounting for 13.82% of the total share capital of the Company. With respect to locking period for the Company's shares directly and indirectly held by me, I commit as follows: 1. as the actual controller of the Company, I hold the Company's shares in strict accordance with the provisions of laws, regulations, normative documents and regulatory requirements, and abide by the share locking period; after the expiration of the locking period, I shall reduce my holding of the Company's shares in accordance with the requirements of relevant laws, regulations, normative documents and rules of the stock exchange; 2. within three years after the listing of the Company, I will not reduce the shares of the Company I directly hold; upon expiry of three years after the listing of the Company, I will transfer the shares of the Company I directly hold each year not more than 25% of the total shares of the Company I directly hold; 3. within two years after the locking period I committed, the Company's shares will be reduced at a price not lower than the initial public offering price of the Company. If the Company's shares are subject	October 25, 2018	Share holding period	Within the performance period, strictly performed

			to ex-right and ex-dividend during the period, such as dividend distribution, stock distribution, capital reserve converted to share capital, the issue price shall be ex-right and ex- dividend accordingly; 4. After two years after the expiration of my commitment to hold shares, the price at which I reduce my holdings of the Company's shares through the secondary market will be determined based on the market price at the time of the reduction, provided that all my previously made commitments are fulfilled. The specific reduction plan will be drawn up according to the market situation at that time; 5. I promise that I will announce the implementation of the reduction through the Company three trading days in advance, and complete the announcement within six months. At the same time, I will fulfill the obligation of information disclosure accurately and completely in accordance with the rules of the stock exchange; 6. I will strictly fulfill the above commitments, and promise to abide by the following binding measures: (1) if I fail to fulfill the above commitments, the Company's cash dividends I should receive will be withheld by the Company and owned by the Company; (2) the Company will own the profits I get from reducing the shares held in violation of the above commitments; (3) The remuneration that the employees in the Company should receive from the Company shall be withheld by the Company and owned by the Company; (4) if the above commitments are not performed and the investors suffer losses in the securities trading, I will compensate the investors for the losses in accordance with the law.			
Commitments made at the time of IPO or refinancing	Directors and senior management of Company	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return recovery measures	1. Neither to tunnel to other units or individuals without compensation or under unfair conditions, nor to damage the Company's interests in other ways; 2. to restrict my position-related consumption activities; 3. not to use the Company's assets for investment and consumption activities not related to execution of my duties; 4. to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. since the date of this commitment up to completion of this public offering of convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. To ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the <i>Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring</i> (CSRC Announcement No. [2015] 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.	May 14, 2019	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Company's actual controller and controlling shareholder	Commitment on dilution on current returns as a result of the public offering of convertible corporate bonds, and the return	1. Not interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. since the date of this commitment up to completion of the convertible corporate bonds, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC. To ensure the proper implementation of the return recovery measures, I commit to strictly perform the above commitments. If I breach or refuse to fulfill the above commitments, I will perform obligations of interpretation and apology as required under the <i>Guiding Opinions on Matters relating to the Dilution on Current Returns as a result of Initial Public Offering, Refinancing and Major Asset Restructuring</i>	May 14, 2019	Long term	Strictly performed

		recovery measures	(CSRC Announcement No. [2015] 31), and agree that relevant regulatory or self-regulation measures shall be imposed or taken in accordance with the relevant provisions and rules specified or published by CSRC and Shenzhen Stock Exchange; if the Company or investors suffered losses as a result of my breach or refusal, I am willing to assume relevant liability for compensation.			
Commitments made at the time of IPO or refinancing	All directors of Energy Technology	Commitment on the authenticity, accuracy and completeness of information submitted in connection with the non-public offering of A shares in 2020	All directors of the Company commit that the report on this offering and the announcement on listing don't contain false records, misleading statements or major omissions, and they will jointly and severally liable for its authenticity, accuracy and completeness.	September 3, 2020	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Controlling shareholder and actual controller	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2020, and the return recovery measures	1. I promise not to interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; 2. I commit to proper implementation of the current return recovery measures formulated by the Company and fulfill any commitment I make in relation to the current return recovery measures, and assume the liability for compensation to the Company or investors according to law if I violate such commitments and as a result cause any loss to the Company or investors; 3. since the date of this commitment up to completion of this non-public offering of shares by Energy Technology, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	March 23, 2020	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Directors and senior management of Company	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2021, and the return recovery measures	1. I promise not to tunnel to other units or individuals without compensation or under unfair conditions, or to damage the Company's interests in other ways; 2. I commit to restrict my position-related consumption activities; 3. I commit to not use the Company's assets for investment and consumption activities not related to execution of my duties; 4. I commit to link the remuneration system formulated by the Board of Directors or the Remuneration Committee or Assessment Committee of the Company with the execution of the return recovery measures; 5. I commit to link the vesting conditions with the implementation of the return recovery measures if the Company will implement any share incentive scheme in the future; 6. since the date of this commitment up to completion of this non-public offering of shares, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	November 21, 2021	Long term	Strictly performed
Commitments made at the time of IPO or refinancing	Controlling shareholder and actual controller	Commitment on dilution on current returns as a result of the non-public offering of A shares in 2021, and the return recovery measures	I promise not to interfere with the operation and management activities of the Company beyond the authority, and not encroach on the interests of the Company; I commit to proper implementation of the current return recovery measures formulated by the Company and fulfill any commitment I make in relation to the current return recovery measures, and assume the liability for compensation to the Company or investors according to law if I violate such commitments and as a result cause any loss to the Company or investors; since the date of this commitment up to completion of this non-public offering of shares by the Company, if the CSRC imposes other new regulatory requirements in relation to the return recovery measures and its commitments and such commitments cannot meet such rules of the CSRC, I commit to issue supplemental undertakings in accordance with the latest requirements of the CSRC.	November 21, 2021	Long term	Strictly performed

Commitment on stock ownership incentive scheme	The Company	Other commitments	Not to offer loans or any other form of financial aids to the incentive recipients for them to obtain related stock options or restricted shares according to this incentive plan, including guaranteeing the loans.	January 24, 2022	The period when the Company's 2022 Stock Option and Restricted Share Incentive Plan was implemented	Strictly performed
Commitment on stock ownership incentive scheme	Incentive objects	Other commitments	In case of any false record, misleading statement or major omission in the information disclosed by the Company, resulting in incompliance with the arrangements for granting or exercising the interests, the incentive recipients will, upon acknowledgment of any false record, misleading statement or major omission existing in any related information disclosure document, return all interests obtained from the equity incentive plan.	January 24, 2022	Long term	Strictly performed
Commitment on stock ownership incentive scheme	The Company	Other commitments	Not to offer loans or any other form of financial aids to the incentive recipients for them to obtain related restricted shares according to this incentive plan, including guaranteeing the loans.	February 2, 2024	The period when the Company's 2024 Restricted Share Incentive Plan was implemented	Strictly performed
Commitment on stock ownership incentive scheme	Incentive objects	Other commitments	In case of any false record, misleading statement or major omission in the information disclosed by the Company, resulting in incompliance with the arrangements for granting or exercising the interests, the incentive recipients will, upon acknowledgment of any false record, misleading statement or major omission existing in any related information disclosure document, return all interests obtained from the equity incentive plan.	February 2, 2024	Long term	Strictly performed
Other commitments to small and medium shareholders of the Company	The Company	Shareholder return plan for the next three years (2021-2023)	The Company pays dividends in cash or by shares in a positive manner. Where the Company's audited net profit is positive and no significant investment plan or significant cash expenditure in a year, the Company shall include the cash distribution in its profit distribution scheme for that year. The annual cash dividend of the Company shall not be less than 20% of the distributable profit realized in the current year (excluding the undistributed profit at the beginning of the year). Where available, the Company may distribute interim cash dividends. If the Company's revenue grows rapidly and the Board of Directors considers that the stock price of the Company does not match the size of the Company's share capital, it may make plans for dividend distribution by stock while satisfying the requirement for cash dividend distribution.	November 21, 2021	November 21, 2021 - November 21, 2024	Completed
Other commitments	Paul Xiaoming Lee	Undertaking not to reduce their shareholding in the Company	In view of his confidence in the future development prospects of the Company and his recognition of the long-term investment value, Mr. Paul Xiaoming Lee undertakes not to reduce his shareholding in the Company's shares within six months from the date of this announcement on voluntary basis. During the above commitment period, any increase of shares due to reasons such as bonus shares, conversion of capital reserve to share capital and rights issue shall also comply with the above commitment of not to reduce his shareholdings.	August 24, 2023	August 24, 2023 – February 23, 2024	Completed

Other commitments	Certain directors, supervisors, senior management and core employees	Commitment on increase of shares in the Company	1. The directors, supervisors and senior management undertake to strictly comply with the relevant laws and regulations on stock trading such as the CSRC and the Shenzhen Stock Exchange, and complete the share increase plan within the period for the implementation of the share increase plan; during the period for the implementation of the share increase plan and the statutory period, not to reduce the shares in the Company; no insider trading or short-term trading, and no trading of the Company's shares during the window period. 2. During period for the implementation of the share increase plan and the statutory period, core management, technical and business employees undertake to complete the share increase plan, not to reduce the shares in the Company, and strictly comply with the relevant laws and regulations on stock trading such as the CSRC and the Shenzhen Stock Exchange.	October 28, 2023	October 28, 2023 – July 27, 2024	Strictly performed during the Reporting Period, completed on July 26, 2024
Other commitments	All directors of the Company	Commitment on repurchase of shares of the Company	In this share repurchase, I will be honest and trustworthy, diligent and responsible, safeguard the interests of the Company and the legitimate rights and interests of shareholders. This repurchase will not impair the Company's ability to fulfill its debts and its ability to continue operation.	February 2, 2024	February 2, 2024 – August 1, 2024	Strictly performed during the Reporting Period, completed on August 1, 2024
Other commitments	Paul Xiaoming Lee, Li Xiaohua	Undertaking not to reduce their shareholding in the Company	In view of their confidence in the future development prospects of the Company and their recognition of the long-term investment value, Mr. Paul Xiaoming Lee and Mr. Li Xiaohua undertake not to reduce their shareholding in the Company' shares within six months from the date of this announcement on voluntary basis. During the above commitment period, any increase of shares due to reasons such as bonus shares, conversion of capital reserve to share capital and rights issue shall also comply with the above commitment of not to reduce their shareholdings.	February 8, 2024	February 8, 2024 – August 7, 2024	Strictly performed during the Reporting Period, completed on August 7, 2024
Other commitments	Actual controller	Commitment to repurchase in case of reduction in violation of regulations	The actual controller of the Company and its acting-in-concert parties undertake to use their own and self-financed funds to repurchase the shares of Energy Technology that have been disproportionately reduced and reduced in violation of regulations within the next 12 months, subject to the permission of rules. The actual controller and its acting-in-concert parties undertake to surrender the proceeds arising from the repurchase of the shares that have been disproportionately reduced and reduced in violation of regulations to Energy Technology. The actual controller and its acting-in-concert parties undertake to strictly fulfill the aforesaid commitments and strictly fulfill the information disclosure obligations.	July 23, 2024	July 23, 2024 – July 22, 2025	Within the performance period, strictly performed. As of the end of the Reporting Period, the actual controller and its acting-in-concert parties had repurchased 346,500 shares
Whether the commitment is performed on time			Yes			
If the commitments are overdue and have not been fulfilled, the specific reason for non-fulfilment and further work plan shall be explained in detail			Not applicable			

**2. Where any earnings forecast was made for any of the Company's assets or projects and the Reporting Period is still within the forecast period, the Company shall explain whether the performance of the asset or project reaches the earnings forecast and the reason**

☐Applicable ☒Not applicable

## II. Occupation of the Listed Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

☐Applicable ☒ Not applicable

In the Reporting Period, no controlling shareholder or its related party occupied capital of the listed company for non-operating purposes.

## III. Illegal external guarantee

☐Applicable ☒ Not applicable

The Company did not provide any illegal external guarantee during the Reporting Period.

## IV. Explanation of the Board of Directors Regarding the “Non-standard Audit Report” Issued for the Latest Period

☐Applicable ☒ Not applicable

## V. Explanation of the Board of Directors, the Supervisory Committee and Independent Directors (If Any) Regarding the “Non-standard Audit Report” Issued by the Accounting Firm for the Reporting Period

☐Applicable ☒ Not applicable

## VI. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Previous Fiscal Year

☒Applicable ☐ Not applicable

(I) The Company held the twenty-second meeting of the Fifth Board of Directors and the eighteenth meeting of the Fifth Supervisory Committee on April 10, 2024, and considered and approved the *Proposal on Changes in Accounting Policies*. The Company has been implementing the *Interpretation of Enterprise Accounting Standards No. 17* – “Accounting for Sale and Leaseback Transactions” issued by the Ministry of Finance in 2023 since October 25, 2023. Such changes in accounting policies are reasonable as per the relevant regulations promulgated by the Ministry of Finance, which is in compliance with relevant regulatory requirements and the actual situation of the Company, without significant impact on the Company's financial position, operating results and cash flow. For details, please refer to the *Announcement on Changes in Accounting Policies* disclosed on designated information disclosure media by the Company on April 11, 2024 (Announcement No. 2024-059).

(II) The Company held the thirty-seventh meeting of the Fifth Board of Directors and the thirty-first meeting of the Fifth Supervisory Committee on January 22, 2025, and considered and approved the *Proposal on Changes in Accounting Policies*. The Company has been implementing *Interpretation of Accounting Standards for Business Enterprises No. 18* issued by the Ministry of Finance since December 6, 2024. In accordance with the relevant regulations, the Company has changed its accounting policy accordingly, and the projected liabilities arising from quality assurance are debited to “Main business cost” and “Other operating costs,” and are no longer recognized as “Cost of sales.” This change in accounting policy is a change made by the Company in accordance with the relevant regulations and requirements of the Ministry of Finance and is in compliance with the relevant laws and regulations. The implementation of the changed accounting policies can objectively and fairly reflect the Company's financial position and results of operations. This change in accounting policy will not have any impact on the financial position, business results and cash flows of the Company, and will not be detrimental to the interests of the Company and its shareholders. For details, please refer to the *Announcement on Changes in Accounting Policies* (Announcement No. 2025-021) disclosed by the Company on January 23, 2025 in the designated information disclosure media.

## VII. Reason for Changes in Scope of the Consolidated Financial Statements as Compared to the Financial Report for the Previous Fiscal Year

☒Applicable ☐ Not applicable

During the Reporting Period, compared to the previous period, the Company added 3 new entities into and eliminated 1 entity from its consolidated financial statements. These 3 new entities are respectively Shanghai Jiezhuyuan New Material Technology Co., Ltd., Shanghai Hengjieyuan New Material Technology Co., Ltd., and SEMCO MALAYSIA SDN. BHD., which were all established during the Reporting

Period. The eliminated 1 entity is Guangdong Energy New Materials Research Institute Co., Ltd., which was cancelled during the Reporting Period.

## VIII. Engagement and Disengagement of CPA Firm

CPA firm engaged at present

Name of the domestic CPA firm	RSM CHINA (Special General Partnership)
Remuneration of the domestic CPA firm (RMB0'000)	265
Consecutive years of audit services provided by the domestic auditor	1 year
Names of the certified public accountants from domestic accounting firm	Yao Rui, Yang Ganlin, Tian Guocheng
Consecutive years of audit services provided by the Certified Public Accountants from domestic accounting firm	Yao Rui, Yang Ganlin and Tian Guocheng provide audit services for 5 years, 1 year and 1 year respectively

Whether the CPA firm was changed in the current period

☒ Yes ☐ No

Whether the accounting firm was replaced during the audit period

☐ Yes ☒ No

Whether the approval process for changing accounting firms was carried out

☒ Yes ☐ No

Explanation on the reappointment and change of accounting firms

Da Hua Certified Public Accountants Special General Partnership received the *Decision on Administrative Penalty* ([2024] No. 1) issued by Jiangsu Regulatory Bureau of China Securities Regulatory Commission on May 10, 2024, and was suspended from engaging in securities service business for six months. In view of this and based on the principle of prudence, taking into account the needs of the Company's business development and future audits, the Company decided, after study, to appoint RSM China (Special General Partnership) as the auditor of the Company's financial statements and internal control for 2024. The Audit Committee of the Board of Directors of the Company fully reviewed the professional competence, investor protection, integrity and independence of RSM China, and appropriateness of the reasons for the change of accounting firm. They believed that RSM China is a large reputable accounting firm with securities qualifications and high-quality practitioners, and agreed to engage RSM China as the auditor of the Company's financial statements and internal control for 2024. The proposal was submitted to the Board of Directors for consideration. The Company held the thirty-third meeting of the Fifth Board of Directors on October 29, 2024, and the Ninth Extraordinary General Meeting on November 15, 2024, to consider and approve the change of accounting firm. The Company's change of accounting firm was in compliance with the Measures for the Administration of Selection and *Engagement* of Accounting Firms by State-Owned Enterprises and Listed Companies (Cai Kuai [2023] No. 4) issued by the Ministry of Finance, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC.

The Company has communicated with the former and current accounting firms regarding the change of the accounting firm, and all parties have clearly noted this matter and confirmed that they have no objections.

Engagement of any CPA firm, financial advisor or sponsor for internal control and audit

☒ Applicable ☐ Not applicable

During the Reporting Period, the Company engaged RSM China (Special General Partnership) as the internal control audit accounting firm and the audit fee was RMB600,000.

## IX. Possibility of Delisting after Disclosure of this Annual Report

☐ Applicable ☒ Not applicable

## X. Matters Related to Bankruptcy and Reorganization

☐Applicable ☒Not applicable

The Company was not bankrupt and reorganized during the Reporting Period.

## XI. Material Litigation and Arbitration

☒Applicable ☐Not applicable

Basic information of litigation (arbitration)	Amount involved (RMB0'000)	Whether caused estimated liabilities	Progress in litigation (arbitration)	Hearing result and impact of litigation (arbitration)	Judgment execution of litigation (arbitration)	Disclosure date	Disclosure index
Shanghai Energy sued Hebei Gellec New Energy Science & Technology Co. Ltd ("Gellec") for infringing the Company's invention patent No. ZL201920914445.9	2,000	No	Withdrawn in March 2023	No impact on the Company's profit for the current and subsequent periods	--	May 22, 2023	<i>Announcement on Litigation Initiated by Subsidiary of the Company</i> (Announcement No.: 2023-079) and <i>Announcement on the Progress of Lawsuits Filed by Subsidiary of the Company</i> (Announcement No. 2024-045) disclosed in the designated information disclosure media
Shanghai Energy sued Gellec for infringing the Company's invention patent No. ZL201380061102.8	10,500	No	Withdrawn in March 2025	No impact on the Company's profit for the current and subsequent periods	--	August 9, 2023	<i>Announcement on Litigation Involving Subsidiary of the Company</i> (Announcement No.: 2023-138) and <i>Announcement on the Correction of Lawsuits Filed by Subsidiary of the Company</i> (Announcement No. 2023-139) disclosed Item in the designated information disclosure media
Shanghai Energy sued Gellec for infringing the Company's invention patent No. ZL201810710744.0	10,500	No	Hearing commenced on April 17, 2024	The final outcome of the judgment is still uncertain, and it is not possible to predict the impact on the Company's profit for the current and subsequent periods. The final actual impact will be subject to the outcome of the court's effective	--	August 9, 2023	<i>Announcement on Litigation Involving Subsidiary of the Company</i> (Announcement No.: 2023-138) and <i>Announcement on the Correction of Lawsuits Filed by Subsidiary of the Company</i> (Announcement No. 2023-139) disclosed Item in the designated information disclosure media

				judgment.			
Gellec sued Shanghai Energy and Zhuhai Energy for infringing its invention patent No. ZL201810969215.2	5,000	No	Received a ruling on October 25, 2024 regarding the withdrawal of the lawsuit by Gellec	No impact on the Company's profit for the current and subsequent periods	--	December 18, 2023	<i>Announcement on Litigation Involving Subsidiary of the Company</i> (Announcement No.: 2023-223) and <i>Announcement on the Progress of Lawsuits Involving Subsidiary of the Company</i> (Announcement No. 2024-219) disclosed in the designated information disclosure media
Gellec sued Shanghai Energy and Zhuhai Energy for infringing its invention patent No. ZL201810859589.9	9,900	No	Received a ruling on October 25, 2024 regarding the withdrawal of the lawsuit by Gellec	No impact on the Company's profit for the current and subsequent periods	--	December 18, 2023	<i>Announcement on Litigation Involving Subsidiary of the Company</i> (Announcement No.: 2023-223) and <i>Announcement on the Progress of Lawsuits Involving Subsidiary of the Company</i> (Announcement No. 2024-219) disclosed in the designated information disclosure media
Zhuhai Energy sued Gellec for infringing the Company's invention patent No. ZL201810751698.9	3,000	No	Withdrawn in March 2023	No impact on the Company's profit for the current and subsequent periods	--	May 22, 2023	<i>Announcement on Litigation Initiated by Subsidiary of the Company</i> (Announcement No.: 2023-079) and <i>Announcement on the Progress of Lawsuits Filed by Subsidiary of the Company</i> (Announcement No. 2024-045) disclosed in the designated information disclosure media

During the Reporting Period, the total amount involved in other litigation cases of the Company was RMB73.7117 million (including RMB72.3747 million as plaintiff and RMB1.337 million as defendant). As of the end of the Reporting Period, the total amount involved in pending cases was RMB6.6855 million. These litigation matters will not have any material adverse impact on the Company's financial position or sustainable operating capacity.

## XII. Punishments and Rectifications

☒Applicable      Not applicable

Name	Type	Reason	Type of investigation penalty	Conclusion (if any)	Disclosure date	Disclosure index
The Company	Others	Inaccurate disclosure of information relating to persons acting in concert with the family of the actual controller	Administrative supervisory measures taken by the CSRC	Ordering for corrections and issuing warning letters to the Company	July 24, 2024	<i>Announcement on Receipt of Decision on Administrative Supervisory Measures from Yunnan Supervision</i>

Paul Xiaoming Lee, Yan Ma, Sherry Lee, Li Xiaohua, Yanyang Hui, Jerry Yang Li, Heyi Investment	Actual controllers and their respective acting-in-concert parties	Inaccurate disclosure of persons acting in concert and interests in the family of actual controller of Energy Technology; Failure to timely disclose the required short-form report of changes in equity and to cease trading in the Company's shares; Reduction of shares disproportionately and in violation of regulations.	Administrative supervisory measures taken by the CSRC	Ordering for corrections and issuing warning letters to Paul Xiaoming Lee, Yan Ma, Sherry Lee, Li Xiaohua, Yanyang Hui, Jerry Yang Li, Heyi Investment, Yuxi Heli Investment Co., Ltd.	July 24, 2024	Bureau of China Securities Regulatory Commission (Announcement No. 2024-167) disclosed in the designated information disclosure media
Heli Investment	Others					

Notes: Yuxi Heli Investment Co., Ltd constituted a party acting in concert with the Family of Paul Xiaoming Lee, the actual controller of Energy Technology, prior to the change of its articles of association on September 27, 2021, and thereafter no longer constituted a party acting in concert with the Family of Paul Xiaoming Lee, the actual controller.

Explanations on rectification

☒ Applicable      ☐ Not applicable

After receiving the above administrative and supervisory measures, the Company and the relevant persons attached great importance to the matters involved therein. We have organized the relevant personnel to study the relevant laws and regulations again to deepen their understanding of the relevant rules, and has conducted a deep reflection on the above matters, and sincerely apologized to the investors for the adverse impact on the market caused by the act. The actual controller of the Company, Family of Paul Xiaoming Lee, the actual controller, Heyi Investment and Heli Investment published the report of changes in equity on July 24, 2024. The Company published the *Announcement on the Actual Controller's Apology for Reduction of Shareholding in Violation of Regulations and Commitment to Repurchase* (Announcement No. 2024-168) in the designated information disclosure media on the same day. The actual controller of the Company and its acting-in-concert parties undertook to use their own and self-financed funds to repurchase the shares of Energy Technology that have been excessively reduced and illegally reduced within the next 12 months within the scope permitted by the rules, and surrender the proceeds arising from the repurchase of the shares excessively reduced and illegally reduced to Energy Technology. The actual controller and its acting-in-concert parties undertake to strictly fulfill the aforesaid commitments and strictly fulfill the information disclosure obligations. During the Reporting Period, the actual controller of the Company and its acting-in-concert parties repurchased 346,500 shares through centralized bidding transactions. As of the date of this report, the actual controller of the Company and its acting-in-concert parties have repurchased a total of 651,400 shares through centralized bidding transactions. Subsequently, they will continue to fulfill the aforementioned commitments and disclose information in accordance with relevant regulations.

### **XIII. The Company made no punishment or rectification during the Reporting Period.**

☒ Applicable      ☐ Not applicable

During the Reporting Period, the Company and its controlling shareholder and the actual controller were in good standing, and there were no cases of non-performance of court judgments in force or large debts due but unpaid.

## XIV. Significant related party transactions

### 1. Related party transactions arising from routine operation

☒Applicable ☐ Not applicable

Unit: RMB0'000

Related transaction party	Relation	Type of related transaction	Details of related transaction	Pricing principle of the related transaction	Related transaction price	Related transaction amount (inclusive of tax)	Proportion in the total amount of transaction of the same type	Approved transaction limit	Whether the transaction exceeded the approved limit or not	Settlement mode for related transaction	Obtainable market price for the transaction of the same type	Disclosure date	Disclosure index
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	In the past twelve months, it was an equity-method investee of the Company, and the Company's Chairman and Vice Chairman previously served as its Vice Chairman and director respectively.	Purchase raw materials from related parties	Purchase additives	Agreed by both parties based on market price	--	3,139.83	53.19%	5,500	No	T/T or acceptance bills	—	April 25, 2024	Announcement on the Expected Routine Related Transactions in 2024 (No.: 2024-075) disclosed at www.cninfo.com.cn
		Sell products and commodities to related parties	Sell raw materials		--	1,076.52	66.12%	2,000	No	T/T	—		
		Lease to related parties	Lease workshop		--	2.4	1.34%	2.4	No	T/T	—		
Yuxi Heyi Investment Co., Ltd.	An enterprise controlled by the Company's actual	Lease to related parties	Lease office	Agreed by both parties based on market price	--	0.33	0.18%	0.33	No	T/T	—		

	controller												
Yuxi Heli Investment Co., Ltd.	The Company's employee stock ownership platform	Lease to related parties	Lease office	Agreed by both parties based on market price	--	0.24	0.13%	0.24	No	T/T	—		
Jiesheng Technology Co., Ltd. and its subsidiaries	An enterprise controlled by the Company's actual controller	Purchase equipment and spare parts from related parties	Purchase equipment and spare parts	Agreed by both parties based on market price	--	48,143.36	10.19%	65,903	No	T/T or acceptance bills	—		
Zhuhai Chenyu New Material Technology Co., Ltd. and its subsidiaries	An enterprise controlled by the Company's actual controller	Purchase materials from related parties	Purchase materials	Agreed by both parties based on market price	--	10,628.14	7.14%	20,500	No	T/T or acceptance bills	—		
	An enterprise controlled by the Company's actual controller	Sell packaging materials and others to related parties	Sell packaging materials		--	11.85	0.03%	18	No	T/T or acceptance bills	—		
Total				--	--	63,002.67	--	93,923.97	--	--	--	--	--
Details of any sales return of a large amount				No									
Give the actual situation during the Reporting Period (if any) where a forecast had been made for the total amounts of routine related party transactions by type to occur in the current period				The actual routine transaction amount between the Company and the related parties did not exceed the total amount of routine related party transactions estimated by the Company by type.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Not applicable									

**2. Related party transactions relevant to acquisition and sales of assets or equities**

☐ Applicable ☒ Not applicable

The Company did not acquire or sell assets or equities during the Reporting Period.

**3. Related party transactions in connection with joint external investments**

☐ Applicable ☒ Not applicable

The Company had no related party transaction in connection with joint external investments during the Reporting Period.

**4. Credits and liabilities with related parties**

☒ Applicable ☐ Not applicable

Whether there were any credits or liabilities with related parties for non-operating purposes

☐ Yes ☒ No

The Company did not have any non-operating related-party debt or credit transactions during the Reporting Period.

**5. Dealing with related financial companies**

☐ Applicable ☒ Not applicable

There was no deposit, loan, credit granting or other financial business between the Company and the related financial companies and the related parties.

**6. Dealing between the financial companies controlled by the Company and the related parties**

☐ Applicable ☒ Not applicable

There was no deposit, loan, credit granting or other financial business between the financial companies controlled by the Company and the related parties.

**7. Other significant related party transactions**

☒ Applicable ☐ Not applicable

The Company has no other significant related party transactions during the Reporting Period.

**XV. Significant contracts and their execution****1. Trusteeships, Contracts, and Leases****(1) Trusteeships**

☐ Applicable ☒ Not applicable

There was no trusteeship during the Reporting Period.

**(2) Contracts**

☐ Applicable ☒ Not applicable

There were no such cases during the Reporting Period.

**(3) Leases**

☐ Applicable ☒ Not applicable

There were no leases during the Reporting Period.

## 2. Significant guarantees

☒Applicable ☐Not applicable

Unit: RMB0'000

External guarantees provided by the Company and its subsidiaries (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Actual occurrence date	Actual guarantee amount	Type of guarantee	Guarantee period	Performed or not	Guarantee for a related party or not
Guarantees provided by the Company to its subsidiaries								
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Actual occurrence date	Actual guarantee amount	Type of guarantee	Guarantee period	Performed or not	Guarantee for a related party or not
Zhuhai Energy	April 25, 2024	20,000	February 21, 2023	12,000	Joint-liability guarantee	5 years	No	No
Zhuhai Energy	April 25, 2024	27,000	February 7, 2022	17,762.87	Joint-liability guarantee	3 years	No	No
Zhuhai Energy	April 25, 2024	30,000	July 13, 2023	29,980	Joint-liability guarantee	2 years	No	No
Zhuhai Energy	April 25, 2024	15,000	May 29, 2023	0	Joint-liability guarantee	3 years	No	No
Zhuhai Energy	April 25, 2024	22,000	December 1, 2023	20,000	Joint-liability guarantee	4 years	No	No
Zhuhai Energy	April 25, 2024	30,000	January 15, 2024	17,845.97	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	April 25, 2024	3,200	March 1, 2024	0	Joint-liability guarantee	3 years	No	No
Zhuhai Energy	April 25, 2024	27,096.7	April 12, 2024	0	Joint-liability guarantee	2 years	No	No
Zhuhai Energy	April 25, 2024	20,000	April 12, 2024	2,640.22	Joint-liability guarantee	1 year	No	No
Zhuhai Energy	April 25, 2024	20,000	April 24, 2024	12,917.26	Joint-liability guarantee	5 years	No	No
Zhuhai Energy	April 25, 2024	30,000	April 25, 2024	14,000	Joint-liability guarantee	1 year	No	No
Zhuhai Energy, Shanghai Energy	April 25, 2024	35,682	July 30, 2024	25,200	Joint-liability guarantee	Indefinite term	No	No
Chongqing Energy	April 25, 2024	10,000	February 23, 2024	9,950	Joint-liability guarantee	3 years	No	No
Chongqing Energy	April 25, 2024	8,000	August 2, 2024	6,227.73	Joint-liability guarantee	1 year	No	No
Chongqing Energy	April 25, 2024	30,000	November 8, 2024	28,500	Joint-liability guarantee	1 year	No	No
Newmi Tech	April 25, 2024	10,000	August 13, 2024	10,000	Joint-liability guarantee	3 years	No	No
Newmi Tech	April 25, 2024	3,500	October 24, 2024	0	Joint-liability guarantee	1 year	No	No
Hongta Plastic	April 25, 2024	4,400	June 11, 2024	1,100	Joint-liability guarantee	Indefinite term	No	No

Hongta Plastic	April 25, 2024	4,000	November 9, 2020	0	Joint-liability guarantee	5 years	No	No
Hongta Plastic	April 25, 2024	7,800	November 29, 2021	0	Joint-liability guarantee	3 years	No	No
Hongta Plastic	April 25, 2024	5,165	May 5, 2022	4,000	Joint-liability guarantee	3 years	No	No
Hongta Plastic	April 25, 2024	12,900	July 7, 2023	5,970.41	Joint-liability guarantee	3 years	No	No
Hongta Plastic	April 25, 2024	6,000	July 15, 2023	5,071.46	Joint-liability guarantee	2 years	No	No
Hongta Plastic	April 25, 2024	7,000	January 2, 2024	0	Joint-liability guarantee	3 years	No	No
Hongta Plastic	April 25, 2024	8,000	January 12, 2024	5,900	Joint-liability guarantee	4 years	No	No
Hongta Plastic	April 25, 2024	10,000	April 19, 2024	2,091.09	Joint-liability guarantee	1 year	No	No
Hongta Plastic	April 25, 2024	5,000	November 15, 2024	0	Joint-liability guarantee	2 years	No	No
Hongchuang Packaging	April 25, 2024	6,600	June 11, 2024	800	Joint-liability guarantee	Indefinite term	No	No
Hongchuang Packaging	April 25, 2024	5,000	February 23, 2022	0	Joint-liability guarantee	5 years	No	No
Hongchuang Packaging	April 25, 2024	16,200	March 21, 2022	9,063.4	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	April 25, 2024	6,000	September 22, 2023	1,593.94	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	April 25, 2024	9,000	January 2, 2024	0	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	April 25, 2024	12,000	January 15, 2024	5,373.7	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	725.88	March 29, 2024	725.88	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	2,000	January 29, 2024	0	Joint-liability guarantee	3 years	No	No
Hongchuang Packaging	April 25, 2024	13,000	April 26, 2024	6,566.66	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	4,000	April 30, 2024	0	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	1,366.78	August 21, 2024	1,366.78	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	4,000	September 29, 2024	2,000	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	10,000	November 13, 2024	0	Joint-liability guarantee	1 year	No	No
Hongchuang Packaging	April 25, 2024	10,000	December 26, 2024	7,583.51	Joint-liability guarantee	3 years	No	No
Dexin Paper	April 25, 2024	2,000	January 2, 2024	0	Joint-liability guarantee	3 years	No	No

Dexin Paper	April 25, 2024	1,000	January 12, 2024	0	Joint-liability guarantee	4 years	No	No
Yuxi Energy	April 25, 2024	100,000	March 1, 2023	26,761.47	Joint-liability guarantee	3 years	No	No
Yuxi Energy	April 25, 2024	80,000	October 26, 2023	0	Joint-liability guarantee	9 years	No	No
Yuxi Energy	April 25, 2024	70,000	April 10, 2024	2,640.66	Joint-liability guarantee	3 years	No	No
Yuxi Energy	April 25, 2024	100,000	July 16, 2024	43,823.98	Joint-liability guarantee	10 years	No	No
Wuxi Energy	April 25, 2024	10,000	January 5, 2024	3,277.63	Joint-liability guarantee	4 years	No	No
Wuxi Energy	April 25, 2024	10,000	July 12, 2024	0	Joint-liability guarantee	1 year	No	No
Wuxi Energy	April 25, 2024	15,000	August 21, 2024	7,570.55	Joint-liability guarantee	1 year	No	No
Wuxi Energy	April 25, 2024	10,000	September 24, 2024	4,000	Joint-liability guarantee	5 years	No	No
Wuxi Energy	April 25, 2024	20,000	September 2, 2024	9,720	Joint-liability guarantee	1 year	No	No
Suzhou GreenPower	April 25, 2024	10,400	March 9, 2022	0	Joint-liability guarantee	5 years	No	No
Suzhou GreenPower	April 25, 2024	10,000	December 27, 2023	0	Joint-liability guarantee	1 year	No	No
Suzhou GreenPower	April 25, 2024	18,000	January 9, 2024	3,600	Joint-liability guarantee	5 years	No	No
Suzhou GreenPower	April 25, 2024	14,000	March 5, 2024	8,000	Joint-liability guarantee	3 years	No	No
Suzhou GreenPower	April 25, 2024	20,000	November 14, 2024	19,583.47	Joint-liability guarantee	1 year	No	No
Suzhou GreenPower	April 25, 2024	10,000	December 10, 2024	0	Joint-liability guarantee	5 years	No	No
Shanghai Energy	April 25, 2024	85,600	September 28, 2020	51,600	Joint-liability guarantee	7 years	No	No
Shanghai Energy	April 25, 2024	66,000	February 7, 2022	0	Joint-liability guarantee	5 years	No	No
Shanghai Energy	April 25, 2024	24,000	June 5, 2022	1,000	Joint-liability guarantee	3 years	No	No
Shanghai Energy	April 25, 2024	4,622.59	June 10, 2022	0	Joint-liability guarantee	5 years	No	No
Shanghai Energy	April 25, 2024	30,000	August 18, 2022	0	Joint-liability guarantee	5 years	No	No
Shanghai Energy	April 25, 2024	120,000	August 1, 2023	59,992.5	Joint-liability guarantee	15 years	No	No
Shanghai Energy	April 25, 2024	16,500	October 27, 2023	15,000	Joint-liability guarantee	2 years	No	No
Shanghai Energy	April 25, 2024	50,000	December 22, 2023	0	Joint-liability guarantee	4 years	No	No

Shanghai Energy	April 25, 2024	80,000	March 20, 2024	25,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	21,308.4	April 16, 2024	20,000	Joint-liability guarantee	3 years	No	No
Shanghai Energy	April 25, 2024	20,000	April 18, 2024	20,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	20,000	April 24, 2024	20,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	21,358.49	June 24, 2024	10,000	Joint-liability guarantee	Indefinite term	No	No
Shanghai Energy	April 25, 2024	20,000	June 17, 2024	10,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	90,000	August 9, 2024	82,000	Joint-liability guarantee	3 years	No	No
Shanghai Energy	April 25, 2024	19,600	August 20, 2024	4,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	50,000	August 22, 2024	47,150	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	87,500	August 27, 2024	49,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	20,900	September 2, 2024	19,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	15,000	September 6, 2024	10,000	Joint-liability guarantee	3 years	No	No
Shanghai Energy	April 25, 2024	20,000	September 11, 2024	19,250	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	54,600	December 3, 2024	21,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy	April 25, 2024	5,000	December 30, 2024	5,000	Joint-liability guarantee	1 year	No	No
Shanghai Energy Trading Co., Ltd.	April 25, 2024	1,000	September 20, 2024	1,000	Joint-liability guarantee	3 years	No	No
Jiangxi Tonry	April 25, 2024	150,000	September 17, 2019	27,550	Joint-liability guarantee	5 years	No	No
Jiangxi Tonry	April 25, 2024	25,000	June 25, 2024	24,900	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	April 25, 2024	5,000	June 25, 2024	4,950	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	April 25, 2024	20,000	October 8, 2024	19,956.72	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	April 25, 2024	1,000	October 9, 2024	1,000	Joint-liability guarantee	2 years	No	No

Jiangxi Tonry	April 25, 2024	4,000	October 9, 2024	4,000	Joint-liability guarantee	2 years	No	No
Jiangxi Tonry	April 25, 2024	13,500	October 31, 2024	10,000	Joint-liability guarantee	3 years	No	No
Jiangxi Tonry	April 25, 2024	10,000	November 11, 2024	10,000	Joint-liability guarantee	1 year	No	No
Jiangxi Tonry	April 25, 2024	20,000	December 2, 2024	0	Joint-liability guarantee	1 year	No	No
Jiangxi Ruijie	April 25, 2024	40,000	April 12, 2023	29,812.5	Joint-liability guarantee	7 years	No	No
Jiangxi Enpo	April 25, 2024	43,350	April 28, 2024	43,350	Joint-liability guarantee	8 years	No	No
Jiangsu Energy	April 25, 2024	20,000	November 18, 2024	14,763.64	Joint-liability guarantee	1 year	No	No
Hubei Energy	April 25, 2024	49,500	May 24, 2023	10,593.59	Joint-liability guarantee	5 years	No	No
Hubei Energy	April 25, 2024	165,000	May 24, 2023	111,531.83	Joint-liability guarantee	6 years	No	No
Hongta Plastic (Chengdu) Co., Ltd.	April 25, 2024	3,000	January 12, 2024	2,758.78	Joint-liability guarantee	4 years	No	No
Anhui Hongchuang	April 25, 2024	21,000	November 15, 2023	6,945.38	Joint-liability guarantee	2 years	No	No
Anhui Hongchuang	April 25, 2024	55,000	July 23, 2024	4.29	Joint-liability guarantee	6 years	No	No
Chuangxin New Material (Hong Kong) Co., Ltd.	April 25, 2024	10,160.01	February 1, 2024	0	Joint-liability guarantee	Indefinite term	No	No
Chuangxin New Material (Hong Kong) Co., Ltd.	April 25, 2024	120,643.9	April 12, 2024	5,226.64	Joint-liability guarantee	Indefinite term	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Jiangsu Sanhe, Yuxi Energy, Xiamen	April 25, 2024	200,000	March 1, 2024	0	Joint-liability guarantee	1 year	No	No

Energy, Jiangxi Energy								
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Yuxi Energy, Xiamen Energy, Jiangxi Energy, Anhui Hongchuang	April 25, 2024	150,000	April 10, 2024	0	Joint-liability guarantee	3 years	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Jiangsu Sanhe, Yuxi Energy	April 25, 2024	70,000	May 6, 2022	0	Joint-liability guarantee	4 years	No	No
Wuxi Energy, Jiangxi Tonry, Suzhou GreenPower, Chongqing Energy, Jiangxi Ruijie, Jiangsu	April 25, 2024	150,000	April 11, 2022	0	Joint-liability guarantee	3 years	No	No

Energy, Jiangsu Ruijie, Jiangxi Enpo, Hubei Energy, Jiangsu Sanhe, Yuxi Energy, Xiamen Energy, Jiangxi Energy								
Hongchuang Packaging, Shanghai Energy, Wuxi Energy, Jiangsu Energy	April 25, 2024	39,224.9	November 30, 2020	28,500	Joint-liability guarantee	8 years	No	No
Suzhou GreenPower	April 25, 2024	55,000	May 24, 2022	18,261.95	Joint-liability guarantee	5 years	No	No
Zhuhai Energy	April 25, 2024	75,000	August 1, 2019	0	Joint-liability guarantee	6 years	No	No
Chongqing Energy	April 25, 2024	160,000	April 26, 2022	78,434.36	Joint-liability guarantee	6 years	No	No
Wuxi Energy	April 25, 2024	116,000	December 1, 2020	27,005.29	Joint-liability guarantee	9 years	No	No
Zhuhai Energy	April 25, 2024	20,000	September 6, 2023	10,046.4	Joint-liability guarantee	3 years	No	No
Total line of guarantees granted to subsidiaries during the Reporting Period (B1)		5,769,300		Total actual amount of guarantees in favour of subsidiaries during the Reporting Period (B2)		1,395,711.96		
Total line of guarantees granted to subsidiaries as at the end of the Reporting Period (B3)		5,769,300		Total actual amount of guarantees in favour of subsidiaries as at the end of the Reporting Period (B4)		1,374,792.53		
Guarantees provided by subsidiaries for subsidiaries								
Guaranteed party	Disclosure date of related announcement of guarantee quota	Guarantee quota	Actual occurrence date	Actual guarantee amount	Type of guarantee	Guarantee period	Performed or not	Guarantee for a related party or not
Shanghai Energy Trading Co., Ltd.	April 25, 2024	1,000	December 11, 2023	1,000	Joint-liability guarantee	1 year	No	No
Jiangsu Ruijie	April 25, 2024	70,000	May 9, 2024	16,900	Joint-liability guarantee	8 years	No	No

Jiangsu Energy	April 25, 2024	160,000	June 30, 2022	0	Joint-liability guarantee	3 years	No	No
Total line of guarantees granted to subsidiaries during the Reporting Period (C1)		231,000			Total line of guarantees granted to subsidiaries during the Reporting Period (C2)			17,900
Total line of guarantees granted to subsidiaries as at the end of the Reporting Period (C3)		231,000			Total actual amount of guarantees in favour of subsidiaries as at the end of the Reporting Period (C4)			17,900
Total guarantee amount provided by the Company (sum of the aforesaid three categories)								
Total line of guarantees granted during the Reporting Period (A1+B1+C1)		6,000,300			Total actual amount of guarantees during the Reporting Period (A2+B2+C2)			1,413,611.96
Total line of guarantees granted as at the end of the Reporting Period (A3+B3+C3)		6,000,300			Total actual amount of guarantees as at the end of the Reporting Period (A4+B4+C4)			1,392,692.53
Actual total guarantees (A4+B4+C4) in proportion to net asset of the Company								56.91%
Including:								
Balance of guarantees given for shareholders, actual controllers and their related parties (D)								0
Balance of debt guarantees direct or indirectly given for guarantee parties with gearing ratio of over 70% (E)								1,678,896.38
Amount of total guarantees in excess of 50% of net assets (F)								2,542,979.66
Total of the above three guarantee amounts (D+E+F)								2,542,979.66
For unexpired guarantees, descriptions about the guarantee liabilities or possible joint and several liabilities of repayment occurred during the Reporting Period (if any)								Nil
External guarantees in breach of procedural requirements (if any)								Nil

Circumstances in which composite guarantees are used

### 3. Entrusted cash assets management

#### (1) Entrusted wealth management

☒Applicable ☐ Not applicable

## Overview of entrusted wealth management during the Reporting Period

Unit: RMB0'000

Type	Source of capital under the entrusted wealth management	Amount of the Entrusted wealth management	Undue amount	Overdue amount not recovered	Impairment of overdue wealth management not recovered
Wealth management products offered by brokerage firms	Raised funds	25,000	25,000	0	0
Wealth management products offered by bank	Self-owned funds	55,144.96	55,144.96	0	0
Total		80,144.96	80,144.96	0	0

Particulars of high-risk entrusted wealth management with significant single amount or low security and low liquidity

☐ Applicable ☒ Not applicable

Whether there is the case where the principal cannot be recovered at maturity or other case where impairment may occur

☐ Applicable ☒ Not applicable**(2) Entrusted loans**☐ Applicable ☒ Not applicable

There were no entrusted loans during the Reporting Period.

**4. Other major contracts**☒ Applicable    Not applicable

Contracting party (the Company's side)	Contracting party (the other side)	Contract object	Date of signature	Pricing principle	Transaction content	Related party transaction or not	Disclosure date	Disclosure index
Shanghai Energy	Huizhou EVE Energy Co., Ltd.	Lithium battery separator	November 22, 2024	Market price	It is expected that from 2025 to 2031, a total of no less than 3 billion square meters of battery separators will be procured from Shanghai Energy and its affiliates	No	November 25, 2024	<i>Announcement on the Signing of Global Strategic Cooperation Framework Agreement between a Majority Controlled Subsidiary and EVE (Announcement No. 2024-235)</i>

					with controlling stakes in the markets such as Southeast Asia and Europe, with specific quantities subject to purchase orders.			disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Shanghai Energy	Hefei Gotion High-tech Power Energy Co., Ltd.	Lithium battery separator	December 20, 2024	Market price	Shanghai Energy will serve as the main separator supplier for Gotion High-tech, supplying lithium battery separators to them in 2025, with specific quantities subject to Gotion High-tech's purchase orders.	No	December 21, 2024	<i>Announcement on the Signing of Annual Purchase Contract between a Majority Controlled Subsidiary and Gotion High-Tech</i> (Announcement No. 2024-248) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
SEMCORP Hungary Kft.	Ultium Cells LLC	Lithium battery separator	December 23, 2024	Market price	In 2025, Ultium Cells LLC will procure lithium battery separators from SEMCORP Hungary Kft. for an amount not exceeding USD66.25 million, with specific quantities subject to purchase orders.	No	December 24, 2024	<i>Announcement on Signing of Significant Contracts by Subsidiaries</i> (Announcement No. 2024-251) disclosed at <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

As of the end of the Reporting Period, all of the above contracts are being performed normally.

## XVI. Explanation for Other Significant Events

☒ Applicable ☐ Not applicable

1. Based on their confidence in the Company's future development prospects and recognition of its long-term investment value, Mr. Paul Xiaoming Lee and Mr. Li Xiaohua voluntarily undertook not to reduce their holdings of the Company's shares within six months from February 8, 2024. For details, please refer to the *Announcement on the Commitment of the Actual Controller of the Company Not to Reduce the Shareholding of the Company* (Announcement No. 2024-028) published by the Company in the designated information disclosure media on February 8, 2024. As of August 7, 2024, this commitment was fulfilled.

2. From December 11, 2023 to January 4, 2024, the Company's convertible bond "Energy Convertible Bonds" triggered the clause of downward revision of the conversion price. At the 18th meeting of the 5th Board of Directors of the Company, it was resolved that the conversion price would not be revised downwards from January 5, 2024 to July 4, 2024. For details, please refer to the *Announcement on Not Revising the Share Transfer Price Downward* (Announcement No. 2024-007) published by the Company on January 5, 2024 in the designated information disclosure media. From March 19, 2024 to May 6, 2024, the conditional resale terms of "Energy Convertible Bonds" became effective, and the resale filing period was from May 10, 2024 to May 16, 2024. As of the close of business on May 16, 2024, the number of valid declarations for the resale of Energy Convertible Bonds was 30, and the amount of the resale was RMB3,013.17 (including interest and tax). For details, please refer to the *Announcement on the Results of the Resale of Energy Convertible Bonds* (Announcement No. 2024-111) published by the Company on May 18, 2024 in the designated information disclosure media.

3. In accordance with the *Company Law*, the *Securities Law* and the relevant provisions of laws, regulations and normative documents such as the *Self-Regulatory Guidelines No. 1 for Companies Listed on the Shenzhen Stock Exchange - Standardized Operation of Companies Listed on the Main Board* and other laws, regulations and normative documents, during the Reporting Period, the Company held the twenty-fourth meeting of the Fifth Board of Directors and the twentieth meeting of the Fifth Supervisory Committee to revise and improve some of the Company's internal control systems, taking into account the actual situation of the Company. Some of these internal control systems which are subject to the approval of the general meeting have been considered and approved by the fourth extraordinary general meeting of the Company in 2024. For details, please refer to the *Announcement on Resolutions of the Twenty-fourth Meeting of the Fifth Board of Directors* (Announcement No. 2024-104) and the *Announcement on Resolutions of the Fourth Extraordinary General Meeting for 2024* (Announcement No. 2024-124), which were published by the Company in the designated media for the disclosure of information on May 17, 2024 and June 5, 2024, respectively.

4. Based on the confidence in the future development of the Company and the recognition of long-term investment value, some of the Company's directors, supervisors, senior management and core management, technical and business personnel increased their shareholdings of the Company's shares by an aggregate of 5,323,975 shares by means of centralized bidding during the period from October 28, 2023 to July 26, 2024 with their own funds of RMB200.4397 million. For details, please refer to the *Announcement on the Completion of the Plan to Increase the Shareholdings of the Company by Certain Directors, Supervisors, Senior Management and Core Personnel* (Announcement No. 2024-172) published by the Company in the designated information disclosure media on July 27, 2024.

5. From February 5, 2024 to July 30, 2024, the Company repurchased a total number of 5,905,097 shares for cancellation with its own funds of RMB199.9973 million (excluding transaction fees) by means of centralized bidding transactions through a special account for repurchase, to reduce the registered capital of the Company and increase shareholders' equity. The above repurchased shares were cancelled on November 5, 2024. For details, please refer to the *Announcement on Completion of Cancellation of Repurchased Shares and Changes in Shares* (Announcement No. 2024-227) published by the Company on November 6, 2024 in the designated information disclosure media.

6. To standardize the Company's selection and appointment (including renewal, reappointment and dismissal) of accounting firms, improve the quality of auditing work and financial information, and effectively safeguard the legitimate interests of shareholders, during the Reporting Period, the Company held the thirty-second meeting of the Fifth Board of Directors to consider and pass the *Proposal on the Formulation of the Administrative Measures for the Selection and Engagement of Accounting Firms*, and formulated the Company's *Administrative Measures for the Selection and Engagement of Accounting Firms*, in accordance with the *Company Law*, the *Securities Law*, the *Administrative Measures for the Selection and Engagement of Accounting Firms by State-Owned Enterprises and Listed Companies* and other relevant laws, administrative regulations, departmental rules and normative documents, and taking into account the Company's actual situation. Taking into account the business development of the Company and the needs of future auditing, the thirty-third meeting of the Fifth Board of Directors and the twenty-seventh meeting of the Fifth Supervisory Committee of the Company deliberated and passed the *Proposal on Proposed Change of Accounting Firm*. The Company appointed RSM China (Special General Partnership) as the auditor of the Company's financial statements and internal control for the year 2024. For details, please refer to the *Announcement on Resolutions of the Twenty-fourth Meeting of the Fifth Board of Directors* (Announcement No. 2024-220) and *Announcement on Proposed Change of Accounting Firm* (Announcement No. 2024-222) published by the Company in the designated information disclosure media on October 30, 2024. The matter was approved by the ninth extraordinary general meeting of the Company in 2024.

7. To further improve the corporate governance and standardize the operation of the Company, the Company convened the thirty-third meeting of the Fifth Board of Directors and the twenty-seventh meeting of the Fifth Session of the Supervisory Committee to amend the *Articles of Association of Yunnan Energy New Materials Co., Ltd.*, in accordance with the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Guidelines on the Articles of Association of Listed Companies* and other relevant laws, regulations and standardized documents, and in light of the actual situation of the Company. For details, please refer to the *Announcement on the Amendment of the Articles of Association* (Announcement No. 2024-223) published by the Company on October 30, 2024 in the designated information disclosure media. The matter was approved by the ninth extraordinary general meeting of the Company in 2024.

8. During the Reporting Period, the Company held the thirty-fourth meeting of the Fifth Board of Directors to consider and approve the *Proposal on Revision of the Fund-Raising Management System* and revised the *Fund-Raising Management System* of the Company. For details, please refer to the *Announcement on Resolutions of the Thirty-fourth Meeting of the Fifth Board of Directors* (Announcement No. 2024-242) published by the Company on December 14, 2024 in the designated information disclosure media.

## XVII. Significant Events of the Company and Its Subsidiaries

☒Applicable ☐ Not applicable

1. To accelerate the process of the Company's U.S. lithium battery separator project, so as to respond quickly to the needs of customers in North America and to enhance the global market share of the Company's diaphragm products, on January 3, 2024, the seventeenth meeting of the Fifth Board of Directors of the Company considered and approved the *Proposal on Adjustment to the U.S. Lithium Battery Separator Project*, adjusting the investment in the U.S. lithium battery barrier film project from approximately US\$916 million to approximately US\$276 million, and adjusting the construction of base film production line with annual capacity of 1.0-1.2 billion square meters and supporting coating equipment to the construction of 14 lithium battery coated diaphragm production lines with annual capacity of 700 million square meters. Except for the foregoing adjustments, the project implementation entity, SEMCORP Manufacturing USA LLC, the implementation location, and the funding source remain unchanged. For details, please refer to the *Progress Announcement on the Investment and Construction of Lithium Battery Separation Film Project in the United States* (Announcement No. 2024-004) published by the Company on January 4, 2024 in the designated information disclosure media.

2. To meet the demand of the Company's customers in overseas regions for the stability and timeliness of the supply of the Company's wet lithium battery separator products, on June 17, 2024, the twenty-seventh meeting of the Fifth Board of Directors of the Company considered and approved the *Proposal on the Construction of the Second Phase of the Wet-Process Lithium Battery Separator Project in Hungary*. Through its subsidiary SEMCORP Hungary Kft, the Company invested in the construction of the second phase of wet-process lithium battery separator production line and ancillary plants in Debrecen, Hungary, to carry out manufacturing and sales of lithium battery wet base film and functional coated separator. According to the project plan, 4 fully automatic imported film production lines and supporting coating lines will be built, with a total capacity of about 800 million square meters/year, and the total investment of the project is expected to be about 447 million Euros. For details, please refer to the *Announcement on the Construction of Phase II Wet-Process Lithium Battery Separator Project in Hungary* (Announcement No. 2024-136) published by the Company on June 19, 2024 in the designated information disclosure media.

3. To further promote the smooth advancement of the Company's overseas business and strengthen the Company's leading market position in the field of lithium battery separator, on September 23, 2024, the thirty-first meeting of the Fifth Board of Directors of the Company considered and approved the *Proposal on the Investment and Construction of a Lithium Battery Separator Project in Malaysia* by the Majority Controlled Subsidiary of the Company. Shanghai Energy would set up a new subsidiary in Malaysia to invest in the construction of lithium battery separator project, with the planned construction capacity of about 1 billion square meters/year, and the total project investment of about RMB2 billion. For details, please refer to the *Announcement on the Investment and Construction of Lithium Battery Separator Project in Malaysia by a Majority Controlled Subsidiary* (Announcement No. 2024-209) published by the Company in the designated media for information disclosure on September 24, 2024.

## Section 7 Share Changes and Shareholder Details

### I. Changes in Shares

#### 1. Changes in shares

Unit: shares

	Before the change		Increase or decrease (+, -)					After the change	
	Number of shares	Proportion	New shares issued	Bonus issuance	Conversion of reserve into share	Others	Subtotal	Number of shares	Proportion
I. Shares subject restriction on sale	147,417,868	15.08%				6,749,460	6,749,460	154,167,328	15.87%
1. Shares held by state	0	0.00%						0	0.00%
2. Shares held by state-owned legal persons	0	0.00%						0	0.00%
3. Shares held by other domestic investors	51,833,337	5.30%				5,953,889	5,953,889	57,787,226	5.95%
Including: Shares held by domestic legal persons	0	0.00%						0	0.00%
Shares held by domestic natural persons	51,833,337	5.30%				5,953,889	5,953,889	57,787,226	5.95%
4. Shares held by overseas investors	95,584,531	9.78%				795,571	795,571	96,380,102	9.92%
Including: Shares held by overseas legal persons	0	0.00%						0	0.00%
Shares held by overseas natural persons	95,584,531	9.78%				795,571	795,571	96,380,102	9.92%
II. Shares not subject to restrictions on sale	830,336,693	84.92%				-13,224,865	-13,224,865	817,111,828	84.13%
1. Renminbi denominated common shares	830,336,693	84.92%				-13,224,865	-13,224,865	817,111,828	84.13%

2. Domestically-listed foreign shares	0	0.00%						0	0.00%
3. Foreign shares listed overseas	0	0.00%						0	0.00%
4. Others	0	0.00%						0	0.00%
III. Total shares	977,754,561	100.00%				-6,475,405	-6,475,405	971,279,156	100.00%

## Reason for changes in shares

☒Applicable ☐Not applicable

## 1. Conversion of convertible corporate bonds into shares

Under the approval granted by the CSRC under the *Reply on Approving the Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2019] No. 2701), the Company made a public offering of 16 million convertible corporate bonds (bond abbreviation: Energy Convertible Bond, bond code: 128095) on February 11, 2020 and started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of “Energy Convertible Bonds” started on August 17, 2020. During the Reporting Period, a total of 2,791 shares were converted from the bonds, and by the end of the Reporting Period, a total of 17,632,476 shares were converted from the bonds.

## 2. Repurchase and cancellation of partial restricted shares under 2022 Stock Option and the Restricted Stock Incentive Plan

During the Reporting Period, according to the requirements of the *Management Measures for the Stock Incentives of the Listed Companies*, the Company’s 2022 Stock Option and the Restricted Stock Incentive Plan, and other relevant laws, regulations and normative documents, the Company repurchased and cancelled 532,399 restricted shares that had been granted but not subject to unlocking for the reason of failure to meet the performance requirements in the company level in the second unlocking period under the *2022 Stock Option and the Restricted Stock Incentive Plan*, as well as for the reason of the resignation or demotion of 100 incentive recipients under the plan. On September 9, 2024, the Company completed the cancellation of the abovementioned repurchased 532,399 restricted shares.

## 3. 2024 Restricted Stock Incentive Plan

During the Reporting Period, the Company implemented the *2024 Restricted Stock Incentive Plan*. On May 22, 2024, the Company completed the registration of the first grant of the restricted shares under this plan. The Company granted a total of 5,034,316 shares to a total of 140 incentive recipients.

According to the relevant requirements of the *Management Measures for the Stock Incentives of the Listed Companies*, and other relevant laws, regulations and normative documents, as well as the Company’s *2024 Restricted Stock Incentive Plan*, the Company repurchased and cancelled 40,700 restricted shares that had been granted but not subject to unlocking for the reason of the resignation of 2 grantees under the plan. On September 9, 2024, the Company completed the cancellation of the abovementioned repurchased 40,700 restricted shares.

## 4. Cancellation of repurchased shares in 2024

From February 5, 2024 to July 30, 2024, the Company repurchased its 5,905,097 shares at a self-owned amount of RMB199,997,253.55 (excluding the trading fees) for cancellation of the same and reducing its registered capital. On November 5, 2024, the Company completed the cancellation of the abovementioned repurchased 5,905,097 shares.

## 5. Changes in the locked-up shares held by the senior management

The shares held by the Company’s directors, supervisors, senior management have been managed and locked up as required by the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*, the *Shenzhen Stock Exchange Detailed Implementation Rules for Shareholding Decrease by Shareholders as well as Directors, Supervisors and Senior Management of Companies Listed on Shenzhen Stock Exchange*, the *Self-Regulatory Guidelines No. 18 for Companies Listed on Shenzhen Stock Exchange - Shareholding Decrease by Shareholders, Directors, Supervisors and Senior Management*, and other relevant provisions.

Driven by their confidence in the Company’s future development and their recognition of the value of the long-term investment in the Company, certain of the Company’s directors, supervisors and senior management increased their shareholding by a total of 2,208,063 shares of the Company from October 28, 2023 to July 26, 2024, some of which shares were locked in accordance with the provisions of the abovementioned relevant regulations.

## Approval of changes in shares

☒Applicable ☐Not applicable

## 1. Conversion of convertible corporate bonds into shares

Under the approval granted by the CSRC under the *Reply on Approving the Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2019] No. 2701), the Company made a public offering of 16 million convertible

corporate bonds (bond abbreviation: Energy Convertible Bond, bond code: 128095) on February 11, 2020 and started trading at Shenzhen Stock Exchange on February 28, 2020. The conversion period of “Energy Convertible Bonds” started on August 17, 2020.

## 2. Repurchase and cancellation of partial restricted shares under 2022 Stock Option and the Restricted Stock Incentive Plan

On June 6, 2024, the 26<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 22<sup>nd</sup> meeting of the 5<sup>th</sup> Supervisory Committee considered and adopted the *Proposal on Repurchase and Cancellation of Certain Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan*. On June 24, 2024, the Company held the 5<sup>th</sup> Extraordinary General Meeting of Shareholders of 2024, at which it considered and approved the above proposal. On September 9, 2024, after approval by the CSDC Shenzhen Branch and the Shenzhen Stock Exchange, the Company completed the cancellation of the related repurchased restricted shares.

## 3. 2024 Restricted Stock Incentive Plan

On February 2, 2024, the Company held the 19<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 15<sup>th</sup> meeting of the 5<sup>th</sup> Supervisory Committee, at both of which it considered and approved the *Proposal on the Company's 2024 Restricted Stock Incentive Plan (Draft) and Its Summary*, the *Resolution on Formulating the Company's Assessment and Management Measures for Implementing 2024 Restricted Stock Incentive Plan*, etc. Related resolutions have been considered and adopted at a meeting of the Company's Remuneration and Appraisal Committee of the Board of Directors and a special meeting of the Company's independent directors. From February 6, 2024 to February 16, 2024, the Company made publicity on its bulletin board the name and position of the incentive recipients of the restricted shares under this restricted share incentive plan in the first grant. During this publicity period, the Supervisory Committee received no objection against this name list. On February 26, 2024, the Company held its 1<sup>st</sup> Extraordinary General Meeting of Shareholders of 2024, at which it considered and approved the abovementioned related resolution. On May 16, 2024, according to the authorization from the Company's 1<sup>st</sup> Extraordinary General Meeting of Shareholders of 2024, the Company held its 24<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 20<sup>th</sup> meeting of the 5<sup>th</sup> Supervisory Committee, at both of which it considered and adopted the *Proposal on Adjustments to Relevant Matters of 2024 Restricted Stock Incentive Plan*, and the *Proposal on Granting Restricted Shares to the Incentive Recipients of the Restricted Shares under 2024 Restricted Stock Incentive Plan in the First Grant*. On May 22, 2024, the Company completed the registration of the first grant of the restricted shares under 2024 Restricted Stock Incentive Plan with the CSDC Shenzhen Branch.

On June 21, 2024, the Company held the 28<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 24<sup>th</sup> meeting of the 5<sup>th</sup> Supervisory Committee, at which it considered and approved the *Proposal on Repurchase and Cancellation of Partial Restricted Shares under 2024 Restricted Stock Incentive Plan and Adjustments to the Repurchase Price*. On July 8, 2024, the Company held the 7<sup>th</sup> Extraordinary General Meeting of Shareholders of 2024, at which it considered and approved the abovementioned resolution. After approval by the CSDC Shenzhen Branch and the Shenzhen Stock Exchange, the Company completed the cancellation of the related repurchased restricted shares on September 9, 2024.

## 4. Repurchase and cancellation of shares in 2024

On February 2, 2024 and February 18, 2024, the Company respectively held the 19<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 20<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors, at both of which it considered and adopted the *Proposal on Repurchase of the Company's Shares*, and the *Proposal on Changing the Purpose of the Repurchased Shares to Cancellation*. On March 7, 2024, the Company held the 2<sup>nd</sup> Extraordinary General Meeting of Shareholders of 2024, at which it considered and approved the *Proposal on Changing the Purpose of the Repurchased Shares to Cancellation*. On August 27, 2024 and September 13, 2024, the Company respectively held the 30<sup>th</sup> meeting of the 5<sup>th</sup> Board of Directors and the 8<sup>th</sup> Extraordinary General Meeting of Shareholders of 2024, at both of which it considered and adopted the *Proposal on Changing Registered Capital and Revising the Articles of Association as well as Registration of Change of Business*, which was related to this cancellation of the repurchased shares. After approval by the CSDC Shenzhen Branch and the Shenzhen Stock Exchange, the Company completed the cancellation of the related repurchased restricted shares on November 5, 2024.

Transfer of share ownership

☒Applicable ☐Not applicable

### 1. Conversion of convertible corporate bonds into shares

A total of 2,791 shares were converted from “Energy Convertible Bonds” during the Reporting Period, and a total of 17,632,476 shares were converted from “Energy Convertible Bonds” as of the end of the Reporting Period.

### 2. Repurchase and cancellation of partial restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan and the 2024 Restricted Stock Incentive Plan

The Company completed the repurchase and cancellation of a total of 573,099 restricted shares which were granted but not released from restriction under the 2022 Stock Option and Restricted Stock Incentive Plan, and the 2024 Restricted Stock Incentive Plan, at the sum of the repurchase price plus the interest on deposits with the bank for the same period. The repurchase and cancellation of certain restricted shares by the Company was verified by Daxin CPAs (SGP), which issued the Capital Verification Report (Da Xin Yan Zi [2024] No. 1-00058. On September 9, 2024, the aforesaid repurchase and cancellation was reviewed and confirmed by CSDC Shenzhen Branch and the process was completed.

### 3. Cancellation of repurchased shares in 2024

From February 5, 2024 to July 30, 2024, the Company repurchased its 5,905,097 shares at a self-owned amount of RMB199,997,253.55 (excluding the trading fees) for cancellation of the same and reducing its registered capital. After the review and confirmation by the CSDC Shenzhen Branch, the Company completed the cancellation of the abovementioned repurchased 5,905,097 shares on November 5, 2024.

Effects of change in shares on the basic EPS, diluted EPS, net assets per share attributable to ordinary shareholders of the Company, and

other financial indicators for the prior year and the latest period.

☒Applicable ☐Not applicable

① During the Reporting Period, the conversion of a small number of 2,791 shares from the “Energy Convertible Bonds” had small impact on the Company’s basic earnings per share, diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company;

② During the Reporting Period, the Company repurchased and cancelled a total of 573,099 restricted shares under the stock incentive plan, which had a small impact on the Company’s basic earnings per share, and diluted earnings per share, and had an impact on the net assets per share attributable to ordinary shareholders of the Company by RMB0.02/share;

③ During the Reporting Period, the Company repurchased a number of 5,905,097 shares for cancellation of the same, which had a small impact on the Company’s basic earnings per share, and diluted earnings per share, and had an impact on the net assets per share attributable to ordinary shareholders of the Company by RMB0.04/share;

Other contents that the Company considers it necessary to disclose or that are required by the security regulatory authorities to disclose

☐Applicable ☒Not applicable

## 2. Changes in restricted shares

☒Applicable ☐Not applicable

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of period	Increase of restricted shares in the current period	Number of restricted shares unlocked in the current period	Number of restricted shares at the end of period	Reason for restriction	Date of unlocking
Paul Xiaoming Lee	95,579,231	753,121		96,332,352	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Li Xiaohua	50,813,242	1,220,797		52,034,039	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Feng Jie	61,500			61,500	Locked-up shares held by senior executives	A director can unlock 25% of the total shares he or she holds every year
Ma Weihua	12,750	102,375		115,125	① Locked-up shares held by senior executives ② Restricted shares for equity incentive	① A director can unlock 25% of the total shares he or she holds every year; ② The restricted shares under the 2024 Restricted Stock Incentive Plan of the Company will be released in three installments 12 months after the completion of the first grant registration
Shou Chunyan	300	150		450	Locked-up shares held by senior executives	She resigned from the position of the independent director on December 31, 2023, from when to six months after the expiration of the term determined when she held the position, she

						can unlock 25% of the total shares she holds every year.
Zhang Tao	7,500	15,600		23,100	Locked-up shares held by senior executives	A supervisor can unlock 25% of the total shares he or she holds every year
Li Bing	8,250	8,550		16,800	Locked-up shares held by senior executives	A supervisor can unlock 25% of the total shares he or she holds every year
Yu Xue	60,825	144,975	12,000	193,800	①Locked-up shares held by senior executives; ②Restricted shares for equity incentive	①A secretary of the Board can unlock 25% of the total shares he or she holds every year; ②The restricted shares held under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company will be released in three installments 12 months after the completion of the first grant registration. During the Reporting Period, 12,000 shares were repurchased and released by the Company for the reason of failure to meet the performance assessment goal in the company level in the second unlocking period; ③The restricted shares held under the 2024 Restricted Stock Incentive Plan of the Company will be released in three installments 12 months after the completion of the first grant registration.
Li Jian	0	192,675		192,675	①Locked-up shares held by senior executives; ②Restricted shares for equity incentive	①A financial director can unlock 25% of the total shares he or she holds every year; ②The restricted shares held under the 2024 Restricted Stock Incentive Plan of the Company will be released in three installments 12 months after the completion of

						the first grant registration.
Other incentive recipients under 2022 Stock Option and Restricted Stock Incentive Plan (other than directors and senior executives)	874,270		520,399	353,871	Restricted shares for equity incentive	The restricted shares held under the 2022 Stock Option and Restricted Stock Incentive Plan of the Company will be released in three installments 12 months after the completion of the first grant registration; During the Reporting Period, 520,399 shares were repurchased and released by the Company for the reason of failure to meet the performance assessment goal in the company level in the second unlocking period, and also for the reason of resignation or demotion of some grantees thereunder.
Other incentive recipients under 2024 Restricted Stock Incentive Plan (other than directors, supervisors and senior executives)	0	4,884,316	40,700	4,843,616	Restricted shares for equity incentive	The restricted shares held under the 2024 Restricted Stock Incentive Plan of the Company will be released in three installments 12 months after the completion of the first grant registration. During the Reporting Period, 40,700 shares were repurchased and released by the Company for the reason of resignation or demotion of some recipients thereunder.
Total	147,417,868	7,322,559	573,099	154,167,328	--	--

## II. Issuance and Listing of Securities

### 1. Issuance of securities (excluding preferred shares) during the Reporting Period

☐Applicable ☒Not applicable

### 2. Statement on changes in total shares and shareholder structure of the Company, and changes in assets and liabilities of the Company

☒Applicable ☐Not applicable

At the beginning of the Reporting Period, the Company recorded a total share capital of 977,754,561 shares (of which, 147,417,868 shares were restricted shares, and the remaining 830,336,693 shares were unrestricted shares) and a gearing ratio of 39.23%. During the Reporting Period, the “Energy Convertible Bonds” were converted into 2,791 shares. The Company first granted a total of 5,034,316 restricted shares under 2024 Restricted Stock Incentive Plan. The Company repurchased and cancelled a total of 532,399 restricted shares not meeting the unlocking conditions under the 2022 Stock Option and Restricted Stock Incentive Plan. The Company also repurchased and cancelled a total of 40,700 restricted shares not meeting the incentive conditions under the 2024 Restricted Stock Incentive Plan. Third, the Company cancelled a total of 5,905,097 shares the Company repurchased from February 5, 2024 to July 30, 2024. As at the end of the Reporting Period, the Company recorded a total share capital of 971,279,156 (of which, 154,167,328 shares were restricted shares, and the remaining 817,111,828 shares were unrestricted shares) and a gearing ratio of 44.48%.

### 3. Existing shares held by internal employees of the Company

☐Applicable ☒Not applicable

## III. Details of Shareholders and Actual Controllers

### 1. Number of shareholders and their shareholdings

Unit: shares

Total ordinary shareholders at the end of the Reporting Period	96,900	Total ordinary shareholders at the end of the previous month before annual report disclosure date	96,765	Total preferred shareholders resuming voting right at the end of the Reporting Period (if any) (see Note 8)	0	Total preferred shareholders resuming voting right at the end of the previous month before annual report disclosure date (if any) (see Note 8)	0	
Shareholders holding more than 5% of shares or shareholdings of the top 10 shareholders (excluding shares lent through securities lending and refinancing)								
Name of shareholder	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the Reporting Period	Increase or decrease of shares during the Reporting Period	Number of restricted shares held	Number of unrestricted shares held	Pledged, tagged or frozen	
							Status of shares	Number of shares
Paul Xiaoming Lee	Overseas natural person	13.22%	128,443,138	1,004,163	96,332,352	32,110,786	Pledged	62,300,000
Yuxi Heyi Investment Co., Ltd.	Domestic non-state-owned legal person	12.30%	119,449,535	0	0	119,449,535	Pledged	80,737,597
SHERRY LEE	Overseas natural person	7.34%	71,298,709	0	0	71,298,709	Not applicable	0
Li Xiaohua	Domestic natural person	7.08%	68,766,089	1,015,100	52,034,039	16,732,050	Pledged	40,170,000
China Merchants Bank Co., Ltd. – Origin Xuyuan three-year mixed securities investment fund	Others	2.78%	27,012,180	12,583,432	0	27,012,180	Not applicable	0
Hong Kong Securities	Overseas legal person	2.68%	26,035,055	-24,896,531	0	26,035,055	Not applicable	0

Clearing Company Limited								
Kunming Huachen Investment Co., Ltd.	Domestic non-state-owned legal person	1.65%	16,001,013	2,017,100	0	16,001,013	Not applicable	0
JERRY YANG LI	Overseas natural person	1.52%	14,735,754	0	0	14,735,754	Pledged	14,735,754
Zhang Yong	Domestic natural person	1.25%	12,175,707	-1,742,200	0	12,175,707	Frozen	9,922,907
Shanghai Hengzou Enterprise Management Office (Limited Partnership)	Domestic non-state-owned legal person	1.20%	11,645,173	0	0	11,645,173	Pledged	3,300,000
Strategic investors or general legal persons who have become top 10 shareholders due to new share allotment (if any) (see Note 3)	The Company issued 85,421,412 A shares to specific investors in 2021, of which Origin Asset Management Co., Ltd. subscribed 3,416,856 shares in cash, which were locked up for a period of 6 months, and were released from restriction and listed for trading on December 20, 2023. The shareholdings of China Merchants Bank Co., Ltd - Origin Xuyuan three-year mixed securities investment fund are shown in the table above.							
Statement on related party relationship or concerted action between above-mentioned shareholders	Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and Jerry Yang Li are all the family members of the Company’s actual controller Paul Xiaoming Lee and Heyi Investment represents the person acting in concert with the actual controller. Shanghai Hengzou Enterprise Management Office (Limited Partnership) is the Company’s employee stock ownership platform and it is not the person acting in concert with the Company’s any other shareholders. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.							
Explanation of delegation/acceptance of voting right and waiver of voting right involving the above shareholders	Not applicable							
Special explanation on the existence of designated repurchase account among the top 10 shareholders (if any) (see Note 10)	Not applicable							
Top 10 shareholders holding unrestricted shares (excluding shares lent through securities lending and refinancing, and locked-up shares held by senior executives)								
Name of shareholder	Number of unrestricted shares held at the end of the Reporting Period	Types of shares						
		Type of shares	Number of shares					
Yuxi Heyi Investment Co., Ltd.	119,449,535.00	Renminbi denominated common shares	119,449,535.00					
SHERRY LEE	71,298,709.00	Renminbi denominated common shares	71,298,709.00					
Paul Xiaoming Lee	32,110,786.00	Renminbi denominated common shares	32,110,786.00					
China Merchants Bank Co., Ltd.	27,012,180.00	Renminbi	27,012,180.00					

– Origin Xuyuan three-year mixed securities investment fund		denominated common shares	
Hong Kong Securities Clearing Company Limited	26,035,055.00	Renminbi denominated common shares	26,035,055.00
Li Xiaohua	16,732,050.00	Renminbi denominated common shares	16,732,050.00
Kunming Huachen Investment Co., Ltd.	16,001,013.00	Renminbi denominated common shares	16,001,013.00
JERRY YANG LI	14,735,754.00	Renminbi denominated common shares	14,735,754.00
Zhang Yong	12,175,707.00	Renminbi denominated common shares	12,175,707.00
Shanghai Hengzou Enterprise Management Office (Limited Partnership)	11,645,173.00	Renminbi denominated common shares	11,645,173.00
Statement on related party relationships or concerted action between top 10 shareholders holding unrestricted outstanding shares and between top 10 shareholders holding unrestricted outstanding shares and top 10 shareholders	Paul Xiaoming Lee, Sherry Lee, Li Xiaohua and Jerry Yang Li are all the family members of the Company's actual controller Paul Xiaoming Lee and Heyi Investment represents the person acting in concert with the actual controller. Shanghai Hengzou Enterprise Management Office (Limited Partnership) is the Company's employee stock ownership platform and it is not the person acting in concert with the Company's any other shareholders. The other shareholders are not known as to whether they have the related party relationships between them or constitute the persons acting in concert.		
Statement on top 10 ordinary shareholders' participation in securities margin trading business (if any) (see Note 4)	Not applicable		

Shares lent through securities lending and refinancing by shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 holding unrestricted outstanding shares

☐Applicable ☒Not applicable

Change in the top 10 shareholders and the top 10 shareholders holding unrestricted outstanding shares from the previous period for shares lent or returned through securities lending and refinancing

☐Applicable ☒Not applicable

Did any of the top 10 ordinary shareholders or top 10 unrestricted ordinary shareholders of the Company conduct any transactions on agreed repurchase during the Reporting Period

☐Yes ☒No

The Company's top 10 ordinary shareholders and the top 10 unrestricted ordinary shareholders did not conduct any transactions on agreed repurchase during the Reporting Period.

## 2. Details about the controlling shareholder of the Company

Nature of controlling shareholder: The nature of the controlling entity is unclear

Type of controlling shareholder: Natural person

Controlling shareholder's name	Nationality	Acquisition of right of residence in other countries or regions
Paul Xiaoming Lee	American	Yes
Major occupation and position	Paul Xiaoming Lee serves as the Chairman of the Company	
Equities in other Chinese and overseas listed companies under its control or in which it participated during the Reporting Period	Not applicable	

Change of controlling shareholder during the Reporting Period

☐Applicable ☒Not applicable

The controlling shareholder of the Company has not changed during the Reporting Period.

### 3. Details about the actual controller and persons acting in concert

Nature of actual controller: Domestic natural person, overseas natural person, other domestic organizations

Type of actual controller: Natural person

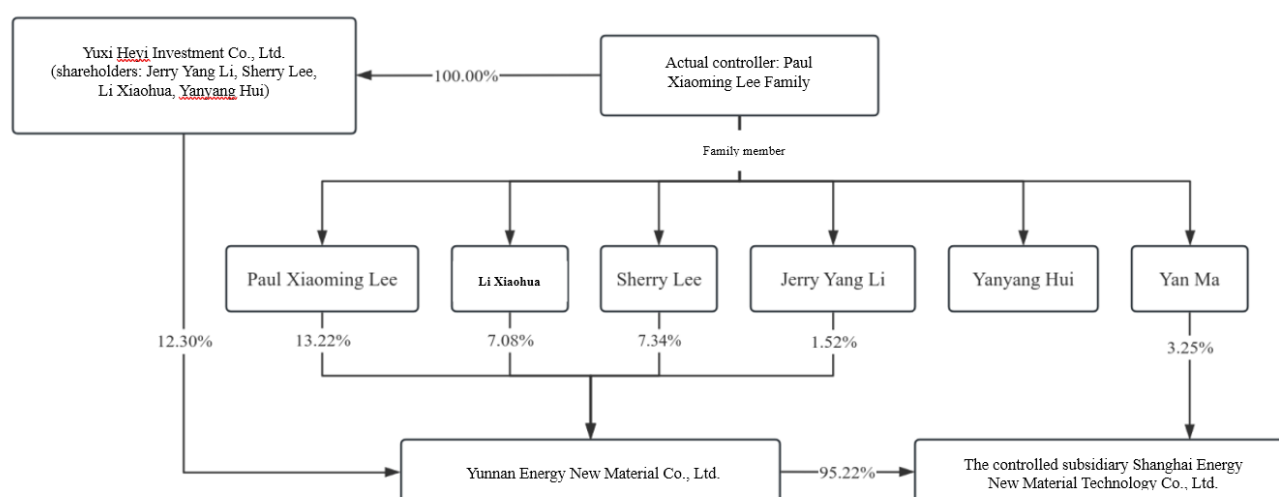
Name of actual controller	Relationship with actual controller	Nationality	Acquisition of right of residence in other countries or regions
Paul Xiaoming Lee	Act in concert (including agreement, kinship and common control)	American	Yes
Yan Ma	Act in concert (including agreement, kinship and common control)	American	Yes
Sherry Lee	Act in concert (including agreement, kinship and common control)	American	Yes
Li Xiaohua	Act in concert (including agreement, kinship and common control)	Chinese	Yes
Yanyang Hui	Act in concert (including agreement, kinship and common control)	American	Yes
Jerry Yang Li	Act in concert (including agreement, kinship and common control)	American	Yes
Heyi Investment (the person acting in concert with the actual controller)	Act in concert (including agreement, kinship and common control)	Chinese	No
Major occupation and position	Paul Xiaoming Lee serves as the Chairman of the Company. Li Xiaohua serves as the Vice Chairman and General Manager of the Company. Yan Ma, Yanyang Hui, Sherry Lee and Jerry Yang Li take no positions at the Company.		
Control over Chinese and overseas listed companies over past 10 years	None		

Change of actual controller during the Reporting Period

☐Applicable ☒Not applicable

The actual controller of the Company has not changed during the Reporting Period.

A block diagram of the property rights and control relationship between the Company and the actual controller



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

☐Applicable ☒Not applicable

#### 4. The accumulated number of pledged shares of the Company's controlling shareholder or the largest shareholder of the Company and its persons acting in concert accounted for 80% of the Company's shares held

☐Applicable ☒Not applicable

#### 5. Other corporate shareholders holding more than 10% of the shares

☒Applicable ☐Not applicable

Name of legal person shareholder	Legal representative/principal of organization	Date of incorporation	Registered capital	Major operating activities or management activities
Heyi Investment	Li Xiaohua	November 10, 2010	RMB30 million	Conduct venture capital activities with free capital; make project investment and manage investment project; investment management, investment consulting and social and economic consultation.

#### 6. Details about restrictions on reduction of shareholdings of controlling shareholders, actual controllers, restructuring parties, and other entities making commitments

☐Applicable ☒Not applicable

### IV. Information on implementation of share repurchase during the Reporting Period

Progress in implementation of share repurchase

☒Applicable ☐Not applicable

Scheme disclosure date	Number of shares proposed to be repurchased (shares)	Percentage of the total capital	Proposed amount for repurchase (RMB0'000)	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Ratio of shares repurchased to the underlying shares under the stock incentive plan (if any)
February 3, 2024	1,296,900 shares to 2,593,700 shares	0.13% to 0.27%	RMB100 million to RMB200 million	Within 6 months from February 2, 2024	For cancellation to reduce its registered capital	5,905,097	N/A

Progress of centralized bidding for reduction of shares repurchased

☐Applicable ☒Not applicable

## Section 8 Details about Preferred Shares

☐Applicable ☒Not applicable

During the Reporting Period, there were no preferred shares in the Company.

## Section 9 Details about Bonds

☒Applicable ☐Not applicable

### I. Corporate bonds

☐Applicable ☒Not applicable

During the Reporting Period, there were no corporate bonds of the Company.

### II. Debentures

☐Applicable ☒Not applicable

During the Reporting Period, there were no debentures of the Company.

### III. Debt financing instruments of non-financial enterprises

☐Applicable ☒Not applicable

During the Reporting Period, there were no non-financial enterprise debt financing tool of the Company.

### IV. Convertible corporate bonds

☒Applicable ☐Not applicable

#### 1. All Previous Adjustments to the Conversion Price

Upon the approval of the file “Zheng Jian Xu Ke [2019] No. 2701” promulgated by China Securities Regulatory Commission, the Company publicly issued 16 million convertible bonds on February 11, 2020, with face value of RMB100 each, total issue amount of RMB1.6 billion, and a term of 6 years. With the approval of the file “Shen Zheng Shang [2020] No. 109” of Shenzhen Stock Exchange, the Company’s convertible bonds of RMB1.6 billion would be listed and traded in Shenzhen Stock Exchange from February 28, 2020. The bond is referred to as “Energy Convertible Bond” and the bond code is “128095.” The initial conversion price of “Energy Convertible Bond” is RMB64.61/share.

In May 2020, the Company implemented the annual profit distribution plan for 2019: Based on the total share capital of the Company, namely 805,370,770 shares, distribute RMB1.25 in cash (inclusive of tax) for every 10 shares to all shareholders, distribute a total cash dividend of RMB100,671,346.25 (inclusive of tax), distribute no dividend shares, convert no surplus reserve into share capital, and set the ex-dividend date as May 21, 2020. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made corresponding adjustment to the conversion price of “Energy Convertible Bonds” from RMB64.61/share before the adjustment to RMB64.49/share after adjustment, and the conversion price after adjustment took effect on May 21, 2020.

In September 2020, upon the approval of the China Securities Regulatory Commission with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2020] No. 1476), the Company made a private offering of 69,444,444 shares (A shares) to 22 specific investors. These shares started trading at an issuing price of RMB72.00/share at Shenzhen Stock Exchange on September 4, 2020. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made corresponding adjustment to the conversion price of “Energy Convertible Bonds” from RMB64.49/share before the adjustment to RMB65.09/share after adjustment, and the conversion price after adjustment took effect on September 4, 2020.

In September 2020, the Company repurchased and canceled a total of 23,120 restricted shares held by 4 incentive recipients with a personal assessment rating of “good” when the 2017 Restricted Stock Incentive Plan was unlocked for the third time. The repurchase price was RMB8.426 per share. The cancellation for repurchase was completed on September 28, 2020. Due to the small number of shares canceled in this repurchase, the conversion price of “Energy Convertible Bonds” remained unchanged at RMB65.09 per share after calculating in accordance with the relevant terms regarding the adjustment to the conversion price of convertible corporate bonds.

In April 2021, the Company implemented the annual profit distribution plan for 2020: Based on the total share capital of the Company, namely 888,160,636 shares, distribute RMB1.696948 in cash (inclusive of tax) for every 10 shares to all shareholders, distribute a total cash dividend of RMB150,716,245.67 (inclusive of tax), distribute no dividend shares, convert no surplus reserve into share capital, and set the ex-dividend date as April 30, 2021. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, the Company has made a corresponding adjustment to the conversion price of “Energy Convertible Bonds” from RMB65.09/share to RMB64.92/share, and the conversion price after adjustment took effect on April 30, 2021.

In May 2022, the Company implemented the 2021 annual profit distribution plan: based upon the 890,823,196 shares of the Company’s total capital on the share registration date (i.e. May 13, 2022) minus 1,585,437 shares in the special securities account for repurchase, RMB3.030904 (including tax) in cash will be paid to all shareholders for every 10 shares without bonus shares. No capital reserve shall be converted as capital increase. In accordance with relevant provisions on the adjustment to the conversion price of convertible corporate bonds, the conversion price of “Energy Convertible Bond” was adjusted from RMB64.92 per share to RMB64.62 per share, and the adjusted conversion price would take effect from May 16, 2022.

Upon the approval of the China Securities Regulatory Commission with the *Reply on Approving the Non-public Offering of Shares of Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2022] No. 1343), the Company made a non-public offering of 85,421,412 RMB-denominated ordinary shares (A shares) to 21 specific investors, which were listed for trading on the Shenzhen Stock Exchange on June 20, 2023. Pursuant to related articles concerning the adjustment of the conversion price for the convertible bonds, the Company

has made corresponding adjustment to the conversion price of “Energy Convertible Bonds”. Starting from June 20, 2023, the price of “Energy Convertible Bonds” has been adjusted to RMB66.64/share.

On June 25, 2023, the 7th meeting of the 5th Board of Directors and the 7th meeting of the 5th Supervisory Committee of the Company considered and approved the *Proposal on the Repurchase and Cancellation of Partial Restricted Shares under the 2022 Stock Option and Restricted Stock Incentive Plan*. As 60 incentive recipients of restricted shares under the 2022 Stock Option and Restricted Stock Incentive Plan resigned due to personal reasons, one incentive recipient died other than as a result of the performance of his duties, four incentive recipients received a personal performance appraisal rating of B, two incentive recipients received a personal performance appraisal rating of C, and one incentive recipient received a personal performance appraisal rating of D, the Company repurchased and cancelled a total of 88,630 restricted shares granted to the above 68 incentive recipients but not yet unlocked at a repurchase price of RMB64.18 per share (excluding interest on bank deposits for the same period). As the proportion of shares repurchased and cancelled is relatively small compared to the total share capital of the Company, after the completion of the repurchase and cancellation, the conversion price of “Energy Convertible Bonds,” upon calculation, remains unchanged at RMB66.64 per share. In August 2023, the Company implemented the 2022 annual profit distribution plan: Based on the 976,282,205 shares calculated by the total share capital of 977,752,005 shares deducting 1,469,800 shares from the designated securities account for repurchase, a total of RMB173,778,232.00, representing RMB1.78 (including tax) per 10 shares, will be paid to all shareholders without bonus shares. No capital reserve will be converted to share capital. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, corresponding adjustment was made to the conversion price of “Energy Convertible Bonds” from RMB66.64/share before the adjustment to RMB66.46/share after adjustment, with the conversion price after adjustment being effective on August 21, 2023.

In September 2023, the Company implemented the 2023 interim profit distribution plan: Based on the 976,283,180 shares calculated by the total share capital of 977,752,980 shares deducting 1,469,800 shares from the designated securities account for repurchase, a total of RMB200,137,953.50, representing RMB2.05 (including tax) per 10 shares, will be paid to all shareholders without bonus shares. No capital reserve will be converted to share capital. Pursuant to related articles concerning the adjustment of the conversion price for the convertible corporate bonds, corresponding adjustment was made to the conversion price of “Energy Convertible Bonds” from RMB66.46/share before the adjustment to RMB66.26/share after adjustment, with the conversion price after adjustment being effective on September 21, 2023(ex-dividend and ex-rights day).

In June 2024, the Company implemented the 2023 annual equity distribution plan: based on the 972,378,123 shares (the total share capital of 977,756,063 shares less the 5,377,940 shares in the Company’s special securities account for repurchase), the Company would distribute RMB15.426097 in cash (inclusive of tax) for every 10 shares to all shareholders, with no bonus shares and no increase in capital by conversion of capital reserve. In accordance with the terms of the conversion price adjustment of convertible bonds, the Company adjusted the conversion price of Energy Convertible Bonds accordingly. The conversion price of Energy Convertible Bonds was adjusted from RMB66.26/share to RMB64.73/share starting from June 3, 2024 (ex-rights and ex-dividend date).

On September 9, 2024, the Company completed the procedures for the repurchase and cancellation of 532,399 restricted shares of the Company held by 765 incentive recipients under the 2022 Stock Option and Restricted Share Incentive Plan, and 40,700 restricted shares of the Company held by 2 incentive recipients under the initial grant of the 2024 Restricted Share Incentive Plan. Because the shares for repurchase and cancellation accounted for a small proportion of the Company’s total share capital, it was estimated that after the completion of the repurchase and cancellation, the conversion price of Energy Convertible Bonds would remain unchanged at RMB64.73/share.

On November 5, 2024, the Company completed the cancellation of 5,905,097 repurchased shares. In accordance with the terms of the conversion price adjustment of convertible bonds, the Company adjusted the conversion price of Energy Convertible Bonds accordingly. The conversion price of Energy Convertible Bonds was adjusted from RMB64.73/share to RMB64.92/share from November 6, 2024 onwards.

## 2. Cumulative Share Conversion

☒Applicable ☐Not applicable

Abbreviation for convertible bond	Start and end date of share conversion	Total volume of bond issuance (number of bonds)	Total amount of issuance (RMB)	Cumulative conversion amount (RMB)	Cumulative number of shares converted (shares)	Ratio of the number of shares converted to the total issued shares of the Company before the start of the conversion	Amount of shares not yet converted (RMB)	Ratio of amount of shares not yet converted to the total amount of issuance
Energy Convertible Bonds	August 17, 2020 to February 11, 2026	16,000,000	1,600,000,000.00	1,147,089,100.00	17,632,476	2.19%	452,910,900.00	28.31%

## 3. Top Ten Holders of Convertible Bonds

No.	Name of holder of convertible bonds	Nature of holder of convertible bonds	Number of convertible bonds held at the end of the Reporting	Amount of convertible bonds held at the end of the Reporting	Percentage of convertible bonds held at the end of the Reporting
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			Period (number of convertible bonds)	Period (RMB)	Period
1	UBS AG	Overseas legal person	327,795	32,779,500.00	7.24%
2	BlackRock (Singapore) Limited - BlackRock Global Funds - China Bond Fund (Exchange Traded)	Overseas legal person	224,589	22,458,900.00	4.96%
3	China Merchants Bank Co., Ltd - Bosera CSI Convertible and Exchangeable Bond Traded Open-ended Index Fund	Others	219,029	21,902,900.00	4.84%
4	E Fund Yixin Allocation Mixed Pension Product - Bank of China Limited	Others	213,760	21,376,000.00	4.72%
5	ICBC Credit Suisse Tianfeng Fixed Income Pension Product - Bank of China Limited	Others	204,219	20,421,900.00	4.51%
6	E Fund Robust Allocation Mixed Pension Product - Industrial and Commercial Bank of China Limited	Others	200,150	20,015,000.00	4.42%
7	E Fund Anying Return Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	Others	200,060	20,006,000.00	4.42%
8	Dajia Asset Management - CITIC Bank - Houkun No. 40 Pooled Asset Management Product of Dajia Asset Management	Others	129,755	12,975,500.00	2.86%
9	Dajia Asset Management - Minsheng Bank - Dajia Asset Management - Robust Selection No.3 (the Fifth Tranche) Pooled Asset Management Product	Others	106,150	10,615,000.00	2.34%
10	Huaxia Fund Extended Life No.2 Fixed Income Pension Product-Bank of China Ltd.	Others	97,892	9,789,200.00	2.16%

#### 4. Significant Changes in the Guarantor's Profitability, Asset Status, and Credit Status

☐Applicable ☒Not applicable

#### 5. The Company's Liabilities and Credit Changes at the End of the Reporting Period, and Cash Arrangements for Debt Repayment in Future Years

(1) The Company's liabilities: relevant indicators such as the asset-liability ratio, interest coverage multiple, and loan repayment rate at the end of the Reporting Period, and year-on-year changes are detailed in the "VIII. Major Accounting data and financial indicators of the Company in the recent two years as at the end of the Reporting Period."

(2) Changes in the Company's credit standing: According to the *Follow-up Rating Report on Public Offering of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd.* (No. Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2020) 100053, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2021) 100043, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2022) 100280, Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2023) 100005), and Follow-up Rating on Corporate Bonds by Shanghai Brilliance (2024) 100211 issued by the credit rating agency - Shanghai Brilliance Credit Rating & Investors Service Co, Ltd., the credit rating of the Company on the whole was AA, the credit rating of "Energy Convertible Bonds" was

AA, and the said bonds were affirmed with a “stable” outlook. The above-mentioned follow-up rating results have not changed compared with the previous rating results. For details about the above-mentioned follow-up rating reports, refer to [www.cninfo.com.cn](http://www.cninfo.com.cn).

(3) Cash arrangements for debt repayment in future years: The Company’s credit status is good, the asset-liability structure is reasonable, and banks and other financial institutions grant sufficient comprehensive credit to the Company. The Company can quickly and effectively obtain financing support from financial institutions. The Company has stable operations and good performance, and can obtain stable operating cash flow through endogenous growth. At the same time, the Company actively promotes the implementation of fundraising projects through convertible corporate bonds to further enhance its profitability. If the Company meets the put provision and redemption clauses and repayment of principal and interest when due as disclosed in the prospectus of convertible corporate bonds, the Company can pay the bondholders’ principal and interest with its own funds and financing.

## **V. Losses in the scope of consolidated statements during the Reporting Period exceeding 10% of the net assets as at the end of the prior year**

☐Applicable ☒Not applicable

## **VI. Overdue repayment of interest-bearing debt other than bonds as at the end of the Reporting Period**

☐Applicable ☒Not applicable

## **VII. Violation of rules and regulations during the Reporting Period**

☐Yes ☒No

## **VIII. Major accounting data and financial indicators of the Company in the recent two years as at the end of the Reporting Period**

Unit: RMB’0,000

Item	At the end of the Reporting Period	At the end of the prior year	Increase or decrease at the end of the current Reporting Period compared with the end of prior year
Current ratio	101.320000	141.300000	-28.29%
Asset-liability ratio	44.48%	39.23%	5.25%
Quick ratio	69.510000	101.920000	-31.80%
	The Reporting Period	The corresponding period of prior year	Increase or decrease of the Reporting Period compared with the corresponding period of prior year
Net profit after deduction of non-recurring gains and losses	-61,329.80	246,125.79	-124.92%
Debt-to-EBITDA ratio	6.23%	26.38%	-20.15%
Interest coverage ratio	-1.270000	7.880000	-116.12%
Cash interest coverage ratio	3.770000	7.990000	-52.82%
EBITDA interest coverage ratio	3.370000	11.310000	-70.20%
Loan repayment rate	100.00%	100.00%	0.00%
Interest coverage rate	100.00%	100.00%	0.00%

## Section 10 Financial Report

### I. Audit Report

Type of audit opinion	Unqualified opinion
Signature date of audit report	April 22, 2025
Audit organization name	RSM CHINA (Special General Partnership)
Audit report number	Rong Cheng Shen Zi [2025] No. 100Z2646
Name of the certified public accountants (CPAs)	Yao Rui, Yang Ganlin, Tian Guocheng

Body of the audit report

To all shareholders of Yunnan Energy New Material Co., Ltd.:

#### I. Audit Opinions

We have audited the financial statements of Yunnan Energy New Material Co., Ltd. (“Energy Technology”), including the consolidated and the parent company’s balance sheets as of December 31, 2024, the consolidated and parent company’s income statement, the consolidated and the parent company’s cash flow statement, the consolidated and the parent company’s statement of changes in equity for 2024, and the relevant notes to financial statements. In our opinion, the enclosed financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in all material aspects and fairly reflected the Energy Technology’s consolidated and the parent company’s financial positions as of December 31, 2024 as well as the consolidated and the parent company’s operation results and cash flow for 2024.

#### II. Basis for Audit Opinions

We carried out the audit work according to the Auditing Standards for Chinese CPA. Our responsibilities under the Standards are further described under the section titled “responsibilities of CPA for auditing financial statements” in this audit report. We are independent from Energy Technology and have fulfilled the obligations in terms of professional ethics according to Code of Professional Conduct for Chinese CPAs. We believe that the evidences we obtained are adequate and proper, and lay a solid foundation for the audit opinion.

#### III. Key Audit Matters

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

##### (I) Revenue recognition matters

##### 1. Description of matters

Please refer to Note III-27 “Revenue recognition principles and measurement methods” and Note V-44 “Operating revenue and operating costs” of the financial statements for the relevant information disclosure. The operating revenue of Energy Technology in 2024 amounted to RMB10,163,655,800, which was the main source of its profit and affected its key performance indicators. In addition, according to the industry practice, after signing the sales order with customer, Energy Technology arranges production based on customer’s requirements, delivers it to customers pursuant to the agreed delivery method, obtains the customer’s evidence on the transfer of the ownership of goods, and then recognizes the sales revenue. Since the time of revenue recognition is later than the product delivery, and the delivery time and delivery document recognition are all dependent on the customer, there may be significant risk of misstatement if the sales revenue is fully included in the appropriate accounting period. Therefore, we recognize revenue as a key audit matter.

##### 2. Audit Response

Our key audit procedures for revenue recognition include:

- (1) Understand and evaluate the design of internal control of revenue recognition by the management, and test the effectiveness of key control implementation;
- (2) Obtain a major business contract, identify terms and conditions related to the transfer of commodity ownership, and assess whether the income recognition policy of Energy Technology is in line with the relevant provisions of the enterprise accounting standards;
- (3) Perform analytical review procedures on revenue and gross profit based on the product types and customer conditions of Energy Technology, and determine the reasonableness of the changes in sales revenue and gross profit margin;
- (4) Understand the background and basic information of the main customers, identify whether they are related parties, and confirm the accounts receivable balance and sales amount of the main customers by confirmation letters;
- (5) Select samples from the sales revenue ledger, check the relevant documents such as contracts (orders), invoices, delivery documents, pay attention to the delivery time, and check the revenue recognition time point;
- (6) Check the sales revenue recognized before and after the balance sheet date with supporting documents of sales revenue recognition, and implement the cut-off test and subsequent inspection procedures for revenue recognition;
- (7) Assess whether the management’s disclosure of income statement is appropriate.

With the audit procedures and the evidence we have obtained, we believe that the income of Energy Technology is real and recorded correctly during the accounting period.

##### (II) Provision for bad debts of accounts receivable

##### 1. Description of matters

Please refer to Note III-11 “Financial instruments” and Note V-3 “Accounts receivable” of the financial statements for the relevant information disclosure. On December 31, 2024, the original book value of accounts receivable of Energy Technology was RMB6,228,597,700, the bad debt provision was RMB126,549,500 and the net value was RMB6,102,048,200, accounting for 12.93% of

the total assets at the end of the period.

Based on the financial situation of the counterparty, the management evaluates the guarantee obtained to the accounts receivable, the aging of the accounts receivable, the credit rating and historical repayment record of the counterparty, and with reference to the historical credit loss experience, combined with the current situation and the forecast of the future economic situation, the management considers to accrue bad debt for the accounts receivable according to the expected credit loss in the whole duration. As the determination of the amount of bad debt provision requires the management to use significant accounting estimates and judgments, and accounts receivable is important to the financial statements, therefore, we regard the bad debt provision of accounts receivable as a key audit matter.

## 2. Audit response

Our key audit procedures for the bad debt provision include:

(1) Understand and evaluate the management's key internal control over the daily management and provision for accounts receivable, and carry out the corresponding walk-through test;

(2) For accounts receivable with significant single amount and credit impairment occurred after initial recognition, the bases for the management's assessment of the expected future available cash flow shall be reviewed to analyze whether it is reasonable;

(3) For the accounts receivable of bad debt provision withdrawn by the management according to the combination of credit risk characteristics, combined with the credit risk characteristics and aging analysis, evaluate the rationality of the withdrawal of bad debt provision by the management;

(4) Evaluated the adequacy of the management's provision for bad debt in combination with the check of payment collection after the period;

(5) Assess whether the management's disclosure of accounts receivable financial statements is appropriate. Based on the audit procedures we have implemented and the evidence we have obtained, we believe that the accounting estimates of the bad debt provision of accounts receivable made by Energy Technology are fully reasonable.

## (III) Provision for inventory impairment

### 1. Description of matters

Please refer to Note V-13 "Inventories" and Note V-7 "Inventories" of the financial statements for the relevant information disclosure.

As of December 31, 2024, the carrying amount of inventory was RMB3,601,034,800, with a provision for inventory impairment of RMB638,008,000, resulting in a net carrying value of RMB2,963,026,800.

The recognition of inventory impairment provision depends on the estimation of the net realizable value (NRV) of inventory, which is determined as the estimated selling price less estimated selling expenses and related taxes. In assessing NRV, management must consider the actual condition of inventory, aging, market value (or comparable market data), and reasonably estimate selling expenses and taxes required to realize the sale. These assessments involve significant management judgment and estimation. Therefore, we identified the inventory impairment provision as a key audit matter.

## 2. Audit Response

Our key audit procedures for the inventory impairment provision include:

(1) Evaluate and test the design and operating effectiveness of internal controls related to inventory impairment recognition;

(2) Perform physical inventory observation at the Company's production bases using audit sampling methods to verify year-end inventory quantities; inspect inventory conditions and examine aged inventory items;

(3) Obtain inventory aging reports and impairment calculation worksheets to verify compliance with accounting policies and analyzing changes in prior-year provisions to assess adequacy;

(4) Recalculate NRV by comparing management's estimated selling prices against actual transaction prices, considering market demand/supply and industry trends, and benchmarking estimated selling expenses/taxes against historical data;

(5) Evaluate the appropriateness of financial statement disclosures about inventory. Based on our audit procedures and evidence obtained, we conclude that Energy Technology's accounting estimates for inventory impairment provisions are reasonable and adequate.

## IV. Other Information

Energy Technology's management is responsible for the other information. The other information comprises all of the information included in the 2024 annual report of Energy Technology other than 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 Management and Those Charged with Governance for Financial Statements

Energy Technology's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable 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 Energy Technology'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 Energy Technology or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Energy Technology's financial reporting process.

## VI. Responsibilities of CPA for Auditing 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 CAS 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.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
2. Obtain an understanding of internal control relevant to the audit To design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting. Based on the audit evidence obtained, conclude on whether a material uncertainty exists related to events or conditions that may cast significant doubt on Energy Technology's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' 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 Energy Technology to cease to continue as a going concern.
5. 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Energy Technology to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit and remain solely responsible for our audit opinion.

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

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

## II. Financial Statements

The unit of notes to financial statements is: RMB

### 1. Consolidated balance sheet

Prepared by: Yunnan Energy New Material Co., Ltd.

December 31, 2024

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	2,574,141,019.53	3,835,530,538.70
Settlement reserves		
Loans to banks and other financial institutions		
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable	370,653,110.87	760,968,387.25
Accounts receivable	6,102,048,232.51	6,719,699,762.18
Receivable financing	408,092,531.80	408,354,641.63
Prepayments	160,423,760.33	175,605,702.96
Premiums receivable		
Reinsurance premium receivable		
Reinsurance contract provision receivable		
Other receivables	28,221,493.60	26,568,094.26
Including: Interest receivable		
Dividends receivable	1,347,859.55	
Financial assets held under resale agreements		

Inventories	2,963,026,794.82	3,000,558,853.64
Including: Data resources		
Contractual assets		
Held-for-sales assets		
Non-current assets due within one year	215,940,873.29	618,295,576.83
Other current assets	1,001,879,072.11	746,345,684.12
Total current assets	13,824,426,888.86	16,291,927,241.57
Non-current assets:		
Loans and advances to customers		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	0.00	3,209,980.10
Investments in other equity instruments	78,000,000.00	89,000,000.00
Other non-current financial assets		
Investment properties	9,051,579.82	7,865,069.42
Fixed assets	22,928,507,627.21	19,380,327,177.42
Construction in progress	5,863,245,023.13	6,207,408,467.99
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,752,245.09	2,387,711.07
Intangible assets	1,130,776,649.65	1,119,341,214.09
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill	519,105,553.36	520,230,679.65
Long-term unamortized expenses	1,280,992.77	524,481.50
Deferred income tax assets	632,495,685.27	432,868,864.70
Other non-current assets	2,210,995,255.06	3,145,825,748.18
Total non-current assets	33,375,210,611.36	30,908,989,394.12
Total assets	47,199,637,500.22	47,200,916,635.69
Current liabilities:		
Short-term borrowings	8,136,897,962.50	7,290,694,906.27
Borrowings from the central bank		
Placements from banks and other financial institutions		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	514,689,404.62	802,933,704.02
Accounts payable	2,009,858,521.55	1,608,309,616.46
Advances from customers		
Contractual liabilities	45,640,854.47	29,791,971.25
Financial assets sold under repurchase agreements		
Customer bank deposits and due to banks and other financial institutions		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Employee benefits payable	88,966,332.21	87,688,714.29
Taxes payable	116,901,868.52	180,293,856.11
Other payables	212,623,069.42	244,698,302.33
Including: Interest payable		
Dividends payable	9,778,239.09	95,117,453.54
Fees and commissions payable		

Reinsurance amounts payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	1,781,854,472.71	1,095,554,519.11
Other current liabilities	736,298,107.85	189,792,221.12
Total current liabilities	13,643,730,593.85	11,529,757,810.96
Non-current liabilities:		
Insurance contract reserves		
Long-term borrowings	5,070,029,111.30	4,685,315,817.70
Bonds payable	440,251,699.82	435,900,486.76
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		182,663.88
Long-term payables	172,792,328.77	
Long-term payroll payable		
Estimated liabilities		
Deferred income	1,382,766,781.07	994,974,995.96
Deferred income tax liabilities	22,264,253.52	308,332,028.16
Other non-current liabilities	262,804,248.10	564,217,694.55
Total non-current liabilities	7,350,908,422.58	6,988,923,687.01
Total liabilities	20,994,639,016.43	18,518,681,497.97
Owners' equity:		
Share capital	971,279,156.00	977,754,217.00
Other equity instruments	50,222,020.25	50,242,778.32
Including: Preferred shares		
Perpetual bonds		
Capital reserve	14,596,889,137.16	15,070,954,107.76
Less: treasury stock	337,939,102.37	607,261,671.95
Other comprehensive income	-97,799,317.85	89,911,398.03
Special reserve		
Surplus reserve	421,806,734.33	399,014,802.99
General risk provision		
Undistributed profits	8,866,770,927.54	10,945,879,862.09
Total owners' equity attributable to parent company	24,471,229,555.06	26,926,495,494.24
Minority interests	1,733,768,928.73	1,755,739,643.48
Total owners' equity	26,204,998,483.79	28,682,235,137.72
Total liabilities and owners' equity	47,199,637,500.22	47,200,916,635.69

Legal Representative: Paul Xiaoming Lee

Chief Financial Officer: Li Jian

Financial Manager: Deng Jinhuan

## 2. Balance sheet of the parent company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	82,426,833.46	1,382,521,361.78
Held-for-trading financial assets		
Derivative financial assets		
Notes receivable		300,000.00
Accounts receivable		14,842,141.47
Receivable financing		
Prepayments	200,000.00	315,497.60
Other receivables	13,698,147,397.56	14,132,822,217.29
Including: Interest receivable		
Dividends receivable	786,539,232.73	2,011,040,000.00
Inventories	3,428,717.82	3,831,510.64
Including: Data resources		

Contractual assets		
Held-for-sales assets		
Non-current assets due within one year		
Other current assets	252,775,000.00	
Total current assets	14,036,977,948.84	15,534,632,728.78
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	4,971,553,501.90	4,959,728,962.52
Investments in other equity instruments	72,000,000.00	89,000,000.00
Other non-current financial assets		
Investment properties		
Fixed assets	15,676,027.90	18,234,472.92
Construction in progress	38,178,294.59	1,595,104.80
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	35,933,713.42	37,069,860.82
Including: Data resources		
Development expenditures		
Including: Data resources		
Goodwill		
Long-term unamortized expenses		
Deferred income tax assets	9,542,089.43	5,349,914.01
Other non-current assets		15,000.00
Total non-current assets	5,142,883,627.24	5,110,993,315.07
Total assets	19,179,861,576.08	20,645,626,043.85
Current liabilities:		
Short-term borrowings	103,633,690.22	59,543,098.59
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable	11,036,560.48	20,301,025.31
Advances from customers		
Contractual liabilities		
Employee benefits payable	113,900.14	84,981.79
Taxes payable	14,543,612.91	35,169,433.18
Other payables	530,573,265.87	519,178,786.86
Including: Interest payable		
Dividends payable		
Held-for-sale liabilities		
Non-current liabilities due within one year	7,403,847.66	6,070,366.96
Other current liabilities		300,000.00
Total current liabilities	667,304,877.28	640,647,692.69
Non-current liabilities:		
Long-term borrowings		
Bonds payable	440,251,699.82	435,900,486.76
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		

Long-term payroll payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	440,251,699.82	435,900,486.76
Total liabilities	1,107,556,577.10	1,076,548,179.45
Owners' equity:		
Share capital	971,279,156.00	977,754,217.00
Other equity instruments	50,222,020.25	50,242,778.32
Including: Preferred shares		
Perpetual bonds		
Capital reserve	16,650,858,056.65	17,125,627,483.84
Less: treasury stock	337,939,102.37	607,261,671.95
Other comprehensive income	-28,500,000.00	-15,750,000.00
Special reserve		
Surplus reserve	394,054,223.34	371,262,292.00
Undistributed profits	372,330,645.11	1,667,202,765.19
Total owners' equity	18,072,304,998.98	19,569,077,864.40
Total liabilities and owners' equity	19,179,861,576.08	20,645,626,043.85

### 3. Consolidated income statement

Unit: RMB

Item	2024	2023
I. Total operating revenue	10,163,655,793.70	12,042,229,789.30
Including: Operating revenue	10,163,655,793.70	12,042,229,789.30
Interest income		
Earned premium		
Fee and commission incomes		
II. Total operating cost	10,857,553,669.18	9,048,863,438.70
Including: operating cost	9,038,746,050.98	7,535,223,456.34
Interest expense		
Fee and commissions expenses		
Cash surrender amount		
Net payments for insurance claims		
Net provision for insurance liability contract reserves		
Policy dividend expenses		
Reinsurance expenses		
Taxes and surcharges	96,272,479.22	74,765,080.44
Selling expenses	145,263,407.26	89,338,734.45
Administrative expenses	600,164,938.14	383,415,488.72
R&D expenses	662,843,179.69	727,481,001.67
Financial expenses	314,263,613.89	238,639,677.08
Including: Interest expense	353,090,934.03	376,997,402.81
Interest income	61,700,514.83	84,200,436.11
Add: Other income	306,039,826.91	209,120,211.75
Investment income (loss is indicated with "-")	1,412,808.29	16,784,148.14
Including: Income from investment in associates and joint ventures	1,347,859.55	1,351,086.12
Derecognized financial assets measured by amortized cost	-13,173,229.23	-21,537,307.12
Exchange gain (loss is indicated with "-")		

Net exposure hedging income (loss is indicated with “-”)		
Income from changes in fair value (loss is indicated with “-”)		
Credit impairment losses (loss is indicated with “-”)	7,366,782.82	-3,872,510.61
Asset impairment losses (loss is indicated with “-”)	-462,221,619.95	-186,376,180.23
Income from disposal of assets (loss is indicated with “-”)	2,755,562.94	204,866.12
III. Operating profit (loss is indicated with “-”)	-838,544,514.47	3,029,226,885.77
Add: Non-operating revenue	5,473,245.96	2,516,231.14
Less: Non-operating expenses	11,730,389.99	5,400,590.27
IV. Total profit (total loss is indicated with “-”)	-844,801,658.50	3,026,342,526.64
Less: Income tax expense	-184,904,499.33	376,128,124.08
V. Net profit (net loss is indicated with “-”)	-659,897,159.17	2,650,214,402.56
(I) Classified according to operating continuity		
1. Net profit from continuing operations (net loss is indicated with “-”)	-659,897,159.17	2,650,214,402.56
2. Net profit from discontinuing operations (net loss is indicated with “-”)		
(II) Classified according to attribution of the ownership		
1. Net profit attributable to shareholders of the parent company	-556,317,501.09	2,526,688,570.92
2. Profit or loss of minority interest	-103,579,658.08	123,525,831.64
VI. Other comprehensive income, net of tax	-178,927,768.79	87,088,686.32
Other comprehensive income attributable to owners of parent company, net of tax	-187,710,715.88	82,137,147.11
(I) Other comprehensive income that cannot be reclassified to profit or loss	-12,750,000.00	-16,500,000.00
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	-12,750,000.00	-16,500,000.00
4. Changes in fair value of the enterprise’s credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss	-174,960,715.88	98,637,147.11
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies	-174,960,715.88	98,637,147.11
7. Others		
Other comprehensive income attributable to minority interests, net of tax	8,782,947.09	4,951,539.21
VII. Total comprehensive income	-838,824,927.96	2,737,303,088.88
Total comprehensive income attributable to owners of parent company	-744,028,216.97	2,608,825,718.03
Total comprehensive income attributable to minority interests	-94,796,710.99	128,477,370.85
VIII. Earnings per share:		
(I) Basic earnings per share	-0.57	2.68
(II) Diluted earnings per share	-0.8733	2.5788

If a business combination occurs under common control in the current period, the net profit realized by the merged party before the combination was: RMB0.00, and the net profit realized by the merged party in the previous period was: RMB0.00.

Legal Representative: Paul Xiaoming Lee

Chief Financial Officer: Li Jian

Financial Manager: Deng Jinhuan

#### 4. Income statement of parent company

Unit: RMB

Item	2024	2023
I. Operating revenue	4,921,856.56	63,116,038.61
Less: Operating cost	3,817,079.74	49,925,691.72
Taxes and surcharges	2,641,575.31	4,034,635.44
Selling expenses	4,300.56	576,692.02
Administrative expenses	109,229,825.51	23,590,872.61
R&D expenses	0.00	2,671,152.31
Financial expenses	-350,793,346.89	-316,352,130.41
Including: Interest expense	29,724,498.01	33,567,175.48
Interest income	380,539,036.00	350,004,443.73
Add: Other income	653,663.13	611,188.63
Investment income (loss is indicated with "-")	47,775,000.00	1,850,000,000.00
Including: Income from investment in associates and joint ventures		
Derecognized financial assets measured by amortized cost (loss is indicated with "-")		
Net exposure hedging income (loss is indicated with "-")		
Income from changes in fair value (loss is indicated with "-")		
Credit impairment losses (loss is indicated with "-")	90,215.80	-160,407.34
Asset impairment losses (loss is indicated with "-")	0.00	-135,155.16
Income from disposal of assets (loss is indicated with "-")	-98,230.98	596.59
II. Operating profit (loss is indicated with "-")	288,443,070.28	2,148,985,347.64
Add: Non-operating revenue	950,479.05	22,748.59
Less: Non-operating expenses	76,623.88	105,542.48
III. Total profit (total loss is indicated with "-")	289,316,925.45	2,148,902,553.75
Less: Income tax expense	61,397,612.07	75,202,959.73
IV. Net profit (net loss is indicated with "-")	227,919,313.38	2,073,699,594.02
(I) Net profit from continuing operations (net loss is indicated with "-")	227,919,313.38	2,073,699,594.02
(II) Net profit from discontinuing operations (net loss is indicated with "-")	0.00	0.00
V. Other comprehensive income, net of tax	-12,750,000.00	-16,500,000.00
(I) Other comprehensive income that cannot be reclassified to profit or loss	-12,750,000.00	-16,500,000.00
1. Changes arising from re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be reclassified into profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	-12,750,000.00	-16,500,000.00
4. Changes in fair value of the enterprise's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of the financial asset reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences from translation of statements denominated in foreign currencies		
7. Others		
VI. Total comprehensive income	215,169,313.38	2,057,199,594.02
VII. Earnings per share:		

(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated cash flow statement

Unit: RMB

Item	2024	2023
<b>I. Cash flows from operating activities:</b>		
Cash received from the sale of goods or rendering of services	8,385,508,715.46	10,446,360,770.22
Net increase in deposits from customers and placements from corporations in the same industry		
Net increase in borrowings from the central bank		
Net increase in placements from other financial institutions		
Cash received from premium of original insurance contract		
Net cash received from reinsurance business		
Net increase in deposits of the insured and investment		
Cash received from interests, fees and commissions		
Net increase in placements from banks and other financial institutions		
Net increase in repurchasing		
Net cash received from agency sale of securities		
Receipts of tax refunds	325,570,298.59	721,095,698.04
Other cash receipts related to operating activities	533,881,000.81	458,750,500.52
Subtotal of cash inflows from operating activities	9,244,960,014.86	11,626,206,968.78
Cash payments for goods purchased and services received	5,239,581,120.39	6,188,542,330.43
Net increase in loans and advances		
Net increase in deposits in the Central Bank and other financial institutions		
Cash paid for claim settlements on original insurance contract		
Net increase in placements to banks and other financial institutions		
Cash paid for interests, fees and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,458,936,664.56	1,163,303,301.00
Payments of all types of taxes	730,297,460.12	1,069,293,242.57
Other cash payments relating to operating activities	657,895,714.69	537,614,835.46
Subtotal of cash outflows due to operating activities	8,086,710,959.76	8,958,753,709.46
Net cash flows from operating activities	1,158,249,055.10	2,667,453,259.32
<b>II. Cash flows from investment activities:</b>		
Cash received from disposal of investments	1,271,927,500.00	132,832,319.38
Cash received from procuring investment income	69,705,379.85	14,079,456.62
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets	37,456,266.24	27,764,903.85
Net cash received from disposals of subsidiaries and other business units		
Other cash received relating to investment activities		
Subtotal of cash inflows from investment activities	1,379,089,146.09	174,676,679.85
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	2,858,791,026.20	7,823,808,926.29
Cash paid for acquisition of investments	1,107,449,569.44	300,000,000.00
Net increase in pledge loans		
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	45,163,817.42	40,991,765.29
Subtotal of cash outflows due to investment activities	4,011,404,413.06	8,164,800,691.58
Net cash flows from investment activities	-2,632,315,266.97	-7,990,124,011.73
<b>III. Cash flows from financing activities:</b>		

Cash received from absorbing investment	200,628,666.09	8,036,235,783.60
Including: Cash received from subsidiaries' absorbing minority shareholder investment	91,912,750.86	582,691,751.93
Cash received from borrowings	13,731,686,695.68	12,859,214,236.98
Other cash received relating to financing activities	160,000,000.00	0.00
Subtotal of cash inflows from financing activities	14,092,315,361.77	20,895,450,020.58
Cash paid for debt repayment	10,856,843,142.85	13,704,612,776.52
Cash paid for distributing dividends and profits or paying interests	1,911,093,566.49	719,029,212.87
Including: Dividends and profits paid to minority shareholders by subsidiaries		
Cash payments relating to other financing activities	910,705,730.64	1,334,884,808.55
Subtotal of cash outflows from financing activities	13,678,642,439.98	15,758,526,797.94
Net cash flows from financing activities	413,672,921.79	5,136,923,222.64
IV. Effect of changes in exchange rate on cash and cash equivalents	4,819,771.37	2,725,405.61
V. Net increase in cash and cash equivalents	-1,055,573,518.71	-183,022,124.16
Add: Opening balance of cash and cash equivalents	2,789,034,001.85	2,972,056,126.01
VI. Closing balance of cash and cash equivalents	1,733,460,483.14	2,789,034,001.85

## 6. Cash flow statement of parent company

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from the sale of goods or rendering of services	20,018,970.93	71,880,593.33
Receipts of tax refunds	127,596.89	96,584.46
Other cash receipts related to operating activities	57,140,549.04	53,858,322.26
Subtotal of cash inflows from operating activities	77,287,116.86	125,835,500.05
Cash payments for goods purchased and services received	15,328,134.69	32,907,746.19
Cash paid to and on behalf of employees	4,642,314.82	16,383,482.17
Payments of all types of taxes	96,043,205.00	135,972,576.99
Other cash activities	160,138,345.40	29,098,017.34
Subtotal of cash outflows due to operating activities	276,151,999.91	214,361,822.69
Net cash flows from operating activities	-198,864,883.05	-88,526,322.64
II. Cash flows from investment activities:		
Cash received from disposal of investments		
Cash received from procuring investment income	1,269,500,767.27	50,000,000.00
Net amount of cash received from disposal of fixed assets, intangible assets and other long-term assets	34,862.09	39,908,191.62
Net cash received from disposals of subsidiaries and other business units		
Other cash activities	729,915,831.56	758,017,645.64
Subtotal activities	1,999,451,460.92	847,925,837.26
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,626,660.66	214,338.12
Cash paid for acquisition of investments	299,235,709.57	186,000,000.00
Net cash payments for acquisitions of subsidiaries and other business units		
Other cash paid relating to investment activities	1,186,964,114.48	5,997,573,198.61
Subtotal of cash outflows due to investment activities	1,487,826,484.71	6,183,787,536.73
Net cash flows from investment activities	511,624,976.21	-5,335,861,699.47
III. Cash flows from financing activities:		
Cash received from absorbing investment	140,029,540.01	7,453,546,101.02
Cash received from borrowings	103,500,000.00	59,500,000.00
Other cash activities	196,000,000.00	469,700,000.00
Subtotal of cash inflows from financing activities	439,529,540.01	7,982,746,101.02
Cash paid for debt repayment	59,500,000.00	290,190,000.00
Cash paid for distributing dividends and profits or paying interests	1,509,256,418.75	383,380,310.88

Cash payments relating to other financing activities	488,785,366.91	764,644,041.58
Subtotal of cash outflows from financing activities	2,057,541,785.66	1,438,214,352.46
Net cash flows from financing activities	-1,618,012,245.65	6,544,531,748.56
IV. Effect of changes in exchange rate on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-1,305,252,152.49	1,120,143,726.45
Add: Opening balance of cash and cash equivalents	1,381,874,707.34	261,730,980.89
VI. Closing balance of cash and cash equivalents	76,622,554.85	1,381,874,707.34

## 7. Consolidated statement of changes in owners' equity

Amount of current period

Unit: RMB

Item	2024														
	Owners' equity attributable to parent company														Minority interests
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Subtotal		Total owners' equity
		Preferred stock	Perpetual bonds	Others											
I. Closing balance of the previous year	977,754,217.00	0.00	0.00	50,242,778.32	15,070,954,107.76	607,261,671.95	89,911,398.03	0.00	399,014,802.99	0.00	10,945,879,862.09	0.00	26,926,495,494.24	1,755,739,643.48	28,682,235,137.72
Add: Effects of changes in accounting policies															
Effects of correction of prior year errors															
Others															
II. Opening balance of the current year	977,754,217.00	0.00	0.00	50,242,778.32	15,070,954,107.76	607,261,671.95	89,911,398.03	0.00	399,014,802.99	0.00	10,945,879,862.09	0.00	26,926,495,494.24	1,755,739,643.48	28,682,235,137.72
III. Increase/decrease for the period (decrease is indicated with "-")	-6,475,061.00	0.00	0.00	-20,758.07	-474,064,970.60	-269,322,569.58	-187,710,715.88	0.00	22,791,931.34	0.00	-2,079,108,934.55	0.00	-2,455,265,939.18	-21,970,714.75	-2,477,236,653.93
(I) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	-187,710,715.88	0.00	0.00	0.00	-556,317,501.09	0.00	-744,028,216.97	-94,796,710.99	-838,824,927.96
(II) Contribution and withdrawal of capital by owners	-6,475,061.00	0.00	0.00	-20,758.07	-474,064,970.60	-269,322,569.58	0.00	0.00	0.00	0.00	0.00	0.00	-211,238,220.09	72,825,996.24	-138,412,223.85
1. Common shares invested by owner	0.00	0.00	0.00	0.00	3,584,059.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,584,059.30	74,459,563.62	78,043,622.92
2. Capital invested by other equity instrument holders	2,791.00	0.00	0.00	-20,758.07	202,223.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	184,256.87	0.00	184,256.87
3. Amount of share payment credited to owners' equity	-572,755.00	0.00	0.00	0.00	-278,551,196.83	-269,322,569.58	0.00	0.00	0.00	0.00	0.00	0.00	-9,801,382.25	-1,633,567.38	-11,434,949.63

4. Others	-5,905,097.00	0.00	0.00	0.00	-199,300,057.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-205,205,154.01	0.00	-205,205,154.01
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,791,931.34	0.00	-1,522,791,433.46	0.00	-1,499,999,502.12	0.00	-1,499,999,502.12
1. Withdrawal of surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,791,931.34	0.00	-22,791,931.34	0.00	0.00	0.00	0.00
2. Provision for general risk															
3. Distribution to owners (or shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,499,999,502.12	0.00	-1,499,999,502.12	0.00	-1,499,999,502.12
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserve into capital (or shares)															
2. Conversion of surplus reserve into capital (or shares)															
3. Making good of loss with surplus reserve															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserve															
1. Amount withdrawn in the period															
2. Amount utilized in the period															
(VI). Others															

IV. Closing balance for the period	971,279,156.00	0.00	0.00	50,222,020.25	14,596,889,137.16	337,939,102.37	-97,799,317.85	0.00	421,806,734.33	0.00	8,866,770,927.54	0.00	24,471,229,555.06	1,733,768,928.73	26,204,998,483.79
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Amount of previous period

Unit: RMB

Item	2023														
	Owners' equity attributable to parent company													Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk provision	Undistributed profits	Others	Subtotal		
Preferred stock		Perpetual bonds	Others												
I. Closing balance of the previous year	892,411,690.00	0.00	0.00	50,317,083.84	7,685,332,598.80	101,753,346.66	7,774,250.92	0.00	191,644,843.59	0.00	9,000,475,751.88	0.00	17,726,202,872.37	1,128,220,442.77	18,854,423,315.14
Add: Effects of changes in accounting policies															
Effects of correction of prior year errors															
Others															
II. Opening balance of the current year	892,411,690.00	0.00	0.00	50,317,083.84	7,685,332,598.80	101,753,346.66	7,774,250.92	0.00	191,644,843.59	0.00	9,000,475,751.88	0.00	17,726,202,872.37	1,128,220,442.77	18,854,423,315.14
III. Increase/decrease for the period (decrease is indicated with “-”)	85,342,527.00	0.00	0.00	-74,305.52	7,385,621,508.96	505,508,325.29	82,137,147.11	0.00	207,369,959.40	0.00	1,945,404,110.21	0.00	9,200,292,621.87	627,519,200.71	9,827,811,822.58
(I) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	82,137,147.11	0.00	0.00	0.00	2,526,688,570.92	0.00	2,608,825,718.03	128,477,370.85	2,737,303,088.88
(II) Contribution and withdrawal of capital by owners	85,342,527.00	0.00	0.00	-74,305.52	7,385,621,508.96	505,508,325.29	0.00	0.00	0.00	0.00	0.00	0.00	6,965,381,405.15	584,381,044.31	7,549,762,449.46
1. Common shares invested by owner	85,421,412.00	0.00	0.00	0.00	7,368,252,287.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,453,673,699.14	582,564,153.80	8,036,237,852.94
2. Capital invested by other equity instrument holders	10,089.00	0.00	0.00	-74,305.52	732,247.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	668,030.64	0.00	668,030.64

3. Amount of share payment credited to owners' equity	-88,974.00	0.00	0.00	0.00	16,636,974.66	505,508,325.29	0.00	0.00	0.00	0.00	0.00	0.00	-488,960,324.63	1,816,890.51	-487,143,434.12
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	207,369,959.40	0.00	-581,284,460.71	0.00	-373,914,501.31	-85,339,214.45	-459,253,715.76
1. Withdrawal of surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	207,369,959.40	0.00	-207,369,959.40	0.00	0.00	0.00	0.00
2. Provision for general risk															
3. Distribution to owners (or shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-373,914,501.31	0.00	-373,914,501.31	-85,339,214.45	-459,253,715.76
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserve into capital (or shares)															
2. Conversion of surplus reserve into capital (or shares)															
3. Making good of loss with surplus reserve															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserve															
1. Amount withdrawn in the period															
2. Amount utilized in the period															
(VI) Others															

IV. Closing balance for the period	977,754,217.00	0.00	0.00	50,242,778.32	15,070,954,107.76	607,261,671.95	89,911,398.03	0.00	399,014,802.99	0.00	10,945,879,862.09	0.00	26,926,495,494.24	1,755,739,643.48	28,682,235,137.72
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8. Statement of changes in owners’ equity of parent company

Amount of current period

Unit: RMB

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners’ equity
		Preferred stock	Perpetual bonds	Others								
I. Closing balance of the previous year	977,754,217.00	0.00	0.00	50,242,778.32	17,125,627,483.84	607,261,671.95	-15,750,000.00	0.00	371,262,292.00	1,667,202,765.19	0.00	19,569,077,864.40
Add: Effects of changes in accounting policies												
Effects of correction of prior year errors												
Others												
II. Opening balance of the current year	977,754,217.00	0.00	0.00	50,242,778.32	17,125,627,483.84	607,261,671.95	-15,750,000.00	0.00	371,262,292.00	1,667,202,765.19	0.00	19,569,077,864.40
III. Increase/decrease for the period (decrease is indicated with “-”)	-6,475,061.00	0.00	0.00	-20,758.07	-474,769,427.19	-269,322,569.58	-12,750,000.00	0.00	22,791,931.34	-1,294,872,120.08	0.00	-1,496,772,865.42
(I) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	-12,750,000.00	0.00	0.00	227,919,313.38	0.00	215,169,313.38
(II) Contribution and withdrawal of capital by owners	-6,475,061.00	0.00	0.00	-20,758.07	-474,769,427.19	-269,322,569.58	0.00	0.00	0.00	0.00	0.00	-211,942,676.68
1. Common shares invested by owner	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Capital invested by other equity instrument holders	2,791.00	0.00	0.00	-20,758.07	202,223.94	0.00	0.00	0.00	0.00	0.00	0.00	184,256.87
3. Amount of share payment credited to owners’ equity	-572,755.00	0.00	0.00	0.00	-280,879,494.58	-269,322,569.58	0.00	0.00	0.00	0.00	0.00	-12,129,680.00
4. Others	-5,905,097.00	0.00	0.00	0.00	-194,092,156.55	0.00	0.00	0.00	0.00	0.00	0.00	-199,997,253.55
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,791,931.34	-1,522,791,433.46	0.00	-1,499,999,502.12

1. Withdrawal of surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,791,931.34	-22,791,931.34	0.00	0.00
2. Distribution to owners (or shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1,499,999,502.12	0.00	-1,499,999,502.12
3. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserve into capital (or shares)												
2. Conversion of surplus reserve into capital (or shares)												
3. Making good of loss with surplus reserve												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserve												
1. Amount withdrawn in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance for the period	971,279,156.00	0.00	0.00	50,222,020.25	16,650,858,056.65	337,939,102.37	-28,500,000.00	0.00	394,054,223.34	372,330,645.11	0.00	18,072,304,998.98

Amount of previous period

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bonds	Others								
I. Closing balance of the previous year	892,411,690.00	0.00	0.00	50,317,083.84	9,738,751,318.24	101,753,346.66	750,000.00	0.00	163,892,332.60	174,787,631.88	0.00	10,919,156,709.90
Add: Effects of changes in accounting policies												

Effects of correction of prior year errors												
Others												
II. Opening balance of the current year	892,411,690.00	0.00	0.00	50,317,083.84	9,738,751,318.24	101,753,346.66	750,000.00	0.00	163,892,332.60	174,787,631.88	0.00	10,919,156,709.90
III. Increase/decrease for the period (decrease is indicated with “-”)	85,342,527.00	0.00	0.00	-74,305.52	7,386,876,165.60	505,508,325.29	-16,500,000.00	0.00	207,369,959.40	1,492,415,133.31	0.00	8,649,921,154.50
(I) Total comprehensive income	0.00	0.00	0.00	0.00	0.00	0.00	-16,500,000.00	0.00	0.00	2,073,699,594.02	0.00	2,057,199,594.02
(II) Contribution and withdrawal of capital by owners	85,342,527.00	0.00	0.00	-74,305.52	7,386,876,165.60	505,508,325.29	0.00	0.00	0.00	0.00	0.00	6,966,636,061.79
1. Common shares invested by owner	85,421,412.00	0.00	0.00	0.00	7,368,124,689.02	0.00	0.00	0.00	0.00	0.00	0.00	7,453,546,101.02
2. Capital invested by other equity instrument holders	10,089.00	0.00	0.00	-74,305.52	732,247.16	0.00	0.00	0.00	0.00	0.00	0.00	668,030.64
3. Amount of share payment credited to owners’ equity	-88,974.00	0.00	0.00	0.00	18,019,229.42	505,508,325.29	0.00	0.00	0.00	0.00	0.00	-487,578,069.87
4. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(III) Profit distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	207,369,959.40	-581,284,460.71	0.00	-373,914,501.31
1. Withdrawal of surplus reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	207,369,959.40	-207,369,959.40	0.00	0.00
2. Distribution to owners (or shareholders)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-373,914,501.31	0.00	-373,914,501.31
3. Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(IV) Internal carry-forward of owners’ equity												
1. Conversion of capital reserve into capital (or shares)												
2. Conversion of surplus reserve into capital (or shares)												

3. Making good of loss with surplus reserve												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserve												
1. Amount withdrawn in the period												
2. Amount utilized in the period												
(VI) Others												
IV. Closing balance for the period	977,754,217.00	0.00	0.00	50,242,778.32	17,125,627,483.84	607,261,671.95	-15,750,000.00	0.00	371,262,292.00	1,667,202,765.19	0.00	19,569,077,864.40

### III. Corporate Information

Yunnan Energy New Material Co., Ltd. (hereinafter referred to as the “Company” or “our Company”) was formerly Yunnan Yuxi Innovation Color Printing Co., Ltd. With the approval of Department of Commerce of Yunnan Province document YSZ [2011] No.50, the shareholders of the Company signed the sponsor agreement on March 28, 2011, unanimously agreed to change the Company as a whole into a company limited by share, and obtained the business license of enterprise legal person No.530400400000009 issued by Yunnan Provincial Administration for Industry and Commerce, which is now changed to the unified social credit code 91530000727317703K. In accordance with the *Approval of Initial Public Offering of Shares of Yunnan Innovative New Materials Co., Ltd.* (Zheng Jian Xu Ke [2016] No. 1886) issued by China Securities Regulatory Commission, the Company issued RMB-denominated ordinary shares (A shares) of 33,480,000 to the public. It was priced and issued to the public investors on September 6, 2016, with a par value of RMB1.00 per share, a subscription price of RMB23.41 per share, and the actual net amount of raised funds is RMB747,767,000.00. The shares of the Company were listed on Shenzhen Stock Exchange on September 14, 2016.

After several changes and capital increases, the Company’s current total registered capital is RMB971,279,156.00. The headquarters is located at No.125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan Province. The Company’s legal representative is PAUL XIAOMING LEE.

The main products of the Company can be divided into three categories: (1) film products, mainly including lithium-ion separator, BOPP film and specialty paper. Lithium-ion separator products include base film and coating film, and BOPP film products include smoke film and flat film; (2) packaging and printing products, mainly including cigarette label and aseptic packaging; (3) paper products packaging, mainly including specialty paper products, holographic anti-counterfeiting electrified aluminum, transfer film and other products. Specialty paper products include laser transfer anti-counterfeiting paper, direct plating paper and coated paper.

Approval Date of Financial Statements: These financial statements were approved for issuance by the Company’s Board of Directors on April 22, 2025.

### IV. Basis for Preparation of Financial Statements

#### 1. Basis for preparation

The Company prepares its financial statements on a going concern basis, recognizing and measuring transactions and events based on their actual occurrence in accordance with the Accounting Standards for Business Enterprises, their application guidelines, and related interpretations. In addition, the Company discloses financial information in compliance with the *Compilation Rule for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2023 revised)* issued by the China Securities Regulatory Commission.

#### 2. Going concern basis

The Company has evaluated the ability to continue as a going concern for 12 months from the end of the Reporting Period and has not identified any factors that would impact its ability to continue as a going concern. It is reasonable for the Company to prepare its financial statements on a going concern basis.

### V. Significant Accounting Policies and Accounting Estimates

Reminders on specific accounting policies and accounting estimates:

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. For matters not mentioned, the relevant accounting policies in the Accounting Standards for Business Enterprises will be applied.

#### 1. Statement of compliance with the accounting standards for business enterprises

The financial statements are in compliance with the requirements of accounting standards for business enterprises, and truly and completely reflect the financial status, operating results, changes in owners’ equity, cash flow and other relevant information of the Company.

#### 2. Accounting period

The Company’s accounting year starts on January 1 and ends on December 31.

#### 3. Operating cycle

The Company’s normal operating cycle is one year.

#### 4. Functional currency

The Company’s functional currency is Renminbi (RMB). Overseas subsidiaries take the currency in the main economic environment in which they operate as the functional currency.

#### 5. Methods for determination and basis for selection of the materiality criteria

☒Applicable ☐Not applicable

Items	Materiality Criteria
Significant receivables for allowance for bad debts provided on individual basis	≥RMB1 million
Significant receivables written off	≥RMB1 million
Significant other receivables written off	≥RMB1 million
Significant construction in progress	Top 10 engineering projects in book value of construction in progress
Significant payables ageing over 1 year	≥RMB5 million
Significant other payables ageing over 1 year or overdue	≥RMB5 million
Significant other gains	≥RMB5 million

## 6. Accounting treatments for business combination under common control and not under common control

### (1) Business combination under common control

The assets and liabilities acquired by the Company in a business combination are measured at the carrying amount in the consolidated financial statements of the ultimate controlling party on the acquisition date. In cases where the acquired company uses different accounting policies or periods compared to the Company before the business combination, the accounting policies and periods are aligned based on the principle of materiality. Specifically, the carrying amounts of the acquired assets and liabilities are adjusted according to the Company's accounting policies and periods. If there is a difference between the carrying amount of the net assets acquired in the business combination and the consideration paid, the capital reserve (capital premium or capital stock premium) is adjusted first. If the balance of the capital reserve (capital premium or capital stock premium) is insufficient, it is then sequentially adjusted against the surplus reserve and retained earnings.

For the accounting treatment of business combinations under common control achieved through step transactions, refer to Note V-7 of this Section.

### (2) Business combination not under the common control

The identifiable assets and liabilities of the acquired party in a business combination are measured at their fair value on the acquisition date. In cases where the acquired party uses different accounting policies or periods compared to the Company before the business combination, the accounting policies and periods are aligned based on the principle of materiality. Specifically, the carrying amounts of the acquired assets and liabilities are adjusted according to the Company's accounting policies and periods. If the Company's acquisition cost on the acquisition date exceeds the fair value of the identifiable assets and liabilities acquired in the business combination, the difference is recognized as goodwill. If the acquisition cost is less than the fair value of the identifiable assets and liabilities acquired, the acquisition cost and the fair value of the acquired identifiable assets and liabilities are reviewed. After review, if the acquisition cost is still less than the fair value of the identifiable assets and liabilities acquired, the difference is recognized as a gain in the current period's consolidated profit or loss.

For the accounting treatment of business combinations under different control achieved through step transactions, refer to Note V-7 of this Section.

### (3) Treatment of transaction costs in a business combination

The audit, legal services, valuation, consulting, and other intermediary fees, as well as other related administrative expenses incurred for the purpose of a business combination, are recognized as expenses in the current period when incurred. Transaction costs related to equity securities or debt securities issued as part of the merger consideration are included in the initial recognition amount of the equity securities or debt securities.

## 7. Criteria for judgement of control and methods for preparation of the consolidated financial statements

### (1) Criteria for judgement of control and scope of consolidation

Control refers to the Company's power over the investee, the variable returns it can obtain through participation in the investee's relevant activities, and the ability to use its power over the investee to affect the amount of returns. The definition of control includes three key elements: 1) The investor has power over the investee. 2) The investor has rights to enjoy variable returns from its involvement with the investee. 3) The investor has the ability to use its power over the investee to affect the amount of returns. When the Company's investment in the investee meets these three elements, it indicates that the Company has control over the investee.

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

A subsidiary refers to an entity controlled by the Company (including businesses, separable parts of an investee, and structured entities controlled by the Company). A structured entity refers to an entity designed in such a way that voting rights or similar rights are not the deciding factor in determining its controlling party (Note: sometimes also called a Special Purpose Entity, or SPE).

### (2) Special provisions regarding the parent company as an investment entity

If the parent company is an investment entity, only those subsidiaries that provide services related to the investment activities of the investment entity are included in the consolidation scope. Other subsidiaries are not consolidated. Equity investments in subsidiaries not included in the consolidation scope are recognized as financial assets measured at fair value, with changes in fair value recorded in the current period's profit or loss.

A parent company is considered an investment entity if it meets the following conditions:

- ① The company's purpose is to provide investment management services to investors and obtain funds from one or more investors.
- ② The company's sole business purpose is to provide returns to investors through capital appreciation, investment income, or both.
- ③ The company measures and evaluates the performance of almost all of its investments at fair value.

When a parent company transitions from a non-investment entity to an investment entity, it will consolidate only those subsidiaries that provide relevant services for its investment activities in the consolidated financial statements. From the transition date onward, the company will no longer consolidate other subsidiaries and will handle them in accordance with the principle of partial disposal of subsidiary equity without losing control.

When a parent company transitions from an investment entity to a non-investment entity, it must include subsidiaries that were previously excluded from the consolidation scope in the consolidated financial statements as of the transition date. The fair value of these subsidiaries on the transition date is treated as the acquisition price, and the accounting treatment follows the method for business combinations not under the common control.

### **(3) Method of preparing consolidated financial statements**

The Company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information.

While preparing consolidated financial statements, the Company treats the entire enterprise group as an accounting entity, and in accordance with the requirements for confirmation, measurement and presentation of relevant enterprise accounting standards, and based on unified accounting policies and periods, reflects the overall financial status, operating results and cash flow of the enterprise group.

- ① Consolidate the assets, liabilities, owners' equity, revenue, expenses, and cash flows of the parent company and its subsidiaries.
- ② Offset the long-term equity investments of the parent company in its subsidiaries against the portion of owners' equity held by the parent company in the subsidiaries.
- ③ Offset the effects of internal transactions between the parent company and its subsidiaries, as well as between subsidiaries. If internal transactions indicate impairment losses of related assets, the full amount of the loss shall be recognized.
- ④ Adjust special transactions from the perspective of the enterprise group.

### **(4) Treatment of changes in subsidiaries during the Reporting Period**

- ① Increase in subsidiary or business

A. Subsidiaries or businesses acquired in a business combination under common control

(a) When preparing the consolidated balance sheet, adjust the opening balances of the consolidated balance sheet and also adjust the relevant items of the comparative financial statements. It is treated as if the combined reporting entity has existed since the point when the ultimate controlling party started controlling.

(b) When preparing the consolidated income statement, include the revenue, expenses, and profits of the acquired subsidiary or business from the beginning of the period to the end of the Reporting Period in the consolidated income statement. Also, adjust the relevant items of the comparative financial statements, treating the combined reporting entity as if it has existed since the point when the ultimate controlling party started controlling.

(c) When preparing the consolidated cash flow statement, include the cash flows of the acquired subsidiary or business from the beginning of the period to the end of the Reporting Period in the consolidated cash flow statement. Also, adjust the relevant items of the comparative financial statements, treating the combined reporting entity as if it has existed since the point when the ultimate controlling party started controlling.

B. Subsidiaries or businesses acquired in a business combination not under common control

(a) When preparing the consolidated balance sheet, do not adjust the opening balances of the consolidated balance sheet.

(b) When preparing the consolidated income statement, include the revenue, expenses, and profits of the acquired subsidiary or business from the acquisition date to the end of the Reporting Period in the consolidated income statement.

(c) When preparing the consolidated cash flow statement, include the cash flows of the acquired subsidiary or business from the acquisition date to the end of the Reporting Period in the consolidated cash flow statement.

- ② Disposal of subsidiary or business

A. When preparing the consolidated balance sheet, do not adjust the opening balances of the consolidated balance sheet.

B. When preparing the consolidated income statement, include the revenue, expenses, and profits of the disposed subsidiary or business from the beginning of the period to the disposal date in the consolidated income statement.

C. When preparing the consolidated cash flow statement, include the cash flows of the disposed subsidiary or business from the beginning of the period to the disposal date in the consolidated cash flow statement.

### **(5) Special considerations in consolidation eliminations**

① The long-term equity investments held by subsidiaries in the parent company shall be treated as treasury stock and deducted from equity. In the consolidated balance sheet, they shall be presented under the “Equity” item as “Less: treasury stock.”

Long-term equity investments held between subsidiaries shall be offset with the corresponding portion of equity held in the subsidiary, following the same elimination method as for the parent company’s equity investments in its subsidiaries.

② The “Special reserve” and “General risk provision” items, since they do not belong to paid-in capital (or share capital) or capital reserves, and differs from retained earnings or undistributed profits, shall be restored to the portion attributable to the parent company’s shareholders after offsetting long-term equity investments with the owners’ equity in subsidiaries.

③ If offsetting unrealized internal sales profits results in temporary differences between the book value of assets and liabilities in the consolidated balance sheet and their tax bases, deferred income tax assets or liabilities shall be recognized in the consolidated balance sheet. Additionally, income tax expense shall be adjusted in the consolidated income statement, excluding deferred taxes related to transactions directly recorded in equity or related to business combinations.

④ Unrealized internal transaction profits or losses from the sale of assets by the parent to subsidiaries shall be fully offset against “Net profit attributable to shareholders of the parent company” in the consolidated income statement. Unrealized internal transaction profits or losses from the sale of assets by subsidiaries to the parent shall be allocated and offset between “Net profit attributable to shareholders of the parent company” and “Profit or loss of minority interest” according to the parent company’s shareholding in the subsidiary. Unrealized internal transaction profits or losses from the sale of assets between subsidiaries shall be allocated and offset between “Net profit attributable to shareholders of the parent company” and “Profit or loss of minority interest” based on the parent company’s shareholding in the selling subsidiary.

⑤ If losses attributable to minority shareholders for the current period exceed their share of equity in the subsidiary at the beginning of the period, the excess should still be deducted from minority shareholders’ equity.

#### **(6) Accounting treatment of special transactions**

##### **① Purchase of minority shareholder equity**

When the Company purchases the minority shareholder equity in its subsidiary, the investment cost of the new long-term equity investment acquired from the purchase of minority equity shall be measured at the fair value of the consideration paid in the individual financial statements. In the consolidated financial statements, the difference between the new long-term equity investment acquired through the purchase of minority equity and the portion of the subsidiary’s net assets starting from the purchase date or consolidation date, calculated based on the new shareholding ratio, shall be adjusted to capital reserves (capital premium or capital stock premium). If capital reserves are insufficient, it shall be adjusted sequentially to surplus reserves and retained earnings.

##### **② Step-by-step acquisition of control over a subsidiary**

##### **A. Business combination under common control through multiple transactions**

On the consolidation date, in the individual financial statements, the initial investment cost of the long-term equity investment shall be determined based on the share of the subsidiary’s net assets in the final controlling entity’s consolidated financial statements. The difference between the initial investment cost and the sum of the book value of the equity investment prior to the consolidation and the newly paid consideration on the consolidation date shall be adjusted to capital reserves (capital premium or capital stock premium). If capital reserves are insufficient, it shall be adjusted sequentially to surplus reserves and retained earnings.

In the consolidated financial statements, the assets and liabilities of the acquired entity shall be measured at the book value on the consolidation date, except for adjustments made due to differences in accounting policies and periods. The difference between the book value of the pre-acquisition investment and the new paid consideration on the consolidation date and the net asset book value acquired shall be adjusted to capital reserves (capital stock premium /capital premium). If capital reserves are insufficient, it shall be adjusted to retained earnings.

For equity investments held by the parent company before the acquisition of control, all relevant profits and losses, other comprehensive income, and other changes in equity that have been recognized from the date the parent and the subsidiary were under common control until the consolidation date shall be adjusted in the opening retained earnings for the comparative period or profits and losses for the current period.

##### **B. Business combination not under common control through multiple transactions**

On the consolidation date, in the individual financial statements, the initial investment cost of the long-term equity investment shall be the sum of the book value of the pre-existing equity investment and the new investment cost on the consolidation date.

In the consolidated financial statements, for the equity held in the acquiree before the purchase date, it shall be remeasured at the fair value on the purchase date. If the equity held before the purchase date is designated as a financial asset measured at fair value with changes recorded in other comprehensive income, the difference between the fair value and its book value shall be recorded in retained earnings, and the cumulative fair value changes previously recognized in other comprehensive income shall be transferred to retained earnings. If the equity held before the purchase date is classified as a financial asset measured at fair value through profit or loss, or as a long-term equity investment accounted for using the equity method, the difference between the fair value and its book value shall be recorded as investment income for the current period. If the equity held before the purchase date involves other comprehensive income under the equity method, as well as other changes in owners’ equity under the equity method excluding net profit or loss, other comprehensive income, and profit distribution, the related other comprehensive income shall be accounted for in the same manner as the direct disposal of related assets

or liabilities by the investee, and the related other owners' equity changes shall be transferred to investment income for the current period on the purchase date.

### ③ Disposal of long-term equity investment in a subsidiary without losing control

When the parent company disposes of part of its equity investment in a subsidiary without losing control, in the consolidated financial statements, the difference between the disposal consideration and the subsidiary's net asset portion from the purchase date or consolidation date, shall be adjusted to capital reserves (capital premium or capital stock premium). If capital reserves are insufficient, it shall be adjusted sequentially to retained earnings.

### ④ Disposal of long-term equity investment in a subsidiary and loss of control

#### A. Disposal in a single transaction

If the parent company disposes of part of its equity investment and loses control over the investee, in the preparation of consolidated financial statements, the remaining equity shall be remeasured at its fair value on the date of loss of control. The difference between the disposal consideration and the fair value of the remaining equity, minus the net asset portion and goodwill from the original subsidiary, shall be recognized as investment income in the period of losing control.

Other comprehensive income related to the original subsidiary's equity investment shall be accounted for based on the same treatment as if the related assets or liabilities of the original subsidiary were directly disposed of. Other changes in equity under the equity method related to the original subsidiary shall be transferred to current profit and loss upon losing control.

#### B. Step-by-step disposal in multiple transactions

In the consolidated financial statements, it should first be determined whether the step-by-step transaction constitutes a "package transaction."

If it is not considered a "package transaction," in the individual financial statements, each disposal of equity before losing control shall be accounted for by transferring the corresponding book value of the long-term equity investment to the disposal price, with the difference recognized as current investment income. In the consolidated financial statements, it shall be handled according to the relevant rules for "Disposal of long-term equity investment in a subsidiary without losing control."

If the step-by-step transaction is a "package transaction," all transactions shall be treated as one transaction involving the disposal of a subsidiary and the loss of control. In the individual financial statements, the disposal price of each transaction before losing control shall be transferred to other comprehensive income, which will be transferred to profit and loss when control is lost. In the consolidated financial statements, for each transaction before losing control, the difference between the disposal price and the portion of the subsidiary's net assets shall be recognized as other comprehensive income, which will be transferred to profit and loss when control is lost.

Multiple transactions are generally treated as a "package transaction" if any of the following terms, conditions and economic impacts are met:

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

(b) The transactions as a whole are aimed at achieving a complete business result.

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

(d) A single transaction would not be economically feasible, but it becomes economically viable when considered together with other transactions.

### ⑤ Dilution of the parent company's ownership in subsidiary due to capital increase by minority shareholders

When other shareholders (minority shareholders) of the subsidiaries increase capital in the subsidiary, thereby diluting the parent company's equity interest in the subsidiary, in the consolidated financial statements, the share of the subsidiary's net assets before the capital increase, calculated based on the parent company's ownership ratio, shall be adjusted to capital reserves (capital premium or capital stock premium). If capital reserves are insufficient, it shall be adjusted to retained earnings.

## 8. Classification of joint venture arrangements and accounting treatment method for joint operations

A joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company's joint arrangements are classified into joint operations and joint ventures.

### (1) Joint operations

A joint operation refers to a joint arrangement in which the Company enjoys the related assets and assumes the related liabilities of the arrangement.

The Company recognizes the following items related to the share of interests in joint operations and makes accounting treatment according to the relevant ASBE:

- ① Recognizes the assets held separately, and the assets held jointly according to its proportion;
- ② Recognizes the liabilities assumed separately, and the liabilities assumed jointly according to its proportion;
- ③ Recognizes the income from the sales of its share in the outputs of joint operation;

- ④ Recognizes the income from the sales of the outputs of joint operation according to its proportion;
- ⑤ Recognizes the expenses incurred separately, and recognize the expenses incurred jointly according to its proportion.
- (2) Joint ventures

A joint venture refers to a joint arrangement in which the Company only has rights to the net assets of the arrangement.

The Company accounts for its investment in the joint venture in accordance with the equity method of accounting for long-term equity investments.

## 9. Determination standards for cash and cash equivalents

Cash refers to the Company's on-hand cash and deposits that can be used for payment at any time. Cash equivalents refer to investments that are of short duration (generally those due within three months from the date of purchase), highly liquid, easily convertible into known amounts of cash, and with minimal risk of value fluctuation.

## 10. Foreign currency business and foreign currency statement translation

### (1) Method for determining the exchange rate for foreign currency transactions

The Company uses the spot exchange rate on the transaction date or an exchange rate approximating the spot rate on the transaction date, determined by a reasonable method in the system, to convert foreign currency transactions into the functional currency at initial recognition.

### (2) Translation method for foreign currency monetary items at the balance sheet date

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. Exchange differences arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date are recognized in the current profit or loss. For foreign currency non-monetary items measured at historical cost, the spot exchange rate at the transaction date is still used for translation. For inventories measured at the lower of cost or net realizable value, if the inventory is purchased in foreign currency and the net realizable value of the inventory at the balance sheet date is reflected in foreign currency, the net realizable value is first translated into the functional currency at the spot exchange rate at the balance sheet date, and then compared with the cost of the inventory reflected in the functional currency to determine the ending value of the inventory. For foreign currency non-monetary items measured at fair value, the spot exchange rate at the fair value determination date is used for translation. For financial assets measured at fair value through profit or loss, the difference between the translated functional currency amount and the original functional currency amount is recognized in the current profit or loss. For non-trading equity investments designated as measured at fair value through other comprehensive income, the difference between the translated functional currency amount and the original functional currency amount is recognized in other comprehensive income.

### (3) Translation method for foreign currency financial statements

Before translating the financial statements of overseas operations, adjustments should first be made to align the accounting periods and accounting policies of the overseas operations with those of the enterprise. After making these adjustments to the accounting policies and periods, the financial statements in corresponding currencies (other than the functional currency) shall be prepared according to the adjusted accounting policies and periods. Then, the financial statements of the overseas operations shall be translated according to the following methods:

- ① The assets and liabilities items in the balance sheet shall be treated at the spot exchange rate on the balance sheet date. Except for the "undistributed profit" items, other owners' equity items shall be translated at the spot exchange rate at the time of occurrence.
- ② The income and expense items in the income statement shall be translated using the spot exchange rate at the transaction date or an exchange rate close to the spot rate at the transaction date.
- ③ For foreign currency cash flows and the cash flows of foreign subsidiaries, the spot exchange rate at the cash flow transaction date or an exchange rate close to the spot rate shall be used for translation. The impact of exchange rate fluctuations on cash shall be treated as an adjustment item and reported separately in the cash flow statement.
- ④ The foreign currency translation differences arising from the financial statement translation shall be presented under the "Other comprehensive income" item in the owners' equity section of the consolidated balance sheet when preparing the consolidated financial statements.

When disposing of an overseas operation and losing control, the foreign currency translation differences related to the overseas operation, listed under the owners' equity section of the balance sheet, shall be fully or proportionally transferred to the profit or loss for the period of disposal.

## 11. Financial instruments

Financial Instruments refer to contracts that create financial assets for one party and financial liabilities or equity instruments for another party.

### (1) Recognition and derecognition of financial instruments

When the Company becomes a party to a financial instrument contract, it recognizes the relevant financial asset or financial liability.

A financial asset should be derecognized when it satisfies one of the following conditions:

- ① The contractual right to receive cash flows from the financial asset expires;
- ② The financial asset has been transferred, and the transfer meets the derecognition conditions for financial asset transfer.

A financial liability (or part of it) is derecognized when its current obligation has been discharged. If the Company (borrower) enters into an agreement with the lender to replace an original financial liability with a new financial liability, and the contract terms

of the new liability are significantly different from those of the original liability, the original liability is derecognized and a new financial liability is recognized simultaneously. If the Company makes a substantial modification to the contract terms of the original financial liability (or part of it), the original financial liability should be derecognized, and a new financial liability should be recognized based on the modified terms.

Regular buying and selling of financial assets are recognized and derecognized on the transaction date. Regular buying and selling of financial assets refer to the delivery of financial assets as per the terms of the contract, and at the time determined by regulations or market practices. A transaction date refers to the date on which the Company commits to buying or selling financial assets.

## **(2) Classification and measurement of financial assets**

Upon initial recognition, the Company classifies financial assets based on the business model for managing the assets and the contractual cash flow characteristics of the financial asset into: financial assets measured at amortized cost; financial assets measured at fair value with changes recognized in profit or loss; financial assets measured at fair value with changes recognized in other comprehensive income. The financial assets shall not be reclassified after initial recognition unless the Company changes its business model for managing financial assets. In this case, all affected relevant financial assets will be reclassified on the first day of the first Reporting Period following the change in the business model.

Financial assets are initially measured at fair value. For financial assets measured at fair value with changes recognized in profit or loss, the related transaction costs are directly included in the current profit or loss. For other categories of financial assets, transaction costs are included in the initial recognition amount. Accounts receivable and notes receivable arising from the sale of goods or services, where significant financing components are not included or considered, are initially measured by the Company according to the transaction price defined in the revenue standards.

Subsequent measurement of financial assets depends on their classification:

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

A financial asset that meets the following conditions shall be classified as a financial asset measured at amortized cost: The Company's business model for managing the financial asset is to collect contractual cash flows; the contractual terms of the financial asset specify that the cash flows generated at specific dates are solely payments of principal and interest on the outstanding principal amount. For such financial assets, the effective interest method is used for subsequent measurement at amortized cost. The gains or losses arising from derecognition, amortization using the effective interest method, or impairment are recognized in the current profit or loss.

### **② Financial assets measured at fair value with changes recognized in other comprehensive income**

A financial asset that meets the following conditions shall be classified as a financial asset measured at fair value with changes recognized in other comprehensive income: The Company's business model for managing the financial asset is both to collect contractual cash flows and to sell the financial asset; the contractual terms of the financial asset specify that the cash flows generated at specific dates are solely payments of principal and interest on the outstanding principal amount. For such financial assets, subsequent measurement is at fair value. Except for impairment losses or gains and foreign exchange gains or losses, which are recognized in the current profit or loss, changes in the fair value of these financial assets are recognized in other comprehensive income until derecognition. At that point, the accumulated gains or losses are transferred to current profit or loss. However, interest income for such financial assets, calculated using the effective interest method, is recognized in the current profit or loss.

The Company irrevocably elects to designate certain non-trading equity investments as financial assets measured at fair value with changes recognized in other comprehensive income. Only the related dividend income is recognized in the current profit or loss, and changes in the fair value are recognized in other comprehensive income. Upon derecognition of the financial asset, the accumulated gains or losses are transferred to retained earnings.

### **③ Financial assets measured at fair value with changes recognized in current profit or loss**

Financial assets other than those classified as financial assets measured at amortized cost or financial assets measured at fair value with changes recognized in other comprehensive income shall be classified as financial assets measured at fair value with changes recognized in profit or loss. For such financial assets, subsequent measurement is at fair value, and all changes in fair value are recognized in the current profit or loss.

## **(3) Classification and measurement of financial liabilities**

The Company classifies financial liabilities into financial liabilities measured at fair value with changes recognized in current profit or loss, loan commitments at below-market interest rates, financial guarantee contract liabilities, and financial liabilities measured at amortized cost.

The subsequent measurement of financial liabilities depends on their classification:

### **① Financial liabilities measured at fair value with changes recognized in current profit or loss**

This type of financial liability includes trading financial liabilities (including derivative instruments that are financial liabilities) and financial liabilities designated at fair value through profit or loss. After initial recognition, these financial liabilities are subsequently measured at fair value, with gains or losses (including interest expenses) arising from changes in fair value recognized in current profit or loss, except for those related to hedge accounting. However, for financial liabilities designated at fair value through profit or loss, changes in fair value arising from changes in the Company's own credit risk are recognized in other comprehensive income. When the financial liability is derecognized, the cumulative gains and losses previously recognized in other comprehensive income should be reclassified from other comprehensive income to retained earnings.

### **② Loan commitments and financial guarantee contract liabilities**

A loan commitment is a promise made by the Company to provide a loan to a customer under predetermined contractual terms within the commitment period. Loan commitments are subject to impairment losses under the expected credit loss model.

A financial guarantee contract refers to a contract where, in the event that a specific debtor fails to repay the debt according to the original or modified terms of the debt instrument, the company is required to compensate the contract holder for a specific amount of loss. The financial guarantee contract liability is subsequently measured at the higher of the loss allowance determined based on the impairment principles for financial instruments, and the balance after deducting the cumulative amortization recognized under the revenue recognition principles from the initial recognition amount.

### ③ Financial liabilities measured at amortized cost

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

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

① If the Company cannot unconditionally avoid fulfilling a contract obligation by delivering cash or other financial assets, the contract obligation meets the definition of a financial liability. Some financial instruments, although they do not explicitly contain terms and conditions requiring the delivery of cash or other financial assets, may still indirectly create a contractual obligation through other terms and conditions.

② If a financial instrument is settled, or may be settled, using the Company's own equity instruments, it is necessary to consider whether the Company's own equity instruments used for settlement are a substitute for cash or other financial assets, or whether they represent the remaining equity in the assets of the issuer after deducting all liabilities. If the former, the instrument is a financial liability of the issuer; if the latter, the instrument is an equity instrument of the issuer. In some cases, a financial instrument contract may require or allow settlement using the Company's own equity instruments, where the amount of contractual rights or obligations is equal to the number of equity instruments that can be obtained or delivered, multiplied by their fair value at settlement. In this case, regardless of whether the amount of the contractual rights or obligations is fixed or changes partially or entirely based on variables other than the market price of the Company's own equity instruments (such as interest rates, commodity prices, or prices of other financial instruments), the contract is classified as a financial liability.

### (4) Derivative financial instruments and embedded derivative instruments

Derivatives are initially measured at fair value on the date the derivative contract is signed and subsequently measured at fair value. A derivative with a positive fair value is recognized as an asset, while a derivative with a negative fair value is recognized as a liability.

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

For hybrid instruments that contain embedded derivatives, if the host contract is a financial asset, the hybrid instrument as a whole applies the relevant financial asset classification rules. If the host contract is not a financial asset and the hybrid instrument is not measured at fair value with changes recognized in profit or loss, and the embedded derivative is not closely related to the host contract in terms of economic characteristics and risks, and an instrument that is identical to the embedded derivative and exists separately would meet the definition of a derivative, the embedded derivative is separated from the hybrid instrument and treated as a separate derivative financial instrument. If the fair value of the embedded derivative cannot be separately measured at the acquisition date or on subsequent balance sheet dates, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value with changes recognized in current profit or loss.

### (5) Impairment of financial instruments

The Company recognizes loss provisions based on expected credit losses for financial assets measured at amortized cost, debt investments measured at fair value with changes recognized in other comprehensive income, contract assets, lease receivables, loan commitments, and financial guarantee contracts.

#### ① Measurement of expected credit loss

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate and receivable according to the contract and all cash flows expected to be collected of the Company, i.e. the present value of all cash shortfalls. Among them, credit-impaired purchased or originated financial assets of the Company shall be discounted at the credit-adjusted effective interest rate of such financial assets.

The expected credit loss over the entire life of a financial instrument refers to the expected credit loss arising from all potential default events that may occur during the entire expected life of the instrument.

The expected credit loss within the next 12 months refers to the expected credit loss resulting from default events that may occur within the next 12 months after the balance sheet date (or the expected life if the instrument's expected life is shorter than 12 months), and is a part of the expected credit loss over the entire life of the instrument.

At each balance sheet date, the Company measures the expected credit loss for financial instruments in different stages separately. If the credit risk of the financial instrument has not significantly increased since initial recognition, it is classified into Stage 1, and the loss provision is measured based on the expected credit loss over the next 12 months. If the credit risk has significantly increased but no credit impairment has occurred since initial recognition, it is classified into Stage 2, and the loss provision is measured based on the expected credit loss over the entire life of the instrument. If the financial instrument has already incurred credit impairment since initial recognition, it is classified into Stage 3, and the loss provision is measured based on the expected credit loss over the entire life of the instrument.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that their credit risk has not

significantly increased since initial recognition, and the loss provision is measured based on the expected credit loss over the next 12 months.

For financial instruments in Stage 1, Stage 2, and those with low credit risk, the Company calculates interest income based on their carrying amount before impairment provisions and the effective interest rate. For financial instruments in Stage 3, interest income is calculated based on their carrying amount after impairment provisions and the effective interest rate.

For receivables, contract assets, receivable financing, and contract assets, the Company measures loss provisions based on the expected credit loss over the entire life of the instrument, regardless of whether there is a significant financing component.

#### A. Receivables /contract assets

For notes receivable, accounts receivable, other receivables, receivable financing, contract assets, and long-term receivables where there is objective evidence of impairment, as well as other items that are subject to individual impairment testing, the Company performs individual impairment tests to recognize expected credit losses and make provisions for individual impairments.

For notes receivable, accounts receivable, other receivables, receivable financing, contract assets, and long-term receivables where there is no objective evidence of impairment, or when it is not possible to reasonably assess the expected credit loss for individual financial assets, the Company classifies these financial instruments into groups based on their credit risk characteristics. The expected credit loss is then calculated on a portfolio basis. The criteria for grouping are as follows:

The criteria for grouping notes receivable are as follows:

Group 1: Commercial acceptance bills

Group 2: Bank acceptance bills

For notes receivable grouped into categories, the Company refers to historical credit loss experience, current conditions, and forecasts of future economic conditions. The expected credit loss is calculated based on default risk exposure and the expected credit loss rate over the entire life of the instrument.

The criteria for grouping accounts receivable are as follows:

Group 1: Companies outside the consolidation scope

Group 2: Companies within the consolidation scope

For accounts receivable grouped into categories, the Company refers to historical credit loss experience, current conditions, and forecasts of future economic conditions. A comparison table is prepared that aligns the aging of accounts receivable with the expected credit loss rate over the entire life of the instrument. The expected credit loss is then calculated.

The criteria for grouping other receivables are as follows:

Group 1: Companies outside the consolidation scope

Group 2: Companies within the consolidation scope

For other receivables grouped into categories, the Company refers to historical credit loss experience, current conditions, and forecasts of future economic conditions. The expected credit loss is calculated based on default risk exposure and the expected credit loss rate over the next 12 months or the entire life of the instrument.

The criteria for grouping receivable financing are as follows:

Group 1: Bank acceptance bill group

For receivable financing grouped into categories, the Company refers to historical credit loss experience, current conditions, and forecasts of future economic conditions. The expected credit loss is calculated based on default risk exposure and the expected credit loss rate over the entire life of the instrument.

#### B. Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates expected credit losses based on the nature of the investment, various types of counterparty risk exposures, and default risk exposure, using the expected credit loss rate over the next 12 months or the entire life of the instrument.

#### ② Low credit risk

If the default risk of a financial instrument is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if adverse economic conditions and operating environments persist over a longer period, they may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations, then the financial instrument is considered to have low credit risk.

#### ③ Significant increase of credit risk

The Company determines whether the credit risk of a financial instrument has significantly increased since initial recognition by comparing the default probability over the expected life of the financial instrument at the balance sheet date with the default probability determined at initial recognition. This helps assess the relative change in the likelihood of default over the instrument's expected life.

In evaluating whether there has been a significant increase in credit risk since initial recognition, the Company considers reasonable and supported information that can be obtained without unnecessary additional costs or efforts, including forward-looking information. The information the Company considers includes:

A. Whether there has been a significant change in internal price indicators due to changes in credit risk;

B. Whether there have been adverse changes in the business, financial, or economic conditions that are expected to significantly affect the debtor's ability to meet its debt obligations;

C. Whether the actual or expected operating results of the debtor have changed significantly; whether the regulatory, economic or technological environment of the debtor has undergone significant adverse changes;

D. Whether the following items have changed significantly: the value of collateral as debt mortgage, or the guarantee provided by a third party, or the quality of credit enhancement; these changes will reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or impact the probability of default;

E. Whether there has been a significant change in the economic incentives expected to reduce the debtor's motivation to repay according to the contractual terms;

F. Expected changes to the loan contract, including whether violations of the contract might lead to the exemption or revision of contractual obligations, the provision of interest-free periods, interest rate hikes, requests for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument;

G. Whether the debtor's expected performance and repayment behavior have changed significantly;

H. Whether the contract payment is overdue for 30 days or more.

Based on the nature of the financial instrument, the Company evaluates whether the credit risk has significantly increased on an individual instrument or portfolio basis. When evaluating on a portfolio basis, the Company can classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk ratings.

Generally, if the payment is overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has significantly increased. However, unless the Company can obtain reasonable and supported information, without incurring excessive cost or effort, that proves the credit risk has not significantly increased since initial recognition, even though the payment is more than 30 days overdue, the credit risk will be considered significantly increased.

#### ④ Financial assets with credit impairment

The Company assesses, at the balance sheet date, whether financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income have experienced credit impairment. If one or more events have adverse effects on the expected future cash flow of a financial asset, the financial asset will become a financial asset that has suffered credit impairment. The following observable information can be regarded as evidence of credit impairment of financial assets:

The issuer or debtor is in serious financial difficulties; the debtor breaches the contract, such as default or overdue payment of interest or principal, etc.; the creditor gives concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties; the concessions will not be made under any other circumstances; there is a great possibility of bankruptcy or other financial restructuring of the debtor; the financial difficulties of the issuer or debtor cause the disappearance of the active market for the financial asset; the purchase or origin of a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

#### ⑤ Presentation of expected credit loss provisions

To reflect the changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit loss at each balance sheet date. The increase or reversal of the loss provision resulting from this remeasurement should be recognized as impairment losses or gains in the current period's profit or loss. For financial assets measured at amortized cost, the loss provision reduces the carrying amount of the financial asset presented on the balance sheet. For debt investments measured at fair value through other comprehensive income, the Company recognizes the loss provision in other comprehensive income, without reducing the carrying amount of the financial asset.

#### ⑥ Write-off

If the Company no longer reasonably expects that the contractual cash flows of a financial asset can be fully or partially recovered, it will directly reduce the carrying amount of the financial asset. This reduction constitutes the derecognition of the relevant financial asset. This situation typically occurs when the Company determines that the debtor has no assets or income sources capable of generating sufficient cash flows to repay the amount being written off.

If the previously written-off financial asset is later recovered, the recovery is recognized as a reversal of the impairment loss and included in the profit or loss for the current period.

### (6) Transfer of financial assets

The transfer of financial assets refers to the following two situations:

A. Transferring the contractual right to receive the cash flows of a financial asset to another party;

B. Transferring all or part of a financial asset to another party, while retaining the contractual right to receive the cash flows of the financial asset and assuming the contractual obligation to pay the received cash flows to one or more payees.

#### ① Derecognition of transferred financial assets

If almost all the risks and rewards of ownership of a financial asset have been transferred to the transferee, or if neither the risks and rewards of ownership nor the control of the financial asset have been retained, but the control of the financial asset has been relinquished, the financial asset should be derecognized.

When determining whether control of the transferred financial asset has been relinquished, the Company considers the transferee's ability to sell the financial asset. If the transferee can unilaterally sell the transferred financial asset to an unrelated third

party without additional conditions restricting the sale, the Company has relinquished control of the financial asset.

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

When the transfer of a financial asset as a whole meets the derecognition criteria, the difference between the following two amounts should be recognized in the current period's profit or loss:

A. The carrying amount of the transferred financial asset;

B. The consideration received for the transfer, plus the amount related to the derecognized portion from the accumulated fair value changes previously recognized in other comprehensive income (this applies to financial assets classified as fair value through other comprehensive income under Article 18 of *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*).

When a partial transfer of a financial asset meets the derecognition criteria, the carrying amount of the entire transferred financial asset should be allocated between the derecognized portion and the portion that is not derecognized (in this case, the retained servicing asset is treated as part of the continuing recognition of the financial asset), based on their relative fair values at the transfer date. The difference between the following two amounts should be recognized in current profit or loss:

A. The carrying amount of the derecognized portion at the derecognition date;

B. The consideration received for the derecognized portion, plus the amount corresponding to the derecognized portion from the accumulated fair value changes previously recognized in other comprehensive income (this applies to financial assets classified as fair value through other comprehensive income under Article 18 of *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*).

#### ② Continued involvement in the transferred financial asset

If neither substantially all the risks and rewards of ownership of the financial asset have been transferred nor retained, and control of the financial asset has not been relinquished, the Company should recognize the relevant financial asset to the extent of its continued involvement in the transferred financial asset, and correspondingly recognize the related liability.

The extent of continued involvement in the transferred financial asset refers to the degree of risk or reward the Company retains regarding changes in the value of the transferred financial asset.

#### ③ Continuing Recognition of the Transferred Financial Asset

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, it should continue to recognize the entire transferred financial asset and recognize the consideration received as a financial liability.

The financial asset and the recognized related financial liability must not be offset against each other. In subsequent accounting periods, the Company should continue to recognize the income (or gains) arising from the financial asset and the expense (or losses) arising from the financial liability.

### (7) Offset of financial assets and financial liabilities

In the balance sheet, financial assets and financial liabilities are shown separately without offsetting each other. However, if the following conditions are met at the same time, the net amount after offset will be listed in the balance sheet:

The Company has the legal right, which is currently enforceable, to offset the confirmed amount;

The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

For the transfer of financial assets that do not meet the derecognition criteria, the transferor must not offset the transferred financial asset against the related liability.

### (8) Determination of fair value of financial instruments

The methods for determining the fair value of financial assets and financial liabilities are provided in Note V-12 of this Section.

## 12. Measurement at fair value

Fair value is the price that market participants would receive from selling an asset or pay to transfer a liability in an orderly transaction on the measurement date.

The Company determines the fair value of assets or liabilities based on the prices in the primary market. If a primary market does not exist, the Company measures the fair value of relevant assets or liabilities using the most market-advantageous price. The Company adopts the assumptions that market participants would use when pricing the asset or liability, aiming to maximize its economic benefits.

The term "primary market" refers to the market with the highest transaction volume and the most active trading of the relevant assets or liabilities. The "most market-advantageous market" is the market where the relevant assets can be sold for the highest price or the liabilities transferred at the lowest cost, after accounting for transaction and transportation expenses.

For financial assets or liabilities with an active market, the Company uses the quoted market price to determine their fair value. When an active market is not available, the Company employs valuation techniques to determine their fair value.

When a non-financial asset is valued at fair value, consideration is given to a market participant's ability to utilize the asset in its most advantageous way to generate economic benefits or to sell it to another market participant capable of doing so.

#### ① Valuation technology

The Company employs valuation techniques that are appropriate for the current period and are supported by sufficient data and other relevant information. These techniques primarily include the market method, the income method, and the cost method. When determining fair value, the Company uses the method(s) that best align with these techniques. If multiple valuation methods are used, the Company assesses the reasonableness of each result and selects the most representative amount that accurately reflects fair value in the current circumstances.

In applying valuation techniques, the Company prioritizes the use of relevant observable input values. Only when such observable inputs are unavailable or impractical to obtain does the Company resort to unobservable inputs. Observable inputs are those derived directly from market data, reflecting the assumptions that market participants use when pricing the asset or liability. Unobservable inputs, on the other hand, are those that cannot be obtained from market data and are instead estimated based on the best available information regarding market participants' assumptions in pricing the asset or liability.

**(2) Fair value hierarchy**

The Company classifies the inputs used for fair value measurement into three levels. It uses Level 1 inputs first, followed by Level 2, and then Level 3. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date. Level 2 inputs are observable for the underlying asset or liability, either directly or indirectly, but are not Level 1. Level 3 inputs are unobservable inputs for the relevant asset or liability.

## 13. Inventory

### **(1) Inventory classification**

Inventories refer to finished products or goods held by the Company for sale as part of its daily operations, work-in-progress items in various stages of production, as well as materials and supplies used in manufacturing or providing labor services, such as raw materials, work-in-progress items, self-produced finished products, finished goods, inventory stock, and turnover materials.

### **(2) Pricing method for delivered inventory**

The Company's inventories are valued using the weighted average method upon delivery.

### **(3) Inventory management system**

The Company adopts a perpetual inventory system, with inventories to be checked at least once a year. Any inventory gains or losses will be included in profits and losses for the current year.

### **(4) Standards for recognizing and calculating the provision for inventory impairment**

On the balance sheet date, inventory should be valued at the lower of cost and net realizable value. If the inventory's cost exceeds its net realizable value, the provision for inventory impairment shall be recognized in current profits and losses.

The net realizable value of inventories is determined based on reliable evidence, considering the purpose of holding the inventories, the effects of events occurring after the balance sheet date, and other relevant factors.

① During normal production and operations, the net realizable value of inventories intended for sale—such as finished products, commodities, and materials—is determined by subtracting estimated selling expenses and relevant taxes from the expected selling price of the inventories. For inventories held to fulfill sales or labor contracts, their net realizable value is based on the contract price. If the quantity of inventories exceeds the amount specified in the sales contract, the excess inventory's value is assessed based on the general market selling price. For materials designated for sale, their net realizable value is measured using the prevailing market price.

② During normal production and operation, the net realizable value of processed materials is determined by subtracting estimated costs to complete, estimated selling expenses, and applicable taxes from the estimated selling price of the finished products. If the net realizable value of the finished products exceeds their cost, the materials are valued at cost. However, if a decline in the material's price indicates that the net realizable value of the finished products is lower than their cost, the materials should be valued at their net realizable value. The provision for inventory impairment shall be recognized for the difference.

③ The Company typically calculates and deducts the provision for inventory impairment based on individual inventory items. For large quantities of low-priced items, the provision is determined and applied according to inventory categories.

④ On the balance sheet date, if the factors that led to the previous inventory impairment no longer exist, the amount of the impairment shall be reversed. This reversal shall not exceed the original provision for inventory impairment, and the reversed amount should be recognized as part of the profits and losses for the current period.

### **(5) Amortization method for turnover materials**

① Amortization method for low-value consumables: a one-time write-off is applied at the time of collection.

② Amortization method for packing materials: a one-time write-off is applied at the time of collection.

## 14. Contract assets and contract liabilities

The Company reports contract assets and contract liabilities on the balance sheet based on the relationship between performance obligations and customer payments. Amounts the Company is entitled to receive for transferring goods or providing services—excluding time-based factors—are recognized as contract assets. Obligations to deliver goods or services in exchange for consideration already received or receivable from customers are recorded as contract liabilities.

The Company's approach to estimating and accounting for expected credit losses on contract assets is detailed in Note V-11 of this Section.

Contract assets and contract liabilities are presented separately on the balance sheet. When both arise from the same contract, they are offset and shown as a net amount. If the net balance is a debit, it is reported as "Contract assets" or "Other non-current assets," depending on its liquidity. If the net balance is a credit, it is recognized as "Contract liabilities" or "Other non-current liabilities," based on its liquidity. Contract assets and contract liabilities from different contracts cannot be offset against each other.

## 15. Long-term equity investment

The Company's long-term equity investments include holdings that allow it to exercise control or significant influence over the investees, as well as investments in joint ventures. When the Company is able to exert significant influence over an investee, that entity is considered an associated enterprise.

**(1) Criteria for establishing joint control and significant influence over the investee**

Joint control refers to shared authority over an arrangement, governed by the relevant agreement. Decisions regarding the arrangement's activities can only be made with the unanimous consent of all participants sharing control. To determine whether joint control exists, the first step is to assess whether all participants or a specific group collectively control the arrangement. If these participants must act together to make decisions about the arrangement's activities, they are considered to have joint control. Next, it must be evaluated whether decisions related to the arrangement require the approval of those who collectively control it. Joint control does not exist when two or more participants simply share control without requiring joint decision-making. Additionally, protective rights held by individual participants are not considered when assessing the existence of joint control.

Significant influence refers to the investor's right to participate in the decision-making processes regarding the financial and operational policies of the investee. However, it does not grant the investor control or joint control over the formulation of these policies. When assessing whether the investor has significant influence over the investee, consider both the voting shares directly or indirectly owned by the investor and the potential impact of current executable voting rights held by the investor and other parties. This includes the effects of convertible instruments such as warrants, stock options, and corporate bonds issued by the investee that could be converted into equity.

When the Company owns 20% or more but less than 50% of the voting shares of the investee, directly or indirectly through its subsidiaries, it is generally regarded as having a significant influence over the investee. This assumption holds unless there is clear evidence indicating that the Company is unable to participate in the investee's production and operational decisions under those circumstances, and does not exercise significant influence.

**(2) Determining the initial investment cost**

① The investment cost of long-term equity investments resulting from enterprise mergers shall be determined in accordance with the following provisions:

A. For a business combination under common control, if the merging party provides cash, transfers non-cash assets, or assumes debts as consideration, the book value of the merged entity's owners' equity in the consolidated financial statements of the ultimate controlling party on the merger date will be recognized as the initial cost of the long-term equity investment. The difference between this initial investment cost and the actual cash paid, non-cash assets transferred, and the book value of debts assumed shall be adjusted against the capital reserve. If the capital reserve is insufficient to cover the difference, the remaining amount shall be adjusted against retained earnings.

B. For a business combination under common control, the merging party issues equity securities as consideration, the share of the book value of the merged entity's owners' equity in the consolidated financial statements of the ultimate controlling party—calculated as of the merger date—shall be recognized as the initial cost of the long-term equity investment. The total face value of the issued shares will be recorded as capital stock. Any difference between the initial investment cost and the total face value of the shares issued should be adjusted to the capital reserve. If the capital reserve is insufficient to cover this difference, the remaining amount shall be adjusted against retained earnings.

C. For a business combination not under common control, the fair value of the assets transferred, liabilities incurred or assumed, and equity securities issued on the acquisition date to gain control over the acquiree is recognized as the acquisition cost. This amount is considered the initial investment cost of the long-term equity investment. Any intermediary expenses incurred by the acquiring party—such as audit, legal, valuation, consulting fees, and other related administrative costs—should be recognized as expenses for the current period.

② Except for long-term equity investments acquired through mergers, the investment cost for other long-term equity investments shall be determined in accordance with the following provisions:

A. For long-term equity investments acquired through cash payment, the actual purchase price paid shall be considered the investment cost. The initial investment cost includes expenses, taxes, and other necessary costs directly related to the acquisition of the investment.

B. For long-term equity investments acquired through the issuance of equity securities, the fair value of the issued securities shall be recognized as the initial investment cost.

C. For long-term equity investments acquired through the exchange of non-monetary assets, if the exchange has commercial substance and the fair value of the assets received or surrendered can be reliably measured, then the initial investment cost shall be based on the fair value of the assets surrendered, including relevant taxes. Any difference between the fair value and the book value of the surrendered assets shall be recognized in current profits or losses. If the exchange does not meet both of these conditions simultaneously, the initial investment cost shall be based on the book value of the surrendered assets, along with applicable taxes and fees.

D. For long-term equity investments acquired through debt restructuring, the initial recognition is based on the fair value of the relinquished creditor's rights and other directly attributable costs. Any difference between the fair value of these rights and their book value is recognized as a gain or loss in current profits and losses.

**(3) Method for subsequent measurement and recognition of profit and loss**

The Company uses the cost method to account for long-term equity investments in entities it can control, while it applies the equity method for investments in associates and joint ventures.

**① Cost method**

For long-term equity investments accounted for using the cost method, the carrying amount should be adjusted when additional investments are made or when investments are withdrawn. Cash dividends or profits declared and distributed by the investee should be recognized as current investment income.

**② Equity method**

For long-term equity investments accounted for using the equity method, the standard accounting treatment is:

If the Company's initial investment cost for a long-term equity investment exceeds the fair value of the investee's identifiable net assets at the time of investment, no adjustment will be made to the initial investment cost. Conversely, if the initial investment cost is less than the fair value of the investee's identifiable net assets, the difference will be recognized in current profits and losses, and the carrying amount of the long-term equity investment will be adjusted accordingly.

The Company recognizes investment income and other comprehensive income based on its share of the net profit or loss and other comprehensive income realized by the invested entity that should be enjoyed or shared. Simultaneously, it adjusts the carrying amount of the long-term equity investment accordingly. The portion to be recognized is calculated based on the profit or cash dividends declared and distributed by the invested entity, and the carrying amount of the long-term equity investment is reduced accordingly. Adjustments are also made to the carrying amount of the long-term equity investment for other changes in the investee's equity, excluding net profit or loss, other

comprehensive income, and profit distributions, and these adjustments are reflected in the owners' equity. When recognizing the share of net profit or loss from the invested entity, the net profit is adjusted and confirmed based on the fair value of the identifiable net assets of the investee at the time of acquiring the investment. If the invested entity's accounting policies and periods differ from those of the Company, its financial statements are adjusted to align with the Company's policies and periods, and investment income and other comprehensive income are recognized accordingly. Unrealized gains and losses from internal transactions between the Company and its associates or joint ventures are offset proportionally to the Company's share, and investment gains or losses are recognized on this basis. If the unrealized internal transaction loss is an asset impairment loss, it shall be recognized in full.

If an entity can exert significant influence over an investee or exercise joint control but does not have control due to additional investments or other reasons, the initial investment cost under the equity method should be calculated as the combined fair value of the original equity investment and the cost of the new investment. When the originally held equity investment is classified as other equity instruments, any difference between its fair value and book value, along with accumulated gains or losses previously recognized in other comprehensive income, should be reclassified out of other comprehensive income and included in retained earnings in the current period when the equity method is changed.

If joint control or significant influence over the investee is lost due to partial disposal of equity or other reasons, the remaining equity shall be measured at its fair value. Any difference between this fair value and the book value at the date of loss of joint control or influence shall be recognized in current profits and losses. Additionally, any other comprehensive income previously recognized through the equity method, as a result of the original investment, should be accounted for in the same manner as a direct disposal of related assets or liabilities by the investee when the equity method is terminated.

#### **(4) Equity investments held for sale**

If all or part of the equity investment in an associated enterprise or joint venture is classified as assets held for sale, please refer to Note V-15 of this Section for the appropriate accounting treatment.

For any remaining equity investments not classified as assets held for sale, the equity method is applied for accounting purposes.

Equity investments in associates or joint ventures that were previously classified as held for sale but no longer meet the criteria for such classification should be adjusted retrospectively using the equity method, starting from the date they were reclassified. The financial statements for the period during which these investments were classified as held for sale should be restated accordingly.

#### **(5) Method for impairment tests and provision for impairment**

For investments in subsidiaries, associates, and joint ventures, please refer to Note V-21 of this Section for the procedures on asset impairment provisions.

## **16. Investment properties**

### **(1) Types of investment properties**

Investment property refers to real estate held primarily to generate rental income, appreciate in value, or both. It typically includes:

- ① Leased land use rights.
- ② Land use rights held and to be transferred after appreciation.
- ③ Leased buildings.

### **(2) Measurement method for investment properties**

The Company uses the cost model for subsequent measurement of its investment properties. Please refer to Note V-21 of this Section for details on asset impairment provisions.

The Company calculates depreciation or amortization of investment properties using the straight-line method, after deducting accumulated impairments and the net residual value from the asset's cost. The depreciation period and annual depreciation rate are determined based on the category, estimated service life, and expected residual value of the investment real estate.

Category	Depreciation period (Years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	20	5-10	4.50-4.75
Land use rights	Service life of land use rights		1/Service life * 100

## **17. Fixed assets**

Fixed assets are tangible assets of significant value that are used for producing goods, rendering of services, leases or operation management and have a service life of more than one year.

### **(1) Recognition criteria**

Fixed assets shall be recognized at their actual acquisition cost when all of the following conditions are met simultaneously:

- ① The economic benefits associated with fixed assets are likely to flow into the enterprise.
- ② The cost of the fixed asset can be measured in a reliable way.

Subsequent expenditures on fixed assets should be capitalized into the asset's cost if they meet the criteria for recognition as fixed assets. If they do not meet these criteria, they should be recorded in the current profits and losses.

## (2) Depreciation method

The Company calculates depreciation using the straight-line method starting from the month after the fixed assets reach their expected usable condition. The depreciation period and annual rate are determined based on the asset's category, estimated service life, and expected residual value, as outlined below:

Category	Depreciation method	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	Straight-line method	20	5-10	4.50-4.75
Machinery and equipment	Straight-line method	6-13	5-10	6.92-15.83
Transportation equipment	Straight-line method	5	5-10	18.00-19.00
Electronic equipment	Straight-line method	5	5-10	18.00-19.00
Office equipment	Straight-line method	5	5-10	18.00-19.00
Other equipment	Straight-line method	5	5-10	18.00-19.00

For fixed assets with an impairment provision already recognized, the impairment amount should be deducted when calculating depreciation.

At the end of each year, the Company will review the service life, estimated net residual value, and depreciation method of its fixed assets. If the estimated service life has changed from the original estimate, the service life of the asset will be adjusted accordingly.

## 18. Construction in progress

The Company shall comply with the disclosure requirements in the chemical industry set forth in the *Self-Regulatory Guidelines No. 3 for Companies Listed on the Shenzhen Stock Exchange – Industry Information Disclosure*.

(1) Construction in progress is accounted for by project categories based on their approved proposals.

(2) Standard procedures and timeline for capitalizing construction in progress to fixed assets

For the construction in progress project, all expenses incurred prior to the asset reaching its expected usable condition are considered the initial recognition of the fixed asset. This includes construction costs, the original purchase price of machinery and equipment, other necessary expenditures to bring the project to its intended operational state, as well as borrowing costs associated with special financing for the project incurred before the asset becomes usable, and borrowing costs from general loans used during this period. Once the project installation or construction is completed and the asset reaches its expected usable condition, the project under construction is transferred to fixed assets. For fixed assets that have reached the expected usable state but have not yet undergone final accounting, they are recorded at an estimated value based on the project budget, cost, or actual expenses incurred from the date the asset became usable. Depreciation is calculated and recognized in accordance with the Company's fixed asset depreciation policies. The original estimated value is adjusted to reflect actual costs; however, previously accrued depreciation remains unchanged.

## 19. Borrowing costs

### (1) Recognition principles and capitalization period for borrowing costs

The Company shall capitalize borrowing costs directly attributable to the acquisition, construction, or production of eligible assets, and include them in the asset's cost, provided that all of the following conditions are met simultaneously:

① The asset expenditure has been incurred.

② The borrowing costs have been incurred.

③ The activities required for the purchase, construction, or production of the assets to achieve their expected usable condition have begun.

Any other borrowing costs, discounts, premiums, or exchange differences should be included in the current profit and loss.

Borrowing costs shall be capitalized only when the acquisition, construction, or production of eligible assets proceeds without abnormal interruption. If such interruption exceeds three months, capitalization shall be suspended.

Capitalization of borrowing costs shall cease once the assets under construction or production, which meet the capitalization criteria, are ready for their intended use or sale. Any borrowing costs incurred thereafter shall be recognized as expenses in the current period.

### (2) Capitalization rate for borrowing costs and method of calculating the capitalized amount

When a special loan is used to acquire, construct, or produce assets eligible for capitalization, the interest expense for the current period is calculated as the actual interest incurred on the loan minus any interest income earned from depositing unused funds in the bank or from temporary investments. This net amount represents the capitalized interest expense of the special loan.

When a general borrowing is used to acquire, construct, or produce assets eligible for capitalization, the interest to be capitalized should be calculated by multiplying the weighted average asset expenditure—specifically, the portion of accumulated asset costs exceeding the amount financed by special borrowings—by the capitalization rate of the general borrowing. This capitalization rate is determined based on the weighted average interest rate of the general borrowings.

## 20. Intangible assets

### (1) Valuation methods for intangible assets

Intangible assets are recorded at their acquisition cost.

### (2) The service life and its determination basis, estimated situation, amortization method or review procedures

#### ① Estimating the service life of intangible assets with limited service life

Item	Expected service life	Basis
Software	10 years	Determine the service life based on the period during which it provides economic benefits to the Company.
Land use rights	50 years	Legal use rights
Patent rights	10 years	Determine the service life based on the period during which it provides economic benefits to the Company.
Non-proprietary technology	10 years	Determine the service life based on the period during which it provides economic benefits to the Company.

At the end of each year, the Company will review the service life and amortization method of intangible assets with limited service lives. If, after review, there are no changes from previous estimates, the current service life and amortization method will remain unchanged.

② If it is not possible to determine the time frame within which intangible assets will generate economic benefits for the company, they should be classified as intangible assets with an indefinite service life. For such assets, the Company shall review their service life at the end of each year. If, after this review, the service life remains uncertain, an impairment test shall be performed as of the balance sheet date.

#### ③ Amortization of intangible assets

For intangible assets with a limited service life, the Company determines their service life at the time of acquisition. These assets are then amortized systematically and reasonably using the straight-line method over their designated service life. The amortization expense is recorded in either the current profit and loss or the cost of related assets, depending on the beneficiary items. The amortizable amount is calculated as the asset's cost minus its estimated residual value. For intangible assets that have been impaired, the accumulated impairment losses are also deducted when determining the net book value. The residual value of an intangible asset with a limited service life is generally considered zero, unless there is a third-party commitment to purchase the asset at the end of its service life or if reliable information about an estimated residual value can be obtained from an active market—indicating that a market is likely to exist at the end of the asset's service life.

Intangible assets with uncertain service life should not be amortized. Their service life must be reviewed annually. If evidence indicates that the asset's service life is limited, its service life should be estimated accordingly, and amortization should be carried out systematically and prudently within that estimated period.

### (3) Sweep scope for R&D expenses and relevant accounting treatments

The Company classifies all expenses directly associated with research and development activities as R&D expenditures. These include staff salaries, direct input costs, depreciation, long-term deferred expenses, design costs, equipment commissioning expenses, amortization of intangible assets, outsourced R&D services, and other related expenses.

① The Company considers materials used for further development and related preparatory activities as part of the research phase. Expenses incurred during this research stage for intangible assets are recognized in the current profit and loss when they occur.

② Activities conducted after the Company has completed the research phase will be considered part of the development stage.

Expenditures during the development stage can be recognized as intangible assets only if they simultaneously meet the following conditions:

A. It is technically feasible to develop the intangible asset to the point where it can be used or sold.

B. It aims to complete the intangible asset for use or sale.

C. The manner in which the intangible asset generates economic benefits, including demonstrating the existence of a market for the products created using the asset or for the asset itself. It also involves confirming that the intangible asset will be used internally and providing evidence of its usefulness.

D. It possesses adequate technical, financial, and other resources to complete the development of the intangible assets and has the capacity to effectively utilize or sell them.

E. The costs associated with the development stage of the intangible asset can be reliably determined.

## 21. Impairment of long-term assets

The impairment of long-term equity investments in subsidiaries, associates, and joint ventures, as well as investment properties, fixed assets, construction in progress, right-of-use assets, intangible assets, and goodwill (excluding inventories, deferred tax assets, and financial assets) measured subsequently at cost, shall be assessed using the following methods:

On the balance sheet date, the Company will assess whether there are any indications of potential asset impairment. If such signs are identified, the Company will estimate the recoverable amount and perform an impairment test. Additionally, goodwill arising from business

combinations, intangible assets with uncertain service life, and intangible assets not yet ready for use must undergo annual impairment testing, regardless of whether there are any signs of impairment.

The recoverable amount is determined as the higher of the fair value of the asset less disposal expenses and the present value of estimated future cash flows generated by the asset. The Company assesses the recoverable amount on a per-asset basis. If it is challenging to estimate the recoverable amount of a single asset, the Company evaluates the recoverable amount of the asset group to which the asset belongs. An asset group is recognized based on whether the primary cash inflow it generates is independent of other assets or other asset groups.

When the recoverable amount of an asset or asset group falls below its book value, the Company shall reduce its carrying amount to the recoverable amount. The impairment loss will be recognized in the current profit and loss, and an appropriate provision for asset impairment will be established simultaneously.

Regarding the impairment test for goodwill, the book value of goodwill arising from a business combination should be allocated to the relevant asset groups using a reasonable method from the acquisition date. If it is difficult to allocate to specific asset groups, it should be allocated to the relevant combination of asset groups. These asset groups or combinations are those that are expected to benefit from the synergies of the business combination and are not larger than the reporting segments defined by the Company.

During the impairment test, if there are any indications of impairment in the asset group or combination of asset groups related to goodwill, the asset group or groups excluding goodwill should be tested first. The recoverable amount will be calculated, and any resulting impairment loss recognized. Subsequently, the asset group or groups containing goodwill will undergo impairment testing, with their carrying amounts compared to their recoverable amounts. If the recoverable amount is lower than the carrying amount, an impairment loss for goodwill should be recognized.

Once an asset impairment loss is recognized, it cannot be reversed in subsequent accounting periods.

## 22. Long-term deferred expenses

Long-term deferred expenses are costs that the Company has already incurred but will be allocated over the current and subsequent periods, with an amortization period exceeding one year.

The Company's long-term deferred expenses are generally amortized over their respective benefit periods. The amortization periods for various expenses are as follows:

Item	Amortization period
Technical services fee	Agreed in the contract
Renovation fee	3 to 5 years
Power grid access fee	10 years
Software system implementation fee	5 years

## 23. Employee compensation

Employee compensation refers to all forms of remuneration the Company provides in exchange for employees' services or upon the termination of employment. This includes short-term incentives, post-employment benefits, severance packages, and other long-term employee benefits. Additionally, benefits extended to employees' spouses, children, dependents, survivors of deceased employees, and other beneficiaries are also considered part of employee compensation.

Based on liquidity, employee compensation is recorded under "Employee compensation payable" and "Long-term employee compensation payable" on the balance sheet.

### (1) Accounting treatment of short-term employee compensation

#### ① Basic employee compensation, including salary, bonuses, allowances, and subsidies

During the accounting period in which employees provide services, the Company recognizes the actual short-term compensation as a liability and records it as an expense in the current period, except for amounts that are required or permitted by other accounting standards to be capitalized as part of asset costs.

#### ② Employee benefits expenses

Employee benefits expenses incurred by the Company shall be recognized in the current profit and loss or as part of the cost of relevant assets based on the actual amount incurred. For non-monetary benefits, their value shall be measured at fair value.

③ Medical insurance premiums, industrial injury insurance, maternity insurance, and other social insurance contributions, along with housing provident fund, trade union funds, and staff education funds.

During the accounting period in which employees provide services, the Company shall calculate and determine the corresponding employee compensation for social insurance premiums (including medical insurance, work-related injury insurance, maternity insurance, and other social insurance contributions), housing provident fund payments, labor union funds, and employee education funds in accordance with applicable regulations. These amounts shall be based on the prescribed accrual basis and proportions. The corresponding liabilities shall be recognized and included either in the current profit and loss or as part of the cost of related assets.

#### ④ Short-term paid leave

The Company recognizes employee compensation for accumulated paid leave when employees provide services that increase their future paid leave entitlement. This is measured by the expected payment amount, adjusted for any accumulated unused leave rights. For non-cumulative paid absences, the Company recognizes related compensation during the accounting period in which the employee is actually absent from work.

#### ⑤ Short-term profit-sharing plan

If the profit-sharing plan simultaneously meets the following conditions, the Company will confirm the corresponding employee compensation payable:

- A. The company has A legal or constructive obligation to pay the employee's salary arising from past events.
- B. The company's liability for employee compensation related to the profit-sharing plan can be accurately determined.

## **(2) Accounting treatment for post-employment benefits**

### **① Defined contribution plan**

During the accounting period in which employees provide services, the Company will recognize the payable amount calculated under the defined contribution plan as a liability. This amount will be included in current profit and loss or allocated to the cost of related assets.

Under the defined contribution plan, if it is anticipated that the deposit will not be fully paid within 12 months after the end of the annual Reporting Period during which employees provide the related services, the Company should use an appropriate discount rate. This rate is determined based on the market yield of treasury bonds or high-quality corporate bonds with similar maturity and currency in an active market, as of the balance sheet date. The total deposit amount is then measured as the present value of the employee compensation payable, discounted at this rate.

### **② Defined benefit plan**

#### **A. Determine the present value of the defined benefit plan obligation and the current service cost**

Using the expected cumulative unit benefit method, relevant demographic and financial variables are estimated based on unbiased and mutually consistent actuarial assumptions. The obligations stemming from the defined benefit plan are then measured, and the vesting period for these obligations is determined. The Company discounts the obligations using an appropriate discount rate—derived from the market yields of treasury bonds or high-quality corporate bonds that match the duration and currency of the plan's obligations on the balance sheet date. This process calculates the present value of the defined benefit obligations and the current service cost.

#### **B. Recognize net liabilities or net assets in defined benefit plans**

If the defined benefit plan has assets, the Company will recognize a net liability or net asset based on the difference between the present value of the plan's obligations and the fair value of its assets. This reflects either a deficit or a surplus in the plan.

If there is a surplus in the defined benefit plan, the Company shall measure the plan's net assets at the lesser of the surplus amount and the maximum allowable asset ceiling.

#### **C. Determine the amount to be included in the asset's cost or current profit and loss**

Service costs, including current service costs, past service costs, and settlement gains or losses. Except for current service costs that are required or permitted by other accounting standards to be capitalized as part of asset costs, all other service costs are recognized in current profits and losses.

The net interest on the net liabilities or net assets of the defined benefit plan—including interest income from plan assets, interest expenses on the plan obligations, and interest related to the asset ceiling—shall be recognized in current profits and losses.

#### **D. Determine the amount to be included in other comprehensive income**

The adjustments resulting from the re-measurement of the net liabilities or net assets of the defined benefit plan include:

- (a) Actuarial gains or losses, which are increases or decreases in the present value of previously recognized defined benefit plan obligations resulting from changes in actuarial assumptions and experience adjustments;
- (b) The return on plan assets minus the amount included in the net interest on the plan's net liability or net assets;
- (c) Changes in the impact of the asset ceiling, net of the amount included in the net interest on the net liabilities or net assets of a defined benefit plan.

Any changes resulting from the re-measurement of the net liabilities or net assets of the defined benefit plan are recognized directly in other comprehensive income. These amounts cannot be reclassified to profit or loss in future periods. Upon the termination of the original defined benefit plan, the Company will transfer all amounts previously recognized in other comprehensive income to undistributed profits within equity.

## **(3) Accounting treatment for termination benefits**

When the Company offers termination benefits to employees, the corresponding employee compensation liabilities shall be recognized and included in current profits and losses on the earlier of these two dates:

① When the enterprise cannot unilaterally revoke the termination benefits offered, due to plans to terminate the employment relationship or layoff proposals;

② When the Company confirms the costs or expenses associated with the reorganization, including the payment of termination benefits.

If the termination benefits are not expected to be fully paid within 12 months after the end of the annual Reporting Period, the amount should be discounted using an appropriate discount rate. This rate should be based on the market yield of treasury bonds or high-quality corporate bonds that match the period and currency of the defined benefit plan obligations as of the balance sheet date. The employee compensation payable shall then be measured at this discounted amount.

## **(4) Accounting treatment for other long-term employee benefits**

### **① Complying with the requirements of the defined contribution plan**

For other long-term employee benefits offered by the Company, if they qualify as a defined contribution plan, all payable amounts shall be discounted to determine the employee compensation expense.

### **② Complying with the requirements of the defined benefit plan**

At the end of the Reporting Period, the Company recorded employee compensation costs related to other long-term employee benefits, including the following components:

- A. Service fees;
- B. Net interest on the net liabilities or assets of other long-term employee benefits;
- C. Adjustments resulting from the re-measurement of net liabilities or net assets related to other long-term employee benefits.

To simplify the accounting process, the total net amount of the above items is incorporated into the current profit and loss or the cost of related assets.

## 24. Estimated Liabilities

### (1) Recognition criteria of estimated liabilities

If the obligations related to contingencies meet all of the following conditions simultaneously, the Company will recognize them as estimated liabilities:

- ① The obligation refers to the Company's current commitments.
- ② The performance of the obligation is likely to lead to the outflow of economic benefits from the Company.
- ③ The obligation can be measured reliably.

### (2) Measurement of estimated liabilities

The estimated liabilities are initially recognized based on the best estimate of the expenditure needed to settle the current obligations, considering risks, uncertainties, the time value of money, and other relevant contingencies. The carrying amount of these estimated liabilities should be reviewed at each balance sheet date. If there is clear evidence indicating that the carrying amount no longer reflects the current best estimate, it should be adjusted accordingly.

## 25. Share-based payments

### (1) Categories of share-based payments

The Company's share-based payments include both cash-settled and equity-settled arrangements.

### (2) Determination method of fair value of equity instruments

① The fair value of shares granted to employees shall be determined based on the current market price of the Company's shares, adjusted to reflect the specific terms and conditions of the grant, excluding any vesting conditions other than market-based ones. ② In many cases, obtaining an exact market price for employee stock options can be challenging. When there are no traded options with similar terms and conditions, the Company will use an appropriate option pricing model to estimate the fair value of the granted options.

### (3) Basis for determining the best estimate of exercisable equity instruments

On each balance sheet date during the vesting period, the Company will make the most accurate estimate possible, based on the latest available information—such as changes in the number of employees eligible to exercise their options—and will revise the expected number of exercisable equity instruments accordingly to ensure the best estimate for exercisable equity instruments.

### (4) Accounting treatment for implementing share-based payment plans

Cash-settled share-based payments

① For cash-settled share-based payments that can be exercised immediately after the grant, the fair value of the liabilities assumed by the Company should be recognized as part of the relevant costs or expenses on the grant date, with an increase in liabilities accordingly. The fair value of these liabilities must be re-measured at each balance sheet date and again on the settlement date, with any changes recognized in profit or loss.

② For cash-settled share-based payments that can only be exercised after the completion of service within the vesting period or once specific performance conditions are met, the costs or expenses incurred during the current period should be recognized. The corresponding liabilities should be recorded at their fair value, reflecting the Company's assumed liabilities on each balance sheet date within the vesting period. This fair value should be estimated based on the best assessment of the exercisable conditions.

Equity-settled share-based payments

For equity-settled share-based payments granted to employees that can be exercised immediately after issuance, the fair value of the equity instrument should be recognized as an expense or cost on the grant date. The capital reserve should be increased accordingly.

② For equity-settled share-based payments granted in exchange for employee services, once the services within the vesting period are completed or the specified performance conditions are satisfied, the corresponding expense is recognized. On each balance sheet date during the vesting period, the estimated number of vested equity instruments is used to determine the amount. The cost or expense, along with the corresponding capital reserve, is based on the fair value of the equity instruments at the grant date and reflects the services rendered in the current period.

### (5) Accounting treatment for modifications to share-based payment plans

When the Company amends the share-based payment plan, any increase in the fair value of the granted equity instruments resulting from the modification shall be recognized as an increase in the services acquired. Similarly, if the modification increases the number of equity instruments granted, the additional fair value shall also be recognized as an increase in the services acquired. The increase in fair value is calculated as the difference between the fair value of the equity instruments before and after the modification date. If the modification reduces the total fair value of the share-based payment or alters the plan's terms and conditions in a way that is unfavorable to employees, the accounting treatment for the services already obtained shall remain unchanged as if the modification had not occurred, unless the Company cancels part or all of the granted equity instruments.

### (6) Accounting treatment for terminating a share-based payment plan

If the equity instruments granted are canceled or settled during the vesting period (excluding cancellations due to failure to meet vesting conditions), the Company:

- ① considers cancellation or settlement as an acceleration of the exercisable right, and the amount that would have been recognized during the remaining vesting period shall be recognized immediately.
- ② considers all payments made to employees upon cancellation or settlement as equity repurchase. Any amount exceeding the fair value of the equity instrument on the repurchase date will be recognized as a current expense.

If the Company repurchases equity instruments that employees have exercised, it will reduce the owners' equity. If the purchase price exceeds the fair value of the equity instruments on the repurchase date, the excess will be recognized in current profits and losses.

## 26. Principles of revenue recognition and measurement method

### (1) General principles

Revenue is the total economic benefits earned from the Company's regular business activities, leading to an increase in shareholders' equity. It is not related to the capital invested by shareholders.

Revenue is recognized when the Company fulfills its contractual obligations, which occurs when the customer gains control of the product. Gaining control of the product means having the ability to direct its use and to receive the majority of the economic benefits it generates.

When a contract includes two or more performance obligations, the Company shall, as of the contract's commencement date, allocate the transaction price to each obligation based on the relative standalone selling prices of the goods or services promised. Revenue for each performance obligation shall then be recognized in accordance with the allocated amount.

The transaction price is the amount of consideration the Company expects to receive for transferring goods or services to customers, excluding payments made on behalf of third parties. When determining the contract's transaction price, if there is variable consideration, the Company estimates it using either the expected value or the most likely amount. This estimate is included in the transaction price at an amount that is not highly likely to result in a significant reversal of previously recognized revenue once the related uncertainties are resolved. If the contract includes a significant financing component, the Company calculates the transaction price based on the cash amount payable by the customer at the time control of the goods or services is transferred. The difference between the transaction price and the contract consideration is amortized over the contract period using the effective interest rate method. If the interval between the transfer of control and the customer's payment does not exceed one year, the Company does not account for a financing component.

If any of the following conditions are met, the performance obligation shall be satisfied over a specific period; otherwise, it shall be fulfilled at a designated point in time.

① The customer receives and enjoys the economic benefits generated by the Company's performance under the contract.

② The customer has the right to oversee the goods under construction while the Company is performing its services.

③ The products manufactured by the Company in the course of fulfilling the contract serve unique and indispensable purposes. The Company is entitled to receive payment for the completed portion of the contract throughout its duration.

For performance obligations fulfilled within a specified period, the Company shall recognize revenue based on the progress of performance during that period, unless the progress cannot be reasonably measured. The Company will assess the progress of services using either an input method (such as costs incurred) or an output method. If the progress cannot be reasonably determined but the Company expects to be compensated for the costs incurred, revenue will be recognized equal to the costs incurred until the progress can be reliably measured.

For performance obligations fulfilled at a specific point in time, the Company recognizes revenue when the customer gains control of the relevant goods or services. To assess whether control has been transferred, the Company will consider the following indicators:

① The Company currently holds the right to receive payment for the goods or services, meaning the customer has an existing obligation to pay.

② The Company has transferred full legal ownership of the commodity to the customer, meaning the customer now holds complete legal rights to the item.

③ The Company has delivered the goods in kind to the customer, meaning the customer has taken possession of the physical items.

④ The Company has transferred the primary risks and rewards of ownership of the commodity to the customer, meaning the customer now assumes the main risks and benefits associated with ownership.

⑤ The customer has accepted the product.

#### Sales return clauses

For sales with return clauses, when the customer gains control of the goods, the Company recognizes revenue based on the amount of consideration it has the right to receive upon transfer. Any estimated returns are recorded as a liability. Simultaneously, the company recognizes an asset representing the expected recoverable amount of returned goods, calculated as the estimated book value of the goods at the time of transfer minus the expected recovery costs (including potential impairment of the value of returned goods). This asset, referred to as the receivable for return costs, is carried forward at its initial book value, adjusted by deducting the net amount of the estimated recovery costs. At each balance sheet date, the Company reviews and updates its estimates of future sales returns and re-measures the related assets and liabilities accordingly.

#### Quality assurance obligations

Based on the contractual agreement and applicable legal provisions, the Company provides quality assurance for both the goods sold and the projects constructed. For quality guarantees that ensure the goods meet established standards, the company accounts for these in accordance with *Accounting Standards for Business Enterprises No. 13 - Contingencies*. Regarding service-based quality assurance, which involves offering an additional service to ensure the goods meet the specified standards, the company treats it as a single performance obligation. It allocates a portion of the transaction price to this service based on its relative standalone selling price compared to the goods, and recognizes revenue when the customer gains control of the service. When determining whether the quality assurance constitutes a separate service beyond simply ensuring the goods meet standards, the company considers factors such as whether the warranty is a legal requirement, its duration, and the nature of the tasks involved in delivering the service.

#### Principal and agent

We determine whether we are acting as a principal or an agent in a transaction by assessing whether we have control over the goods or services before they are transferred to the customer. If the Company has control over the goods or services prior to the transfer, it is considered the principal, and revenue is recognized based on the total consideration received or receivable. If the Company does not have control and is acting as an agent, revenue is recognized in the amount of the commission or handling fee it expects to earn. This amount is calculated based on the net consideration after deducting payments to other relevant parties, or according to the established commission rate or proportion.

#### Consideration payable to customers

If the contract includes any consideration payable to the customer, and the consideration is not for obtaining other distinct goods or services, the Company will offset this consideration against the transaction price. The offset will occur either when the relevant revenue is recognized or when the customer consideration is paid (or promised to be paid), whichever happens later.

#### Customer's unused contractual rights

When the Company receives advance payments from customers for the sale of goods or services, it initially records the amount as a liability. Revenue is recognized only when the relevant performance obligations are fulfilled. If the Company determines that it will not need to refund the received amount and the customer has the right to waive all or part of their contractual rights, the Company expects to be entitled to the value of waived rights. In such cases, the corresponding amount is recognized as revenue on a pro-rata basis, reflecting how the customer exercises their contractual rights. If the likelihood of the customer requiring the Company to perform the remaining obligations is extremely low, the liability is transferred to revenue only when this probability becomes negligible.

#### Contract modification

When the construction contract between the Company and the customer is amended:

① If the contract change results in additional construction services and a clearly distinguishable increase in the contract price, and the new price reflects the standalone selling price of the additional services, the Company will account for the change as a separate contract.

② If the contract change does not fall under item ①, and the transferred and untransferred construction services can be clearly distinguished on the date of the change, the Company will consider this as the termination of the original contract. Also, the unperformed portion of the original contract and the modified part will be combined into a new contract for accounting purposes.

③ If the contract change does not fall under the scenarios described in item ①, and the construction services transferred on the contract change date cannot be clearly separated from those not transferred, the Company will treat the revised portion of the contract as an integral part of the original agreement for accounting purposes. The impact on recognized revenue resulting from this change will be adjusted to reflect the current revenue as of the contract change date.

#### (2) Specific methods

Domestic sales: The Company's revenue recognition policies are as follows: 1. BOPP cigarette film, cigarette labels, and aseptic packaging products: Revenue is recognized when the goods are delivered to the customer's designated location, the delivery is completed, and evidence of the customer's transfer of control over the goods is obtained. 2. BOPP flat film and lithium battery separator products: In addition to the consignment arrangement, revenue is recognized upon delivery according to the terms agreed with the customer. This occurs when the goods are delivered, and evidence of the transfer of control—either to the customer or their designated carrier—is obtained. Under the consignment model, revenue is recognized when the company delivers the goods to the customer's designated warehouse, and the transfer of control is deemed complete upon receipt of the customer's settlement documents. 3. Specialty paper products: Revenue is recognized when the goods are delivered to the customer's designated location, the delivery is completed, and the customer provides confirmation that the goods meet the required standards for use.

Overseas sales: Once the Company has completed the export customs declaration and shipped the products abroad, revenue will be recognized based on the date of obtaining the customs clearance and other export-related documents, which marks the transfer of control rights.

## 27. Contract costs

Contract costs are divided into performance costs and acquisition costs.

The Company's contract performance costs are recognized as an asset when all of the following conditions are met:

① The cost is directly linked to an existing or anticipated contract and includes direct labor, direct materials, manufacturing expenses (or similar costs), expenses explicitly paid by the customer, and any other costs incurred solely as a result of the contract.

② The cost reflects the additional resources the Company will need to fulfill its future performance obligations.

③ The cost is expected to be recovered.

If the Company expects to recover the additional costs incurred to obtain the contract, these costs shall be recognized as an asset.

Assets related to contract costs are amortized in the same manner as the revenue recognition for the corresponding goods or services. However, if the amortization period for contract acquisition costs is one year or less, the Company will recognize these costs as expenses for the current period.

If the book value of the assets associated with the contract costs exceeds the difference between the following two items, the Company will recognize an impairment loss for the excess amount. It will further consider whether to accrue estimated liabilities related to the loss contract.

① Remaining consideration expected to be obtained from the transfer of goods or services related to the asset.

② Estimated costs to be incurred to transfer the related goods or services.

If the impairment of assets is later reversed, the asset's book value after reversal shall not exceed its original book value on the reversal date, assuming no impairment had been recognized.

The contract performance costs recognized as assets should be classified under "Inventory" if the amortization period does not exceed one year or a normal business cycle at the time of initial recognition. If the amortization period exceeds one year or a normal business cycle, they should be classified under "Other non-current assets."

The contract acquisition cost recognized as an asset should be classified as "Other current assets" if the amortization period at initial recognition does not exceed one year or a normal business cycle. If the amortization period exceeds one year or a normal business cycle, it should be classified as "Other non-current assets."

## 28. Government subsidies

#### (1) Recognition of government subsidies

Government subsidies are only acknowledged when all of the following conditions are met:

① The Company is capable of fulfilling all the requirements associated with the government subsidy.

② The Company is eligible to receive government subsidies.

**(2) Measurement of government subsidies**

If a government subsidy is a monetary asset, it should be measured at the amount received or receivable. If it is a non-monetary asset, it should be valued at its fair value. If the fair value cannot be reliably determined, the subsidy should be measured at a nominal amount of RMB1.

**(3) Accounting treatment for government subsidies**

**① Asset-related government subsidies**

Government subsidies received by the Company for the purchase, construction, or formation of long-term assets are classified as asset-related government subsidies. These subsidies are recognized as deferred income and systematically included in profit or loss over the service life of the corresponding assets. Subsidies measured at their nominal amount are recognized directly in current profits and losses. If the related assets are sold, transferred, scrapped, or damaged before the end of their service life, any remaining deferred income balance will be transferred to current profits or losses as part of the asset disposal.

**② Income-based government subsidies**

Government subsidies, excluding those tied to assets, are classified as income-related government subsidies. Such income-related government subsidies shall be recognized and accounted for in accordance with the following provisions:

If it is intended to offset the Company's related costs or losses in a future period, it should be recognized as deferred income. This amount will then be included in the current profits and losses when the corresponding costs or losses are recognized.

If used to offset the Company's relevant costs or losses, it shall be directly recorded as part of the current profits and losses.

For government subsidies that include both asset-based and income-based components, these parts should be accounted for separately. If it is difficult to differentiate between them, the entire subsidy should be classified as an income-based government subsidy.

Government subsidies associated with the Company's daily operations are classified under other income based on their economic nature. Subsidies unrelated to the Company's routine activities are recorded as non-operating income or expenses.

**③ Discount on preferential policy loans**

The finance department will directly allocate the discount funds to the Company, which will then offset the associated borrowing costs accordingly.

**④ Repayment of government subsidies**

When a government subsidy that has been recognized needs to be repaid, the following steps should be taken: If the initial recognition involved offsetting the book value of the related assets, the asset's book value should be adjusted accordingly. If there is a balance in the relevant deferred income, it should be offset against that balance, with any excess recognized as current profits or losses. In other cases, the repayment should be directly recorded as current profits and losses.

## 29. Deferred income tax assets/Deferred income tax liabilities

The Company generally uses the balance sheet liability method to recognize and measure the effects of taxable and deductible temporary differences on income tax. These are recorded as deferred income tax liabilities or deferred income tax assets based on the differences between the carrying amounts of assets and liabilities on the balance sheet date and their respective tax bases. The Company does not discount deferred income tax assets or liabilities.

**(1) Recognition of deferred income tax assets**

For deductible temporary differences, as well as losses and tax credits that can be carried forward to future years, their impact on income tax is calculated using the tax rate expected at the time of reversal. These amounts are recognized as deferred income tax assets, but only to the extent that the Company is likely to generate future taxable income to offset these deductible temporary differences, losses, and credits.

The impact of deductible temporary differences on income tax arising from the initial recognition of assets or liabilities in transactions or events with the following characteristics is not recognized as a deferred income tax asset:

A. This transaction does not qualify as a business combination;

B. At the time of the transaction, there will be no impact on accounting profits and taxable amounts (or deductible losses).

However, the exemption from initially recognizing deferred income tax liabilities and assets does not apply to transactions that simultaneously meet both of the above conditions and result in equivalent taxable and deductible temporary differences. For such transactions, where the initial recognition of assets and liabilities gives rise to taxable temporary differences and deductible temporary differences, the Company will recognize the corresponding deferred income tax liabilities and assets at the time the transaction occurs.

For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, deferred income tax assets can be recognized when both of the following conditions are satisfied:

A. Temporary differences are expected to reverse in the near future;

B. Taxable income expected to be realized in the future, used to offset deductible temporary differences.

On the balance sheet date, if there is clear evidence indicating that enough taxable income is likely to be generated in the future to offset the deductible temporary differences, then the previously unrecognized deferred income tax assets should be recognized.

On the balance sheet date, the Company reviews the carrying amount of its deferred tax assets. If it is unlikely that the Company will generate enough taxable income in the future to realize these assets, their carrying amount should be written down. If it becomes probable that sufficient taxable income will be available, any previously recognized write-downs should be reversed.

**(2) Recognition of deferred income tax liabilities**

All taxable temporary differences of the Company shall be measured based on the income tax rate applicable during the expected reversal period. The resulting impact shall be recognized as deferred income tax liabilities, except in the following cases:

① The impact of taxable temporary differences resulting from the following transactions or events on income tax is not recognized as deferred income tax liabilities.

A. Initial acknowledgment of goodwill;

B. The initial recognition of an asset or liability resulting from a transaction that is not a business combination and does not impact either accounting profit or taxable income or deductible loss at the time of the transaction.

② For taxable temporary differences arising from investments in subsidiaries, joint ventures, and associates, the impact on income tax is generally recognized as a deferred tax liability, unless the following two conditions are both met:

A. The Company has the ability to control when temporary differences are reversed;

B. It is unlikely that the temporary difference will reverse in the foreseeable future.

**(3) Recognition of deferred income tax liabilities or assets arising from specific transactions or events**

① Deferred income tax liabilities or assets arising from business combinations

When recognizing deferred income tax liabilities or assets arising from taxable or deductible temporary differences due to mergers of unrelated enterprises, the goodwill recorded during the merger is typically adjusted by the corresponding deferred tax expenses or gains.

② Items directly included in the owners' equity

Income tax and deferred income tax related to transactions or events directly affecting the owners' equity should be included in the owners' equity. This includes the impact of temporary differences on income tax. Transactions or events incorporated into owners' equity encompass: other comprehensive income resulting from changes in the fair value of debt investments; changes in accounting policies; adjustments to retained earnings at the beginning of the period through retrospective correction; or the correction of significant accounting errors from previous periods via retrospective restatement. Additionally, hybrid financial instruments that contain both liability and equity components are included in owners' equity at the time of initial recognition.

③ Recoverable losses and tax deductions

A. Recoverable losses and tax deductions generated from the Company's own operations

Deductible losses are losses calculated and recognized in accordance with the provisions of the Tax Law that can be offset against future taxable income. Unused losses (deductible losses) and tax deductions that can be carried forward to subsequent years are classified as deductible temporary differences. When it is probable that sufficient taxable income will be generated in future periods to utilize these losses or deductions, a deferred income tax asset should be recognized to the extent of the expected taxable income. This recognition reduces the current income tax expense accordingly.

B. Unrecoverable losses of the merged company that can be offset through the business combination

In a business combination, the deductible temporary difference recognized by the Company from the acquiree shall not be acknowledged if it does not meet the criteria for recognizing deferred income tax assets on the acquisition date. However, within 12 months after the acquisition, if new or additional information indicates that the circumstances existing at the acquisition date are valid and that the economic benefits associated with the acquiree's deductible temporary differences are likely to be realized, the relevant deferred income tax assets should be recognized. Simultaneously, any resulting increase in goodwill should be adjusted accordingly. If the goodwill is insufficient to offset the deferred tax asset, the excess is recognized as current profit or loss. Outside of these conditions, any deferred income tax assets related to the business combination should be recognized and included in current profits and losses.

④ Temporary differences resulting from consolidation elimination

When preparing the consolidated financial statements, if temporary differences arise between the book values of assets and liabilities on the consolidated balance sheet and their tax bases—such as from offsetting unrealized internal sales gains and losses—deferred income tax assets or liabilities should be recognized accordingly. Income tax expenses in the consolidated income statement should be adjusted to reflect these differences. However, deferred tax related to transactions or events directly affecting owners' equity, as well as those resulting from business mergers, should be excluded.

⑤ Equity-settled share-based payments

If the tax law permits the deduction of expenses related to share-based payments before tax, and these costs are recognized in accordance with accounting standards during the Reporting Period, the Company will calculate the tax basis and temporary differences based on the estimated deductible amount available at the end of the accounting period. If the recognition criteria are met, the Company will record the corresponding deferred income tax. Furthermore, if the expected future deductible amount exceeds the share-based payment expenses recognized under accounting standards, the tax effect of this excess shall be directly recognized in the owners' equity.

⑥ Dividends on financial instruments classified as equity instrument

For financial instruments classified as equity instrument by the Company as the issuer, if the relevant dividend expenses are deducted before calculating enterprise income tax in accordance with applicable tax regulations, the Company shall recognize the related income tax impact at the time dividends are recognized payable. The tax effect of the dividends is included in current profit and loss if the distributed profits originate from transactions or events that previously generated profit or loss. If the distributed profits stem from transactions or events previously recognized in owners' equity, the associated tax effect is included in owners' equity.

**(4) Rationale for presenting deferred income tax assets and deferred income tax liabilities on a net basis**

When the following conditions are met, deferred income tax assets and deferred income tax liabilities are offset and presented as a net amount:

① The Company has the legal right to offset current income tax assets and current income tax liabilities on a net basis.

② Deferred income tax assets and deferred income tax liabilities are connected to the income taxes imposed by the same tax authority, either on the same taxpayer or different taxpayers. These assets and liabilities pertain to future periods when they are expected to be reversed. The taxpayer involved plans to settle current income tax assets and liabilities on a net basis or to acquire assets and settle liabilities simultaneously.

## 30. Leases

### (1) Lease identification

At the commencement date of the contract, the Company evaluates whether the agreement is a lease or contains a lease. A contract qualifies as a lease or includes a lease if one party transfers the right to control the use of one or more specified assets for a certain period in exchange for consideration. To determine whether a contract grants the right to control the use of an identified asset, the Company assesses

whether the customer is entitled to receive substantially all of the economic benefits arising from the use of the asset during the period and has the right to direct how the asset is used throughout that period.

## **(2) Identification of individual leases**

If a contract includes multiple individual leases entered into simultaneously, the Company will separate the contract and apply accounting treatment to each lease individually. A right to use an identified asset is considered an individual lease within the contract if all of the following conditions are met: ① the lessee can benefit from using the asset on its own or together with readily available resources; ② the asset is not highly dependent on or closely linked to other assets within the contract.

## **(3) Accounting treatment of the leases as the lessee**

On the lease commencement date, the Company classifies leases with a term of 12 months or less and no purchase options as short-term leases. Additionally, leases involving a single, newly acquired asset with a low value are recognized as low-value asset leases. However, if the Company subleases or expects to sublease the leased assets, the original lease is not classified as a low-value asset lease.

For all short-term leases and leases of low-value assets, the Company recognizes lease payments as part of the asset costs or current profits and losses, spreading them evenly over the lease term.

Except for short-term leases and leases of low-value assets accounted for using simplified methods, the Company recognizes the right-of-use asset and lease liability on the lease commencement date.

### **① Right-of-use asset**

Right-of-use asset refers to the lessee's right to utilize the leased asset throughout the duration of the lease.

On the lease commencement date, the right-of-use asset is initially recorded at its cost, which includes:

The initial amount of the lease liability;

For any lease payments made on or before the lease commencement date, if a lease incentive applies, the corresponding amount of the incentive already received shall be deducted.

Initial direct costs incurred by the lessee;

The costs anticipated by the lessee for dismantling and removing the leased assets, restoring the site where the assets are located, or returning the assets to the condition specified in the lease agreement. The Company recognizes and measures these costs in accordance with the relevant standards and methods for estimating liabilities. For details, please refer to Note V-24 of this Section. Costs incurred for inventory production related to these activities will be included in the cost of inventories.

The depreciation of right-of-use assets is recognized by category using the straight-line method. If it is reasonably certain that ownership of the leased asset will transfer to the lessee at the end of the lease term, depreciation is calculated based on the asset's category and its estimated residual value over the remaining service life. If it is not reasonably certain that ownership will transfer, depreciation is calculated over the shorter of the lease term and the remaining service life of the asset, according to its category.

### **② Lease liabilities**

The lease liability shall be initially recognized at the present value of the remaining lease payments as of the lease commencement date. These lease payments include the following five components:

Fixed payment amount and substantial fixed payment amount, with any applicable lease incentives deducted accordingly.

Variable lease payments tied to an index or rate; the exercise price of a purchase option when the lessee reasonably expects to exercise it.

The amount payable to exercise the option to terminate the lease, assuming the lease term indicates that the lessee intends to exercise this option.

The amount expected to be paid based on the guaranteed residual value provided by the lessee.

The interest rate implicit in the lease shall be used as the discount rate when calculating the present value of lease payments. If the implicit interest rate cannot be determined, the company's incremental borrowing rate shall be applied as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized financing expense. Interest expense is then recognized based on the discount rate applied to the present value of the recognized lease payments throughout each period of the lease term and is included in current profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognized in current profits and losses.

After the lease term begins, if there are any changes to the actual fixed payments, the estimated amount payable for the guaranteed residual value, the index or ratio used to calculate lease payments, or the results of assessments or actual exercises of purchase, renewal, or termination options, the Company shall re-measure the lease liability by discounting the revised lease payments to their present value. The carrying amount of the right-of-use asset shall be adjusted accordingly.

## **(4) Accounting treatment of the leases as the lessor**

On the lease commencement date, the Company classifies leases that transfer substantially all the risks and rewards of ownership of the leased asset as finance leases. All other leases are classified as operating leases.

### **① Operating leases**

During each period of the lease term, the Company recognizes rental income on a straight-line basis. Initial direct costs incurred are capitalized and amortized in the same manner as the rental income, and are recognized in current profits and losses over time. Variable lease payments related to operating leases, which are not included in the lease receipts, are recognized in current profits and losses when they are actually incurred.

### **② Finance leases**

On the lease commencement date, the Company recognizes finance lease receivables at the net investment in the lease (sum of the unguaranteed residual value and the present value of lease payments not yet received at the commencement date, discounted using the implicit interest rate) and derecognizes the finance leased assets. Throughout each period of the lease term, the Company calculates and recognizes interest income based on the interest rate specified in the lease agreement.

Variable lease payments received by the Company that are not part of the net lease investment are recognized as current profits and losses.

## **(5) Accounting treatment for lease modifications**

### **① Lease modification accounted for as an individual lease**

If the lease is modified and the following conditions are met, the Company will account for the change as an individual lease: A. The modification expands the scope of the lease by granting the right to use additional leased assets; B. The additional consideration is equivalent to the standalone price for the expanded portion of the lease, adjusted for the specific circumstances of the contract.

② Lease modification not accounted for as an individual lease

A. The Company as the lessee

On the effective date of the lease modification, the Company re-evaluates the lease term and adopts a revised discount rate to discount the adjusted lease payments for re-measuring the lease liabilities. When calculating the present value of the revised lease payments, the interest rate implicit in the lease for the remaining term should be used as the discount rate. If the implicit rate cannot be determined, the incremental borrowing rate at the date of the lease modification should be used instead.

To account for the impact of the above lease liability adjustments, the following situations should be distinguished:

If the scope of the lease is reduced or the lease term is shortened due to changes in the lease agreement, the book value of the right-of-use asset should be adjusted accordingly, reflecting a reduction. Any gains or losses resulting from the partial or complete termination of the lease must be recognized in the current profits and losses.

For any other lease modifications, the book value of the right-of-use asset shall be adjusted accordingly.

B. The Company as the lessor

If the operating lease is modified, the Company shall recognize it as a new lease starting from the date of the change. Any lease payments received or receivable prior to the modification will be considered as part of the new lease.

If a change to a finance lease is not treated as an individual lease, the Company will account for the modification based on the following circumstances: If the change becomes effective on the lease's commencement date, the lease will be classified as an operating lease, and the Company will recognize it as a new lease from the effective date of the change. The net investment in the lease prior to the change will be recorded as the carrying amount of the leased asset. However, if the change takes effect on the lease's commencement date, the lease will be classified as a finance lease, and the Company will treat the accounting in accordance with the relevant provisions on contract modifications or renegotiations.

## **(6) Sale and leaseback**

The Company evaluates whether the asset transfer in the sale and leaseback transaction qualifies as a sale, in accordance with the criteria outlined in Note III.27.

① The Company as the seller (lessee)

If the transfer of assets in a sale and leaseback transaction does not qualify as a sale, the Company will continue to recognize the transferred assets on its balance sheet. Simultaneously, it will record a financial liability equal to the transfer income and account for this liability in accordance with Note III.11. However, if the transfer qualifies as a sale, the Company will measure the right-of-use asset resulting from the sale and leaseback based on the portion of the original asset's book value attributable to the right of use gained through the leaseback. Any gains or losses will be recognized only for the rights transferred to the lessor.

② The Company as the buyer (lessor)

If the asset transfer in a sale and leaseback transaction does not qualify as a sale, the Company will not recognize the transferred asset. Instead, it will recognize a financial asset equal to the transfer income and account for it in accordance with Note III.11. However, if the transfer qualifies as a sale, the Company will apply the relevant Accounting Standards for Business Enterprises to record the purchase of the asset. Additionally, it will account for the lease of the asset in accordance with applicable standards.

## **31. Repurchase of shares of the Company**

(1) When the Company reduces its capital by repurchasing its own shares in accordance with legal procedures and upon approval, the capital stock shall be decreased by the total par value of the canceled shares. The owners' equity shall be adjusted to reflect the difference between the purchase price (including transaction costs) and the par value of the repurchased shares. Any excess over the total par value shall be offset against the capital reserve (capital stock premium), surplus reserve, and undistributed profits in that order. Conversely, if the repurchase price is lower than the total par value, the shortfall shall be credited to the capital reserve (capital stock premium).

(2) Before the Company's repurchased shares are canceled or transferred, they are held as treasury shares, with all associated repurchase expenses recorded as part of the cost of the treasury shares.

(3) When treasury shares are transferred, any transfer income exceeding the cost of the treasury shares shall be added to the capital reserve (capital stock premium). If the transfer income is less than the cost, the shortfall shall be offset against the capital reserve (capital stock premium), surplus reserve, and undistributed profits in that order.

## **32. Debt restructuring**

### **(1) The Company as a creditor**

In the event of debt restructuring through debt liquidation by assets, assets other than the transferred financial assets shall be initially measured at cost. The cost of inventories includes the fair value of the abandoned creditor's rights and other directly attributable costs, such as taxes, transportation fees, loading and unloading charges, and insurance premiums incurred to bring the assets to their current condition and location. For investments in associates or joint ventures, the cost comprises the fair value of the abandoned claims and other directly attributable costs, such as taxes. The cost of investment real estate includes the fair value of the abandoned creditor's rights and related costs like taxes. The cost of a fixed asset includes the fair value of the waived creditor's rights, as well as taxes, transportation fees, loading and unloading charges, installation costs, professional service fees, and other directly attributable expenses incurred before the asset is ready for use. Biological assets' costs encompass the fair value of the abandoned creditor's rights, along with taxes, freight, insurance premiums, and other directly attributable costs. Intangible assets' costs include the fair value of abandoned creditor's rights and other directly attributable expenses, such as taxes incurred to bring the assets to their intended use. Any difference between the fair value of the abandoned creditor's rights and their book value shall be recognized in current profits and losses.

If debt restructuring involves converting debt into equity instruments, resulting in the company's transfer of creditor's rights into an equity investment in associates or joint ventures, the company should measure the initial investment at the fair value of the relinquished creditor's rights, along with any directly attributable costs such as taxes. The difference between the fair value of the relinquished creditor's rights and their book value should be recognized in current profits and losses.

When debt restructuring involves modifying other terms, the Company shall recognize and measure the restructured creditor's rights in accordance with the accounting policies outlined in Note V-11 of this Section.

In the event of debt restructuring through the repayment of debts with multiple assets or a combination of assets, the Company shall first recognize and measure the transferred financial assets and restructured creditor's rights in accordance with the provisions of Note V-11 of this Section. Subsequently, the net amount—calculated by deducting the recognized value of the transferred financial assets and restructured creditor's rights—from the fair value of the abandoned creditor's rights shall be allocated based on the fair value proportions of each remaining asset, excluding the transferred financial assets. Using this basis, the cost of each asset is determined separately according to the aforementioned method. Any difference between the fair value of the abandoned creditor's rights and their book value shall be recognized as current profit or loss.

#### **(2) The Company as the debtor**

In the event of debt restructuring through asset liquidation, the Company shall cease recognition when the assets transferred and the liquidated debts meet the criteria for derecognition. Any difference between the carrying amount of the liquidated debts and the book value of the transferred assets shall be recognized as a gain or loss in the current period.

In the event of debt restructuring through the conversion of debts into equity instruments, the Company shall cease recognition once the debts are fully paid and meet the derecognition criteria. Upon initial recognition of the equity instrument, it shall be measured at its fair value. If the fair value cannot be reliably determined, it shall be measured at the fair value used at the time of debt liquidation. Any difference between the carrying amount of the repaid debt and the recognized value of the equity instrument shall be recorded in current profits and losses.

When debt restructuring involves modifying other terms, the Company shall recognize and measure the restructured debt in accordance with the accounting policies outlined in Note V-11 of this Section.

In the event of debt restructuring through the settlement of debts with multiple assets or a combination of methods, the Company shall recognize and measure the equity instruments and restructured debts in accordance with the specified procedures. Any difference between the book value of the settled debts and the combined book value of the transferred assets plus the recognized amounts of the equity instruments and restructured debts shall be recorded as current profits or losses.

### **33. Restricted stock**

Under the Share Incentive Plan, the Company shall grant restricted shares to eligible participants, who will first subscribe to these shares. If the specified unlocking conditions are not subsequently met, the Company has the right to repurchase the shares at a predetermined price. When restricted shares issued to employees undergo registration and other procedures for capital increase in accordance with relevant regulations, the Company will recognize the corresponding increase in share capital and capital reserves (capital stock premium) based on the subscription payments received from employees. Simultaneously, the Company will record the treasury shares and any other payables related to the repurchase obligations.

### **34. Changes in critical accounting policies and accounting estimates**

#### **(1) Changes in critical accounting policies**

☒ Applicable ☐ Not applicable

##### **Implementation of the *Interpretation No. 17 of Accounting Standards for Business Enterprises***

On October 25, 2023, the Ministry of Finance issued the *Interpretation No. 17 of the Accounting Standards for Business Enterprises* (Cai Kuai [2023] No. 21, hereinafter referred to as "*Interpretation No. 17*"), which has been effective since January 1, 2024. The Company started to implement *Interpretation No. 17* on January 1, 2024, and such implementation has no significant impact on the financial statements of the Company during the Reporting Period.

##### **Reclassification of warranty expenses in the guarantee category**

The Ministry of Finance issued the *Compilation of Application Guidelines for the Accounting Standards for Business Enterprises 2024* in March 2024 and the *Interpretation No. 18 of the Accounting Standards for Business Enterprises* on December 6, 2024, which stipulate that warranty expenses should be included in operating costs. Their implementation has no significant impact on the financial statements of the Company during the Reporting Period.

#### **(2) Changes in critical accounting estimates**

☐ Applicable ☒ Not applicable

**(3) Adjustments to relevant items of financial statements at the beginning of the first implementation year due to the implementation of the new accounting standards in 2024**

☐ Applicable ☒ Not applicable

### 35. Others

## VI. Taxation

### 1. Main Tax Types and Tax Rates

Tax type	Taxation basis	Tax rate
Value added tax ("VAT")	Sales of goods, taxable sales service income, intangible assets or real estate	13%, 9%, 6%
City maintenance and construction tax	Amount of VAT paid	7%, 5%, 1%
Corporate income tax		25%, 15%, 16.5%, 9%, 20%
Property tax	Based on 70% of the original value of the property (or rental income) as the tax benchmark	1.2%, 12%

Explanation of disclosure for taxpayers with different corporate income tax rates

Taxpayer	Income tax rate
The Company	25%
Yunnan Dexin Paper Co., Ltd.	25%
Yunnan Jiechen Packaging Materials Co., Ltd.	15%
Yunnan Hongchuang Packaging Co., Ltd.	15%
Yunnan Hongta Plastic Co., Ltd.	15%
Hongta Plastic (Chengdu) Co., Ltd.	15%
Yuxi Feiermu Trading Co., Ltd.	25%
Shanghai Energy New Material Technology Co., Ltd.	15%
Zhuhai Energy New Material Technology Co., Ltd.	15%
Wuxi Energy New Material Technology Co., Ltd.	15%
Jiangxi Tonry New Energy Technology Development Co., Ltd.	15%
Jiangsu Ruijie New Material Technology Co., Ltd.	25%
Jiangxi Ruijie New Material Technology Co., Ltd.	15%
Suzhou GreenPower New Energy Materials Co., Ltd.	15%
Chongqing Energy Newmi Technological Co., Ltd.	15%
Jiangxi Enpo New Material Technology Co., Ltd.	15%
Jiangxi Energy New Material Technology Co., Ltd.	25%
Jiangsu Energy New Material Technology Co., Ltd.	15%
Hunan Energy Frontier New Material Technology Co., Ltd.	25%
Ningbo Energy New Material Co., Ltd.	25%
Xiamen Energy New Material Co., Ltd.	25%
Chongqing Energy New Material Technology Co., Ltd.	15%
Hubei Energy New Material Technology Co., Ltd.	15%
Jiangsu Sanhe Battery Material Technology Co., Ltd.	25%
Hongchuang Packaging (Anhui) Co., Ltd.	25%
Shanghai Energy New Materials Research Co., Ltd.	25%
Zhuhai Economic and Technological Development Zone Energy Technology Co., Ltd.	25%
Yuxi Energy New Material Co., Ltd.	25%
Shanghai Energy Trading Co., Ltd.	25%
Jiangsu Energy New Materials Research Co., Ltd.	25%

Shanghai Jiezhixuan New Material Technology Co., Ltd.	25%
Shanghai Hengjiesuan New Material Technology Co., Ltd.	25%
Hainan Energy Investment Co., Ltd.	25%
Chuangxin New Material (Hong Kong) Co., Ltd.	16.5%
SEMCORP Global Holdings Kft.	9%
SEMCORP Hungary Kft.	9%
SEMCORP Properties Kft.	9%
SEMCORP America Inc.	20%
SEMCORP Manufacturing USA LLC	20%

## 2. Preferential tax treatment

In accordance with the *Announcement on Enterprise Income Tax Issues Related to the In-depth Implementation of the Western Development Strategy (Announcement No. 12, 2012 of the State Taxation Administration)*, the subsidiary Yunnan Hongchuang Packaging Co., Ltd., the subsidiary Yunnan Hongta Plastic Co., Ltd., the sub-subsidiary Hongta Plastic (Chengdu) Co., Ltd., and the sub-subsidiary Chongqing Energy New Material Technology Co., Ltd. continue to enjoy the preferential tax policies for the western development during this period. The enterprise income tax shall be paid at the reduced tax rate of 15%.

According to the *Enterprise Income Tax Law of the People's Republic of China (2018 Amendment)* and the *Notice of the Ministry of Science and Technology, the Ministry of Finance, the State Taxation Administration on the Revision and Printing of the Administrative Measures for the Recognition of High and New Technology Enterprises (Guo Ke Fa Huo [2016] No. 32)*, the subsidiary Yunnan Jiechen Packaging Materials Co., Ltd., the subsidiary Shanghai Energy New Material Technology Co., Ltd., the sub-subsidiary Zhuhai Energy New Material Technology Co., Ltd., the sub-subsidiary Jiangxi Tonry New Energy Technology Development Co., Ltd., the subsidiary Jiangxi Enpo New Materials Co., Ltd., the sub-subsidiary Jiangsu Energy New Material Technology Co., Ltd., the sub-subsidiary Wuxi Energy New Material Technology Co., Ltd., the sub-subsidiary Suzhou GreenPower New Energy Materials Co., Ltd., the sub-subsidiary Chongqing Energy Newmi Technological Co., Ltd., the sub-subsidiary Hubei Energy New Material Technology Co., Ltd., and the four tier subsidiary Jiangxi Ruijie New Material Technology Co., Ltd. are recognized as high-tech enterprises upon application, and the preferential tax rate for high-tech enterprises shall be 15%.

According to the *Notice of the Ministry of Finance and the State Taxation Administration on the Policies of Value added Tax and Consumption Tax on Exported Goods and Services*, the Company benefits from tax exemption, offset, and refund for its self-operated export goods, and the tax refund rate is mainly 13% depending on specific products. The subsidiary Yunnan Hongchuang Packaging Co., Ltd., the subsidiary Yunnan Hongta Plastic Co., Ltd., the subsidiary Shanghai Energy New Material Technology Co., Ltd., the sub-subsidiary Zhuhai Energy New Material Technology Co., Ltd., and the sub-subsidiary Suzhou GreenPower New Energy Materials Co., Ltd. benefit from tax exemption, offset, and refund for their self-operated export goods, and their tax refund rate is 13%.

According to the *Announcement on the Ministry of Finance and the State Taxation Administration on the Policy of Value added Tax Deduction for Advanced Manufacturing Enterprises (Announcement No. 43, 2023 of the Ministry of Finance and the State Taxation Administration)*, the subsidiary Yunnan Hongchuang Packaging Co., Ltd., the subsidiary Yunnan Hongta Plastic Co., Ltd., the subsidiary Yunnan Dexin Paper Co., Ltd., the sub-subsidiary Hongta Plastic (Chengdu) Co., Ltd., the subsidiary Shanghai Energy New Material Technology Co., Ltd., the sub-subsidiary Zhuhai Energy New Material Technology Co., Ltd., the sub-subsidiary Jiangxi Tonry New Energy Technology Development Co., Ltd., the sub-subsidiary Jiangsu Energy New Material Technology Co., Ltd., the sub-subsidiary Jiangxi Enpo New Materials Co., Ltd., the fourth tier subsidiary Jiangxi Ruijie New Material Technology Co., Ltd., the sub-subsidiary Wuxi Energy New Material Technology Co., Ltd., the sub-subsidiary Suzhou GreenPower New Energy Materials Co., Ltd., the sub-subsidiary Chongqing Energy Newmi Technological Co., Ltd. and the sub-subsidiary Chongqing Energy New Material Technology Co., Ltd. enjoy the policy of additional tax deduction, and their current additional tax deduction amount is calculated at 5% of the deductible input tax for the current period.

According to the *Announcement of the Ministry of Finance, the State Taxation Administration, and the Department of Veterans Affairs on Further Supporting the Entrepreneurship and Employment of Find-Jobs-on-Their-Own Retired Soldiers (Announcement No. 14, 2023 of the Ministry of Finance, the State Taxation Administration, and the Department of Veterans Affairs)*, in the event that an enterprise recruits find-jobs-on-their-own retired soldiers, signs a labor contract with them for more than one year and pays social insurance premiums in accordance with the applicable laws, its value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge, and corporate income tax will be deducted in three years from the month of signing the labor contract and paying for social insurance, in a fixed amount based on the actual number of recruits and calculated with RMB6,000 per person per year, which may be increased by up to 50%.

According to the *Announcement of the Ministry of Finance, the State Taxation Administration, the Ministry of Human Resources and Social Security, the Ministry of Agriculture and Rural Affairs on Taxation Policies concerning Further Supporting Key Groups' Entrepreneurship and Employment (Announcement No. 15, 2023 of the Ministry of Finance, the State Taxation Administration, the Ministry of Human Resources and Social Security, the Ministry of Agriculture and Rural Affairs)*, in the event that an enterprise recruits impoverished individuals who have been registered as unemployed for more than six months at a public employment service agency under the Ministry of Human Resources and Social Security and hold an Employment and Entrepreneurship Certificate or an Employment and Unemployment Registration Certificate (indicating "tax incentives for employment"), and signs a labor contract with them for a period of more than one year and pays social insurance premiums in accordance with the applicable laws, its value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge, and corporate income tax will be deducted in three years from the month of signing the labor contract and paying for social insurance, in a fixed amount based on the actual number of recruits and calculated with RMB6,000 per person per year, which may be increased by up to 30% as determined by the people's governments of provinces, autonomous regions and

municipalities directly under the central government based on their actual situations. The tax basis for urban maintenance and construction tax, education surcharge, and local education surcharge is the value-added tax payable prior to this tax incentive.

## VII. Notes to Items in Consolidated Financial Statements

### 1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	92,218.87	53,243.07
Bank deposit	1,733,368,264.27	2,788,980,758.78
Other monetary funds	838,743,097.78	1,045,522,070.90
Interest receivable that has not yet matured	1,937,438.61	974,465.95
Total	2,574,141,019.53	3,835,530,538.70
Including: total amount of funds deposited abroad	348,118,411.02	144,903,602.10

Other explanations:

Item	December 31, 2024	December 31, 2023
Bank acceptance bill deposits	750,566,249.46	948,496,165.94
Letter of credit deposits	71,506,746.02	83,177,241.54
Letter of guarantee deposits	15,995,560.96	10,321,400.00
Performance bonds		3,478,063.38
Deposits in bank regulated accounts	674,541.34	49,200.04
Total	838,743,097.78	1,045,522,070.90

The details of restricted monetary funds are as follows:

### 2. Notes receivable

#### (1) Notes receivable by types

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance	221,135,947.50	521,271,854.08
Commercial acceptance	152,446,000.00	248,750,000.00
Provision for bad debts	-2,928,836.63	-9,053,466.83
Total	370,653,110.87	760,968,387.25

#### (2) Disclosure by bad debt provision methods

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	

Including:										
Notes receivable with bad debt reserve withdrawn as per the portfolio of credit risk characteristics	373,581,947.50	100.00%	2,928,836.63	0.78%	370,653,110.87	770,021,854.08	100.00%	9,053,466.83	1.18%	760,968,387.25
Including:										
1. Bank acceptance bill portfolio	221,135,947.50	59.19%	0.00	0.00%	221,135,947.50	521,271,854.08	67.70%	0.00	0.00%	521,271,854.08
2. Commercial acceptance bill portfolio	152,446,000.00	40.81%	2,928,836.63	1.92%	149,517,163.37	248,750,000.00	32.30%	9,053,466.83	3.64%	239,696,533.17
<b>Total</b>	<b>373,581,947.50</b>	<b>100.00%</b>	<b>2,928,836.63</b>	<b>0.78%</b>	<b>370,653,110.87</b>	<b>770,021,854.08</b>	<b>100.00%</b>	<b>9,053,466.83</b>	<b>1.18%</b>	<b>760,968,387.25</b>

Provision for bad debts by portfolio: 2,928,836.63

Unit: RMB

Description	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Commercial acceptance bill portfolio	152,446,000.00	2,928,836.63	1.92%
<b>Total</b>	<b>152,446,000.00</b>	<b>2,928,836.63</b>	

Explanation for determining the basis of this portfolio:

If provision was made for bad debts of notes receivable in accordance with the general expected credit loss model:

☐ Applicable ☒ Not applicable**(3) Provision for bad debts accrued, recovered or reversed during the Reporting Period**

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reversal	Write-offs	Others	
Commercial acceptance bill portfolio	9,053,466.83	-6,124,630.20				2,928,836.63
<b>Total</b>	<b>9,053,466.83</b>	<b>-6,124,630.20</b>				<b>2,928,836.63</b>

Among them, the important amount of recovery or reverse of bad debt provision for the period:

☐ Applicable ☒ Not applicable**(4) Notes receivable endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the Reporting Period**

Unit: RMB

Item	Derecognized amount at the end of the Reporting Period	Recognized amount at the end of the Reporting Period
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Bank acceptance notes		208,570,048.67
Total		208,570,048.67

### 3. Accounts receivable

#### (1) Disclosure by aging

Unit: RMB

Aging	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Less than 1 year (inclusive)	5,116,313,235.17	6,126,420,159.69
1-2 years	898,186,547.87	590,091,823.97
2-3 years	101,598,939.51	23,644,434.60
Over 3 years	112,499,022.11	125,125,171.09
3-4 years	10,249,434.69	6,235,113.36
4-5 years	5,706,159.68	14,217,259.73
Over 5 years	96,543,427.74	104,672,798.00
Total	6,228,597,744.66	6,865,281,589.35

#### (2) Disclosure by bad debt provision methods

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Provision for bad debts by individuals	97,797,292.18	1.57%	97,797,292.18	100.00%	0.00	102,694,913.11	1.50%	102,694,913.11	100.00%	0.00
Including:										
Provision for bad debts by portfolio	6,130,800,452.48	98.43%	28,752,219.97	0.47%	6,102,048,232.51	6,762,586,676.24	98.50%	42,886,914.06	0.63%	6,719,699,762.18
Including:										
1. Companies outside consolidation	6,130,800,452.48	100.00%	28,752,219.97	0.47%	6,102,048,232.51	6,762,586,676.24	100.00%	42,886,914.06	0.63%	6,719,699,762.18
Total	6,228,597,744.66	100.00%	126,549,512.15	2.03%	6,102,048,232.51	6,865,281,589.35	100.00%	145,581,827.17	2.12%	6,719,699,762.18

Provision for bad debts by individuals:

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion	Provision reason
OptimumNano Energy Co., Ltd.	32,249,003.26	32,249,003.26	32,249,003.26	32,249,003.26	100.00%	Estimated to be uncollectible
eTrust Power Group Ltd.	17,481,429.49	17,481,429.49	17,481,429.49	17,481,429.49	100.00%	Estimated to be uncollectible

Shaanxi OptimumNano New Energy Co., Ltd.	14,847,098.36	14,847,098.36	14,847,098.36	14,847,098.36	100.00%	Estimated to be uncollectible
Jiangsu Jeve Power Industry Co., Ltd.			5,100,387.08	5,100,387.08	100.00%	Estimated to be uncollectible
E-power Tech Co., Ltd.			3,058,731.42	3,058,731.42	100.00%	Estimated to be uncollectible
Xinyu Eternal ENERGY Co., Ltd.	3,025,906.40	3,025,906.40	2,802,263.94	2,802,263.94	100.00%	Estimated to be uncollectible
Huaibei Jiaheyuan Technology Co., Ltd.			2,530,770.94	2,530,770.94	100.00%	Estimated to be uncollectible
Hubei Yu Long New Energy Co., Ltd.	2,177,165.60	2,177,165.60	2,177,165.60	2,177,165.60	100.00%	Estimated to be uncollectible
Northvolt			1,540,340.80	1,540,340.80	100.00%	Estimated to be uncollectible
Jiangxi Far East Battery Co., Ltd.	3,676,530.89	3,676,530.89	1,515,182.03	1,515,182.03	100.00%	Estimated to be uncollectible
AnHui Teamsky New Energy Technology Co., Ltd.	1,477,646.78	1,477,646.78	1,477,646.78	1,477,646.78	100.00%	Estimated to be uncollectible
Shenzhen Teamgiant New Energy Technology Co., Ltd.	1,470,081.04	1,470,081.04	1,470,081.04	1,470,081.04	100.00%	Estimated to be uncollectible
Jingzhou OptimumNano Co., Ltd.	1,175,130.00	1,175,130.00	1,175,130.00	1,175,130.00	100.00%	Estimated to be uncollectible
Shenzhen Vision Lithium Battery Co., Ltd.			1,062,626.69	1,062,626.69	100.00%	Estimated to be uncollectible
Shenzhen GRAND Powersource Group Co., Ltd.	1,004,401.76	1,004,401.76	1,004,401.76	1,004,401.76	100.00%	Estimated to be uncollectible
Shenzhen Lukewan Technology Co., Ltd.	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	100.00%	Estimated to be uncollectible
Yunnan Zhongyun Li'ao Package Printing Co., Ltd.	6,062,972.00	6,062,972.00			100.00%	Estimated to be uncollectible
Heilongjiang Longdan Dairy Technology Co., Ltd.	5,075,381.00	5,075,381.00			100.00%	Estimated to be uncollectible
Chengdu Henglide Food Co., Ltd.	2,780,677.50	2,780,677.50			100.00%	Estimated to be uncollectible
Zhongshan Yuankangyuan Food Co., Ltd.	2,591,501.42	2,591,501.42			100.00%	Estimated to be uncollectible
Sub-total of less than RMB1 million	6,599,987.61	6,599,987.61	7,305,032.99	7,305,032.99	100.00%	Estimated to be uncollectible
Total	102,694,913.11	102,694,913.11	97,797,292.18	97,797,292.18		

Provision for bad debts by portfolio: companies outside consolidation

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Less than 1 year	5,114,732,709.92	1,947,044.10	0.04%
1-2 years	891,268,886.87	1,463,328.34	0.16%
2-3 years	98,957,774.59	725,315.02	0.73%
3-4 years	1,533,859.50	564,053.48	36.77%

4-5 years	284,895.78	30,153.21	10.58%
Over 5 years	24,022,325.82	24,022,325.82	100.00%
<b>Total</b>	<b>6,130,800,452.48</b>	<b>28,752,219.97</b>	

The recognition criteria and instructions for bad debt provisions based on combinations can be found in Note V-11 of this Section.

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model:

☐ Applicable ☒ Not applicable

### (3) Provision for bad debts accrued, recovered or reversed during the Reporting Period

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reversal	Write-offs	Others	
Bad debt provision made on individual basis	102,694,913.11	13,253,434.28	2,384,991.32	17,775,336.42	2,009,272.53	97,797,292.18
Bad debt provision made on a collective basis	42,886,914.06	-12,124,884.19		537.37	-2,009,272.53	28,752,219.97
<b>Total</b>	<b>145,581,827.17</b>	<b>1,128,550.09</b>	<b>2,384,991.32</b>	<b>17,775,873.79</b>	<b>0.00</b>	<b>126,549,512.15</b>

### (4) Actual write-off of accounts receivable for the period

Unit: RMB

Item	Amount of write-off
Actual write-off of accounts receivable	17,775,873.79

Significant write-off of accounts receivable:

Unit: RMB

Company name	Nature of account receivable	Write-off amount	Reason of write-off	Write-off procedure performed	Generated from associated transaction or not
Yunnan Zhongyun Li'ao Package Printing Co., Ltd.	Payment for goods	6,062,972.00	Uncollectible	Approval by management	No
Heilongjiang Longdan Dairy Technology Co., Ltd.	Payment for goods	5,075,381.00	Uncollectible	Approval by management	No
Chengdu Henglid Food Co., Ltd.	Payment for goods	2,780,677.50	Uncollectible	Approval by management	No
Zhongshan Yuankangyuan Food Co., Ltd.	Payment for goods	2,591,501.42	Uncollectible	Approval by management	No
<b>Total</b>		<b>16,510,531.92</b>			

Explanations about the write-off of accounts receivable:

### (5) Accounts receivable and contract assets of top five closing balances by debtors

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total of closing balance of accounts receivable and contract assets	Closing balance of bad debt provision for accounts receivable and impairment provision for contract assets
Company 1	918,462,633.01		918,462,633.01	14.75%	927,499.72
Company 2	865,147,730.19		865,147,730.19	13.89%	173,059.91
Company 3	380,914,453.92		380,914,453.92	6.12%	283,095.62
Company 4	304,176,080.82		304,176,080.82	4.88%	121,670.43
Company 5	204,752,470.34		204,752,470.34	3.29%	40,950.49
Total	2,673,453,368.28		2,673,453,368.28	42.93%	1,546,276.17

#### 4. Accounts receivable financing

##### (1) Accounts receivable financing by type

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	408,092,531.80	408,354,641.63
Total	408,092,531.80	408,354,641.63

##### (2) Accounts receivable financing endorsed or discounted by the Company, which were not yet due on the balance sheet date as at the end of the Reporting Period

Unit: RMB

Item	Derecognized amount at the end of the Reporting Period	Recognized amount at the end of the Reporting Period
Bank acceptance bills	2,352,434,741.58	
Total	2,352,434,741.58	

#### 5. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	1,347,859.55	
Other receivables	26,873,634.05	26,568,094.26
Total	28,221,493.60	26,568,094.26

##### (1) Dividends receivable

##### 1) Classification of dividends receivable

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	1,347,859.55	

Total	1,347,859.55	
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**(2) Other receivables****1) Other receivables by nature**

Unit: RMB

Nature of amount	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Equity acquisition funds	1,799,150.09	
Guarantees and deposits	12,608,454.57	14,092,694.79
Reserve fund	1,913,150.52	2,523,618.93
Substitute advance	5,628,114.10	5,158,505.75
Others	6,532,918.46	6,544,924.41
Total	28,481,787.74	28,319,743.88

**2) Disclosure by aging**

Unit: RMB

Aging	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Less than 1 year (inclusive)	13,413,350.75	17,914,957.69
1-2 years	5,551,295.87	8,862,725.63
2-3 years	8,319,139.32	217,095.12
Over 3 years	1,198,001.80	1,324,965.44
3-4 years	186,620.90	464,050.00
4-5 years	308,000.00	15,780.00
Over 5 years	703,380.90	845,135.44
Total	28,481,787.74	28,319,743.88

**3) Disclosure by bad debt provision methods**☒ Applicable ☐ Not applicable

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Provision proportion		Amount	Proportion	Amount	Provision proportion	
Bad debt provision made on individual basis	110,940.90	0.39%	110,940.90	100.00%	0.00	268,475.44	0.95%	268,475.44	100.00%	0.00
Including:										
Bad debt provision made on a collective basis	28,370,846.84	99.61%	1,497,212.79	5.28%	26,873,634.05	28,051,268.44	99.05%	1,483,174.18	5.29%	26,568,094.26
Including:										

1. Companies outside consolidation	28,370,846.84	100.00%	1,497,212.79	5.28%	26,873,634.05	28,051,268.44	100.00%	1,483,174.18	5.29%	26,568,094.26
<b>Total</b>	<b>28,481,787.74</b>	<b>100.00%</b>	<b>1,608,153.69</b>	<b>5.65%</b>	<b>26,873,634.05</b>	<b>28,319,743.88</b>	<b>100.00%</b>	<b>1,751,649.62</b>	<b>6.19%</b>	<b>26,568,094.26</b>

Provision for bad debts by individual:

Unit: RMB

Description	Opening balance		Closing balance			
	Book balance	Provision for bad debts	Book balance	Provision for bad debts	Provision proportion	Provision reason
Stage III	268,475.44	268,475.44	110,940.90	110,940.90	100.00%	Uncollectible
<b>Total</b>	<b>268,475.44</b>	<b>268,475.44</b>	<b>110,940.90</b>	<b>110,940.90</b>		

Bad debt provision based on a collective basis: companies outside consolidation

Unit: RMB

Description	Closing balance		
	Book balance	Provision for bad debts	Provision proportion
Stage I	27,794,546.84	1,209,062.79	4.35%
Stage II	576,300.00	288,150.00	50.00%
<b>Total</b>	<b>28,370,846.84</b>	<b>1,497,212.79</b>	

Explanation for determining the basis for this combination: The recognition criteria and instructions for bad debt provisions based on combinations can be found in Note V-11 of this Section.

Bad debt provision assessed based on ECL model:

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance of January 1, 2024	1,195,174.18	288,000.00	268,475.44	1,751,649.62
Balance of January 1, 2024 for the period				
- Shift to Stage II	-13.05	13.05		
Provision for the period	14,151.66	136.95		14,288.61
Write-offs for the period	250.00		157,534.54	157,784.54
Balance of December 31, 2024	1,209,062.79	288,150.00	110,940.90	1,608,153.69

Classification basis and bad debt provision ratio for each stage: see Note V-11 of this Section for the basis for classification of each state; and the bad debt provision ratio is 4.35% for Stage I, 50.00% for Stage II, and 100.00% for Stage III.

Changes in book balance with significant changes in loss reserves for the period

☐ Applicable ☒ Not applicable

#### 4) Provision for bad debts accrued, recovered or reversed during the Reporting Period

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reversal	Write-offs	Others	
Bad debt provision made on individual basis	268,475.44			157,534.54		110,940.90
Bad debt provision made	1,483,174.18	14,288.61		250.00		1,497,212.79

on a collective basis						
Total	1,751,649.62	14,288.61		157,784.54		1,608,153.69

**5) Actual write-off of other receivables for the period:**

Unit: RMB

Item	Amount of write-offs
Actual write-off of other receivables	157,784.54

**6) Top five customers with closing balance of other receivables collected by arrear party**

Unit: RMB

Company name	Nature of other receivable	Closing balance	Aging	Percentage of total of closing balance of other receivables	Closing balance of bad debt provision
Special Account of Government Non-Tax Revenue, Jintan District Finance Bureau, Changzhou	Deposit and security deposit	8,114,200.00	2-3 years	28.49%	352,967.70
Housing Provident Fund	Advance payment on behalf of others	1,846,123.28	Less than 1 year	6.48%	80,306.36
Taige Transportation Service Co., Ltd., Yuxi, Yunnan	Equity acquisition fund	1,799,150.09	Less than 1 year	6.32%	78,263.03
Pension Insurance	Advance payment on behalf of others	1,716,025.98	Less than 1 year	6.02%	74,647.13
Yuxi Power Supply Bureau, Yunnan Power Grid Co., Ltd.	Deposit and security deposit	1,100,000.00	1-2 years	3.86%	47,850.00
Total		14,575,499.35		51.17%	634,034.22

**6. Prepayment****(1) Prepayments by aging**

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Less than 1 year (inclusive)	151,744,967.81	94.59%	175,163,739.05	99.75%
1-2 years	8,594,878.20	5.36%	188,822.79	0.11%
2-3 years			126,752.48	0.07%
Over 3 years	83,914.32	0.05%	126,388.64	0.07%
Total	160,423,760.33		175,605,702.96	

**(2) Top five suppliers with closing balance of prepayment collected by prepaid entity**

Company name	Balance of December 31, 2024	Proportion (%) of the total closing balance of prepayments
Company 1	25,951,196.87	16.18
Company 2	15,661,649.49	9.76
Company 3	13,057,992.70	8.14
Company 4	7,512,883.92	4.68
Company 5	7,447,324.27	4.64
Total	69,631,047.25	43.40

**7. Inventories**

Did the Company need to comply with the disclosure requirements of the real estate industry

No

**(1) Classification of inventories**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision reserve or contract performance cost depreciation reserve	Book value	Book balance	Inventory provision reserve or contract performance cost depreciation reserve	Book value
Raw materials	546,202,730.19	27,199,840.67	519,002,889.52	540,759,974.02	3,482,756.26	537,277,217.76
Goods in process	5,199,678.09	0.00	5,199,678.09	5,554,243.47	0.00	5,554,243.47
Finished goods	2,513,508,258.64	598,721,761.77	1,914,786,496.87	2,366,399,195.15	223,726,592.32	2,142,672,602.83
Turnover materials	179,451,015.62	0.00	179,451,015.62	141,408,010.67	0.00	141,408,010.67
Goods in transit	257,753,391.64	2,496,390.10	255,257,001.54	125,095,000.14	101,045.05	124,993,955.09
Consigned processing material	1,758,679.73	0.00	1,758,679.73	1,756,624.05	0.00	1,756,624.05
Semi-finished goods	52,932,171.59	9,589,965.09	43,342,206.50	51,065,707.25	4,169,507.48	46,896,199.77
Materials in transit	44,228,826.95	0.00	44,228,826.95	0.00	0.00	0.00
Total	3,601,034,752.45	638,007,957.63	2,963,026,794.82	3,232,038,754.75	231,479,901.11	3,000,558,853.64

**(2) Inventory provision reserve and contract performance cost depreciation reserve**

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision	Others	Recovery or	Others	

				reversal		
Raw materials	3,482,756.26	26,532,191.18		2,815,106.77		27,199,840.67
Goods in process	0.00					0.00
Finished goods	223,726,592.32	422,319,546.12		47,324,376.67		598,721,761.77
Turnover materials	0.00					0.00
Goods in transit	101,045.05	2,479,146.35		83,801.30		2,496,390.10
Semi-finished goods	4,169,507.48	5,536,079.34		115,621.73		9,589,965.09
Total	231,479,901.11	456,866,962.99		50,338,906.47		638,007,957.63

Explanations: Resales for the year are due to the sale of the inventory of the inventory provision reserve already accrued.

Provision for inventory depreciation by group

Unit: RMB

Portfolio name	At the end of period			At the beginning of period		
	Closing balance	Allowance for impairment	Provision ratio of allowance for impairment	Opening balance	Allowance for impairment	Provision ratio of allowance for impairment
Raw materials	546,202,730.19	27,199,840.67	4.98%	540,759,974.02	3,482,756.26	0.64%
Goods in process	5,199,678.09			5,554,243.47		
Finished goods	2,513,508,258.64	598,721,761.77	23.82%	2,366,399,195.15	223,726,592.32	9.45%
Goods in transit	257,753,391.64	2,496,390.10	0.97%	125,095,000.14	101,045.05	0.08%
Consigned processing materials	1,758,679.73			1,756,624.05		
Turnover materials	179,451,015.62			141,408,010.67		
Semi-finished goods	52,932,171.59	9,589,965.09	18.12%	51,065,707.25	4,169,507.48	8.16%
Materials in transit	44,228,826.95					
Total	3,601,034,752.45	638,007,957.63	17.72%	3,232,038,754.75	231,479,901.11	7.16%

The provision standards for inventory depreciation reserves by group

## 8. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Large deposit certificate	200,000,000.00	571,927,500.00
Undue interest receivable	15,940,873.29	46,368,076.83
Total	215,940,873.29	618,295,576.83

### (1) Debt investment due within one year

☐ Applicable ☒ Not applicable

**(2) Other debt investment due within one year**□ Applicable ☒ Not applicable**9. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
Prepayment of tax	6,594,972.18	6,819,992.30
Input tax to be deducted	692,330,332.81	487,696,936.11
Time deposit	302,953,767.12	251,828,755.71
Total	1,001,879,072.11	746,345,684.12

**10. Other equity instrument investment**

Unit: RMB

Item	Closing balance	Opening balance	Additional investment	Profit recognized in other comprehensive income for the period	Loss charged to other comprehensive income for the period	Accumulated profit in other comprehensive income at the end of the period	Accumulated losses in other comprehensive income at the end of the period	Dividend income recognized during the period	Reason for designating as a financial asset measured at fair value and its changes are included in other comprehensive income
Suzhou Jiesheng Technology Co., Ltd.	72,000,000.00	89,000,000.00			-17,000,000.00		-38,000,000.00		
Zhuhai Chenyu New Material Technology Co., Ltd.	6,000,000.00		6,000,000.00						
Total	78,000,000.00	89,000,000.00			-17,000,000.00		-38,000,000.00		

Other explanations:

Note 1: According to the evaluation by Shanghai Zhonghua Asset Appraisal Co., Ltd., as of December 31, 2024, the overall equity value of Suzhou Jiesheng Technology Co., Ltd. is RMB720,000,000.00, and the Company holds 10% equity of Suzhou Jiesheng Technology Co., Ltd., corresponding to a fair value of RMB72,000,000.00.

Note 2: This period saw the additional investment in Zhuhai Chenyu New Material Technology Co., Ltd., with the Company's subsidiary Shanghai Energy New Material Technology Co., Ltd. holding 8% of its equity. The fair value at the end of the period was close to the book value.

**11. Long-term equity investment**

Unit: RMB

Investees	Opening balance (book value)	Opening balance of provision for impairment	Increase / decrease for the period								Closing balance (book value)	Closing balance of provision for impairment
			Increase in investment	Decrease in investment	Investment profit or loss recognized under equity method	Adjustments to other comprehensive income	Other changes in equity	Cash dividends or profit declared	Provision for impairment	Others		

I. Joint ventures												
II. Associates												
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	3,209,980.10			1,858,893.98	1,347,859.55			-2,698,945.67			0.00	
Subtotal	3,209,980.10			1,858,893.98	1,347,859.55			-2,698,945.67			0.00	
Total	3,209,980.10			1,858,893.98	1,347,859.55			-2,698,945.67			0.00	

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

☐ Applicable ☒ Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

☐ Applicable ☒ Not applicable

## 12. Investment properties

### (1) Adoption of the cost measurement mode for investment properties

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Buildings and structures	Land use rights	Construction in progress	Total
I. Original book value				
1. Opening balance	11,871,802.82			11,871,802.82
2. Increase for the period	1,727,218.59			1,727,218.59
(1) External purchase	1,727,218.59			1,727,218.59
(2) Transfer of inventory/fixed assets/construction in progress				
(3) Increase in business combination				
3. Decrease for the period				
(1) Disposal				
(2) Other transferred out				
4. Closing balance	13,599,021.41			13,599,021.41
II. Accumulative depreciation and amortization				
1. Opening balance	4,006,733.40			4,006,733.40
2. Increase for the period	540,708.19			540,708.19
(1) Provision or amortization	540,708.19			540,708.19
3. Decrease for the period				
(1) Disposal				
(2) Other transferred out				
4. Closing balance	4,547,441.59			4,547,441.59
III. Provision for impairment				
1. Opening balance				
2. Increase for the period				
(1) Provision				

3. Decrease for the period				
(1) Disposal				
(2) Other transferred out				
4. Closing balance				
IV. Book value				
1. Closing book value	9,051,579.82			9,051,579.82
2. Opening book value	7,865,069.42			7,865,069.42

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

☐ Applicable ☒ Not applicable

The recoverable amount is determined based on the present value of expected future cash flows

☐ Applicable ☒ Not applicable

Reasons for significant discrepancies between the aforementioned and the information or external information used in previous years' impairment testing

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year

Other explanations:

## (2) Investment properties measured using fair value measurement model

☐ Applicable ☒ Not applicable

## 13. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	22,928,507,627.21	19,380,327,177.42
Fixed assets pending for disposal		
Total	22,928,507,627.21	19,380,327,177.42

## (1) Fixed assets

Unit: RMB

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Electronic devices and others	Total
I. Original book value					
1. Opening balance	4,731,343,128.11	19,884,170,036.34	48,833,379.97	814,755,311.99	25,479,101,856.41
2. Increase for the period	1,067,824,006.86	4,221,959,232.09	8,683,957.06	39,490,683.43	5,337,957,879.44
(1) Purchase	30,066,284.47	34,548,316.12	3,211,767.88	9,622,825.50	77,449,193.97
(2) Transfer of construction in progress	1,034,284,819.59	4,187,410,628.34	5,472,189.18	29,866,914.50	5,257,034,551.61
(3) Increase in business combination					
(4) Converted difference in foreign currency statements	3,472,902.80	287.63		943.43	3,474,133.86
3. Decrease for the period	775,207.20	60,878,446.90	1,626,262.68	4,206,404.45	67,486,321.23

(1) Disposal or scrapping	775,207.20	60,878,446.90	1,613,936.85	3,686,593.34	66,954,184.29
(2) Converted difference in foreign currency statements			12,325.83	519,811.11	532,136.94
4. Closing balance	5,798,391,927.77	24,045,250,821.53	55,891,074.35	850,039,590.97	30,749,573,414.62
II. Accumulative depreciation					
1. Opening balance	662,560,305.90	4,942,188,278.62	24,072,434.29	178,333,212.15	5,807,154,230.96
2. Increase for the period	227,585,944.34	1,464,523,862.02	8,002,463.72	60,782,125.35	1,760,894,395.43
(1) Provision	227,579,240.42	1,464,523,862.02	7,999,695.58	60,773,100.42	1,760,875,898.44
(2) Converted difference in foreign currency statements	6,703.92		2,768.14	9,024.93	18,496.99
3. Decrease for the period		34,370,534.81	1,258,877.82	2,718,944.39	38,348,357.02
(1) Disposal or scrapping		34,370,534.81	1,258,877.82	2,718,944.39	38,348,357.02
(2) Converted difference in foreign currency statements					
4. Closing balance	890,146,250.24	6,372,341,605.83	30,816,020.19	236,396,393.11	7,529,700,269.37
III. Provision for impairment					
1. Opening balance		291,595,666.77	15,759.89	9,021.37	291,620,448.03
2. Increase for the period					
(1) Provision					
3. Decrease for the period		254,929.99			254,929.99
(1) Disposal or scrapping		254,929.99			254,929.99
4. Closing balance		291,340,736.78	15,759.89	9,021.37	291,365,518.04
IV. Book value					
1. Closing book value	4,908,245,677.53	17,381,568,478.92	25,059,294.27	613,634,176.49	22,928,507,627.21
2. Opening book value	4,068,782,822.21	14,650,386,090.95	24,745,185.79	636,413,078.47	19,380,327,177.42

**(2) Fixed assets in temporary idle**

Unit: RMB

Item	Original book value	Accumulative depreciation	Provision for impairment	Book value	Remarks
Buildings and structures	2,105,695.50	1,156,559.26		949,136.24	
Machinery and equipment	9,135,247.28	7,589,280.96		1,545,966.32	
Total	11,240,942.78	8,745,840.22		2,495,102.56	

**(3) Fixed assets not obtaining the title certificate**

Unit: RMB

Item	Book value	Reason
Buildings and structures	1,768,270,016.01	Being processed

Other explanations:

**(4) Impairment testing of fixed assets**

☒ Applicable ☐ Not applicable

The recoverable amount is determined based on the net amount after deducting disposal expenses from fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment	Determination of fair value and disposal expenses	Key parameters	Basis for determining key parameters
Jiangxi Ruijie New Material Technology Co., Ltd.	529,983,720.62	554,000,000.00	0.00	The fair value is evaluated using the income method	Forecast period: 12 years, profit margin for forecast period: 12.3% -16.1%, stable period: 16.1% -17.1%, discount rate: 12.61%	Determine based on the specific situation of the company and market environment
Jiangsu Energy New Material Technology Co., Ltd.	3,448,618,215.43	3,510,000,000.00	0.00	The fair value is evaluated using the income method	Forecast period: 13 years, profit margin for forecast period: 3.70% -21.81%, stable period: 21.81% -32.32%, discount rate: 11.51%	Determine based on the specific situation of the company and market environment
Total	3,978,601,936.05	4,064,000,000.00				

The recoverable amount is determined based on the present value of expected future cash flows

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment	Duration of the forecast period	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period
Wuxi Energy New Material Technology Co., Ltd.	3,532,510,451.88	3,630,000,000.00	0.00	11	Profit margin: 16.8% -17.2%	Profit margin: 16.1%-16.6%	Determine based on the specific situation of the company and market environment
Total	3,532,510,451.88	3,630,000,000.00	0.00				

Reasons for significant discrepancies between the aforementioned and the information or external information used in previous years' impairment testing: not applicable

Reasons for significant discrepancies between the information used in the Company's previous annual impairment tests and the actual situation of the current year: not applicable

The process, parameters, and methods for confirming impairment losses of major fixed assets are as follows:

(1) Jiangsu Energy New Material Technology Co., Ltd.

The recoverable amount of fixed assets is calculated based on the fair value less disposal costs, which is derived from the Company's approved 13-year cash flow forecasts. The cash flow forecasts apply a discount rate of 11.51%, and cash flows beyond the forecast period are assumed to remain stable at the level for the final year. This growth rate is broadly consistent with the long-term average growth rate of the lithium battery industry.

Company name	Key parameters				
	Forecast period	Growth rate for the forecast period	Growth rate for the stable period	Profit margin	Discount rate (pre-tax weighted average cost of capital, WACC)
Jiangsu Energy	Limited period: 2025-2037 (with growth in 2025-2029, followed by a stable period)	Note 1	Flat	Based on estimated revenues, costs, expenses, etc.	11.51%

Note 1: Based on executed contracts and agreements, the Company's development plans, historical operational trends, and comprehensive analysis of market competition factors, combined with the asset group's condition as of the valuation date, cash flows for the asset group over the next five years were forecasted.

According to the valuation results in the *Asset Appraisal Report on the Recoverable Amount of the Long-Term Asset Group Held by Jiangsu Energy New Material Technology Co., Ltd. for Impairment Testing Purposes of Yunnan Energy New Materials Co., Ltd. (for Financial Reporting)* (Report No.: Hu Zhong Ping Bao Zi [2025] No. 0238) issued by Shanghai Zhonghua Asset Appraisal Co., Ltd. engaged by the Company, the recoverable amount of the fixed assets was determined to be RMB3.51 billion, indicating no need for provision for fixed asset impairment.

## (2) Wuxi Energy New Material Technology Co., Ltd.

The recoverable amount of fixed assets is calculated based on the fair value less disposal costs, which is derived from the Company's approved 11-year cash flow forecasts. The cash flow forecasts apply a discount rate of 12.04%, and cash flows beyond the forecast period are assumed to remain stable at the level for the final year. This growth rate is broadly consistent with the long-term average growth rate of the lithium battery industry.

Company name	Key parameters				
	Forecast period	Growth rate for the forecast period	Growth rate for the stable period	Profit margin	Discount rate (pre-tax weighted average cost of capital, WACC)
Wuxi Energy	Limited period: 2025-2035 (with growth in 2025-2029, followed by a stable period)	Note 1	Flat	Based on estimated revenues, costs, expenses, etc.	12.04%

Note 1: Based on executed contracts and agreements, the Company's development plans, historical operational trends, and comprehensive analysis of market competition factors, combined with the asset group's condition as of the valuation date, cash flows for the asset group over the next five years were forecasted.

According to the valuation results in the *Asset Appraisal Report on the Recoverable Amount of the Long-Term Asset Group Held by Wuxi Energy New Material Technology Co., Ltd. for Impairment Testing Purposes of Yunnan Energy New Materials Co., Ltd. (for Financial Reporting)* (Report No.: Hu Zhong Ping Bao Zi [2025] No. 0204) issued by Shanghai Zhonghua Asset Appraisal Co., Ltd. engaged by the Company, the recoverable amount of the fixed assets was determined to be RMB3.63 billion, indicating no need for provision for fixed asset impairment.

## (3) Wuxi Energy New Material Technology Co., Ltd.

The recoverable amount of fixed assets is calculated based on the fair value less disposal costs, which is derived from the Company's approved 12-year cash flow forecasts. The cash flow forecasts apply a discount rate of 12.61%, and cash flows beyond the forecast period are assumed to remain stable at the level for the final year. This growth rate is broadly consistent with the long-term average growth rate of the lithium battery industry.

Company name	Key parameters				
	Forecast period	Growth rate for the forecast period	Growth rate for the stable period	Profit margin	Discount rate (pre-tax weighted average cost of capital, WACC)
Jiangxi Ruijie	Limited period: 2025-2036 (with growth in 2025-2029, followed by a stable period)	Note 1	Flat	Based on estimated revenues, costs, expenses, etc.	12.61%

Note 1: Based on executed contracts and agreements, the Company's development plans, historical operational trends, and comprehensive analysis of market competition factors, combined with the asset group's condition as of the valuation date, cash flows for the asset group over the next five years were forecasted.

According to the valuation results in the *Asset Appraisal Report on the Recoverable Amount of the Long-Term Asset Group Held by Jiangxi Ruijie New Material Technology Co., Ltd. for Impairment Testing Purposes of Yunnan Energy New Materials Co., Ltd. (for Financial Reporting)* (Report No.: Hu Zhong Ping Bao Zi [2025] No. 0203) issued by Shanghai Zhonghua Asset Appraisal Co., Ltd. engaged by the Company, the recoverable amount of the fixed assets was determined to be RMB554 million, indicating no need for provision for fixed asset impairment.

## 14. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	5,852,662,936.95	6,194,674,917.74
Engineering materials	10,582,086.18	12,733,550.25
Total	5,863,245,023.13	6,207,408,467.99

### (1) Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Hungarian factory	3,173,726,601.84		3,173,726,601.84	2,716,335,255.30		2,716,335,255.30
Yuxi Energy 1.6 Billion m <sup>2</sup> /a Lithium Battery Project	1,005,383,793.90		1,005,383,793.90	8,236,530.91		8,236,530.91
Jiangxi Enpo New Material	587,916,982.98		587,916,982.98	610,590,508.50		610,590,508.50

Co., Ltd. Lithium-ion Battery Dry Process Separator Film Construction Project						
Anhui Hongchuang Project for Annual Production of 12 billion Liquid Beverage Cartons	334,535,052.66		334,535,052.66	15,815,398.08		15,815,398.08
Microporous Membrane Project of High- performance Lithium-ion Battery of Chongqing Energy (Phase II)	297,650,631.72		297,650,631.72	283,616,453.18		283,616,453.18
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	44,626,237.64		44,626,237.64	880,545,589.70		880,545,589.70
Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	42,381,128.27		42,381,128.27	237,272,443.83		237,272,443.83
Hubei Energy EV Lithium Battery Separator Industrialization Project	41,618,487.85		41,618,487.85	221,353,261.99		221,353,261.99
American factory	33,021,712.10		33,021,712.10	279,543,528.16		279,543,528.16
Jiangxi Energy SRS Project	23,069,781.38		23,069,781.38	26,483,484.16		26,483,484.16
Others	272,962,057.28	4,229,530.67	268,732,526.61	914,882,463.93		914,882,463.93
<b>Total</b>	<b>5,856,892,467.62</b>	<b>4,229,530.67</b>	<b>5,852,662,936.95</b>	<b>6,194,674,917.74</b>		<b>6,194,674,917.74</b>

**(2) Changes in important projects in progress for the period**

Unit: RMB

Item	Budget (in RMB10, 000)	Opening balance	Increase for the period	Transfer to fixed assets for the period	Decrease in other amounts for the period	Closing balance	Proportion of total project investment in budget	Progress of the project (%)	Capitalized accumulated amount of interest	Including: Capitalized amount of interest for the period	Capitalization rate of interest for the period	Source of capital
Hungarian factory	317,372.66	2,716,335,255.30	412,077,908.17		-45,313,438.37	3,173,726,601.84	100.00%	99.00				Self-owned funds
Yuxi Energy 1.6 Billion m <sup>2</sup> /a Lithium Battery Project	450,000.00	8,236,530.91	997,147,262.99			1,005,383,793.90	33.00%	51.00	3,049,654.20	3,049,654.20	2.54%	Self-owned funds and loans
Jiangxi Enpo New Material Co., Ltd. Lithium-ion Battery Dry Process Separator Film Construction Project	200,000.00	610,590,508.50	178,717,980.62	201,391,506.14		587,916,982.98	56.82%	60.00	26,721,775.08	16,713,764.58	3.30%	Self-owned funds and loans
Anhui Hongchuang Project for Annual Production of 12 Billion Liquid Beverage Cartons	70,000.00	15,815,398.08	328,187,229.68	9,467,575.10		334,535,052.66	64.88%	55.85	793,278.40	793,278.40	2.40%	Self-owned funds and loans
Microporous Membrane Project of High-performance Lithium-ion Battery of Chongqing Energy (Phase II)	300,000.00	283,616,453.18	188,012,707.33	173,978,528.79		297,650,631.72	90.00%	90.00	22,675,195.97	2,639,943.57	2.97%	Raised funds and loans
Jiangsu Energy EV Lithium Battery Separator Industrialization Project	520,000.00	880,545,589.70	890,414,936.78	1,726,334,288.84		44,626,237.64	77.00%	95.00	23,598,457.77	3,378,591.37	3.27%	Raised funds and loans

Jiangsu Ruijie EV Lithium Battery Aluminum Laminated Film Industrialization Project	160,000.00	237,272,443.83	46,761,426.66	241,652,742.22		42,381,128.27	45.00%	50.00	8,040,159.55	337,375.95	3.33%	Raised funds and loans
Hubei Energy EV Lithium Battery Separator Industrialization Project	190,000.00	221,353,261.99	316,205,086.14	495,939,860.28		41,618,487.85	87.12%	90.00	5,075,059.24	4,166,093.20	3.06%	Self-owned funds and loans
American factory	196,899.06	279,543,528.16	47,782,054.17	295,801,160.16	- 1,497,289.93	33,021,712.10	35.00%	35.00				Self-owned funds
Jiangxi Energy SRS Project	95,000.00	26,483,484.16	31,398,192.23	34,811,895.01		23,069,781.38	75.00%	95.00				Self-owned funds
Others		914,882,463.93	1,435,736,588.42	2,077,656,995.07		272,962,057.28			63,494,772.24	3,652,443.44		Self-owned funds, raised funds and loans
Total	2,499,271.72	6,194,674,917.74	4,872,441,373.19	5,257,034,551.61	- 46,810,728.30	5,856,892,467.62			153,448,352.45	34,731,144.70		

Note: The other decreases of Hungarian and American factories in this period were due to the difference in foreign currency translation.

### (3) Provision for impairment of construction in progress in this period

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason for provision
Jiangxi Tonry Lithium Battery Membrane Project (Phase I Expansion)		4,229,530.67		4,229,530.67	Idle equipment, expected to be unusable
Total		4,229,530.67		4,229,530.67	--

### (4) Impairment testing of construction in progress

☐ Applicable ☒ Not applicable

### (5) Engineering materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Equipment not installed	10,582,086.18		10,582,086.18	12,733,550.25		12,733,550.25
Total	10,582,086.18		10,582,086.18	12,733,550.25		12,733,550.25

Other explanations:

## 15. Right-of-use assets

### (1) Right-of-use assets

Unit: RMB

Item	Buildings and structures	Others	Total
I. Original book value			
1. Opening balance	3,828,415.83	1,376,146.80	5,204,562.63
2. Increase for the period	1,990,728.20		1,990,728.20
3. Decrease for the period	3,828,415.83		3,828,415.83
4. Closing balance	1,990,728.20	1,376,146.80	3,366,875.00
II. Accumulative depreciation			
1. Opening balance	2,472,815.01	344,036.55	2,816,851.56
2. Increase for the period	1,343,487.09	275,229.24	1,618,716.33
(1) Provision			
3. Decrease for the period	2,820,937.98		2,820,937.98
(1) Disposal	2,820,937.98		2,820,937.98
4. Closing balance	995,364.12	619,265.79	1,614,629.91
III. Provision for impairment			
1. Opening balance			
2. Increase for the period			
(1) Provision			
3. Decrease for the period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Closing book value	995,364.08	756,881.01	1,752,245.09
2. Opening book value	1,355,600.82	1,032,110.25	2,387,711.07

## (2) Impairment testing of right-of-use assets

☐Applicable ☒Not applicable

Other explanations: Depreciation of right-of-use assets for 2024 amounted to RMB1,618,716.33, of which RMB1,343,487.09 was recorded as depreciation expense in administrative expenses and RMB275,229.24 was recorded as depreciation expense in manufacturing expenses.

## 16. Intangible assets

### (1) Intangible assets

Unit: RMB

Item	Land use rights	Patent rights	Non-patent technology	Software	Total
I. Original book value					
1. Opening balance	1,159,048,231.25	35,641,267.04	23,338,200.00	49,886,075.07	1,267,913,773.36
2. Increase for the period	436,113.21	32,110,593.23		17,603,819.00	50,150,525.44
(1) Purchase	436,113.21	18,331,629.12		17,581,951.79	36,349,694.12
(2) Internal R&D					
(3) Increase in business combination					
(4) Shareholder investment		13,700,000.00			13,700,000.00
(5) Converted difference in foreign currency statements		78,964.11		21,867.21	100,831.32

3. Decrease for the period				1,197,667.94	1,197,667.94
(1) Disposal				1,197,667.94	1,197,667.94
4. Closing balance	1,159,484,344.46	67,751,860.27	23,338,200.00	66,292,226.13	1,316,866,630.86
II. Accumulative amortization					
1. Opening balance	101,067,947.46	11,095,063.28	21,184,472.90	14,021,577.18	147,369,060.82
2. Increase for the period	23,311,848.36	7,773,909.29	419,280.21	6,012,384.08	37,517,421.94
(1) Provision	23,311,848.36	7,765,344.08	419,280.21	6,001,714.60	37,498,187.25
(2) Converted difference in foreign currency statements		8,565.21		10,669.48	19,234.69
3. Decrease for the period					
(1) Disposal					
4. Closing balance	124,379,795.82	18,868,972.57	21,603,753.11	20,033,961.26	184,886,482.76
III. Provision for impairment					
1. Opening balance			1,203,498.45		1,203,498.45
2. Increase for the period					
(1) Provision					
3. Decrease for the period					
(1) Disposal					
4. Closing balance			1,203,498.45		1,203,498.45
IV. Book value					
1. Closing book value	1,035,104,548.64	48,882,887.70	530,948.44	46,258,264.87	1,130,776,649.65
2. Opening book value	1,057,980,283.79	24,546,203.76	950,228.65	35,864,497.89	1,119,341,214.09

The intangible assets produced through internal R&D of the Company accounted for 0.00% of the balance of intangible assets at the end of the current period.

## (2) Data resources recognized as intangible assets

☐Applicable ☒Not applicable

## (3) Impairment testing of intangible assets

☐Applicable ☒Not applicable

## 17. Goodwill

### (1) Original book value of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Generated by business combination		Disposal		
Jiangxi Tonry New Energy Technology Development Co., Ltd.	34,483,188.64					34,483,188.64
Chongqing Energy Newmi Technological Co., Ltd.	15,589,757.32					15,589,757.32
Suzhou GreenPower New Energy Materials Co., Ltd.	470,157,733.69					470,157,733.69
Total	520,230,679.65					520,230,679.65

### (2) Provision for impairment of goodwill

Unit: RMB

Events that may generate goodwill through investee names	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Provision		Disposal		
Jiangxi Tonry New Energy Technology Development Co., Ltd.						
Chongqing Energy Newmi Technological Co., Ltd.		1,125,126.29				1,125,126.29
Suzhou GreenPower New Energy Materials Co., Ltd.						
Total		1,125,126.29				1,125,126.29

### (3) The process and key parameters of goodwill impairment testing, as well as the recognition method of goodwill impairment losses

#### ① Jiangxi Tonry New Energy Technology Development Co., Ltd.

The recoverable amount of goodwill is calculated based on the present value of expected future cash flows, which is derived from the Company's approved 5-year cash flow forecasts. The cash flow forecasts apply a discount rate of 12.05%, and cash flows beyond the forecast period are assumed to remain stable at the level for the final year. This growth rate is broadly consistent with the long-term average growth rate of the lithium battery industry.

Company name	Key parameters				
	Forecast period	Growth rate for the forecast period	Growth rate for the stable period	Profit margin	Discount rate (pre-tax weighted average cost of capital, WACC)
Jiangxi Tonry	Indefinite: 2025-2029 (followed by a stable period)	Note 1	Flat	Based on estimated revenues, costs, expenses, etc.	12.05%

Note 1: Based on executed contracts and agreements, the Company's development plans, historical operational trends, and comprehensive analysis of market competition factors, combined with the asset group's condition as of the valuation date, cash flows for the asset group over the next five years were forecasted.

According to the valuation results in the *Asset Appraisal Report on the Recoverable Amount of the Asset Group Related to Jiangxi Tonry New Energy Technology Development Co., Ltd. for Goodwill Impairment Testing Purposes of Yunnan Energy New Material Co., Ltd. (for Financial Reporting)* (Report No.: Hu Zhong Ping Bao Zi [2025] No. 0205) issued by Shanghai Zhonghua Asset Appraisal Co., Ltd. engaged by the Company, the recoverable amount of the asset group (including goodwill) was determined to be RMB976 million, indicating no need for goodwill impairment provision.

#### ② Chongqing Energy Newmi Technological Co., Ltd.

The recoverable amount of goodwill is calculated based on the present value of expected future cash flows, which is derived from the Company's approved 5-year cash flow forecasts. The cash flow forecasts apply a discount rate of 12.06%, and cash flows beyond the forecast period are assumed to remain stable at the level for the final year. This growth rate is broadly consistent with the long-term average growth rate of the lithium battery industry.

Company name	Key parameters				
	Forecast period	Growth rate for the forecast period	Growth rate for the stable period	Profit margin	Discount rate (pre-tax weighted average cost of capital, WACC)
Newmi Tech	Indefinite: 2025-2029 (followed by a stable period)	Note 1	Flat	Based on estimated revenues, costs, expenses, etc.	12.06%

Note 1: Based on executed contracts and agreements, the Company's development plans, historical operational trends, and comprehensive analysis of market competition factors, combined with the asset group's condition as of the valuation date, cash flows for the asset group over the next five years were forecasted.

According to the valuation results in the *Asset Appraisal Report on the Recoverable Amount of the Asset Group Related to Chongqing Energy Newmi Technological Co., Ltd. for Goodwill Impairment Testing Purposes of Yunnan Energy New Material Co., Ltd. (for Financial Reporting)* (Report No.: Hu Zhong Ping Bao Zi [2025] No. 0243) issued by Shanghai Zhonghua Asset Appraisal Co., Ltd. engaged by the Company, the recoverable amount of the asset group (including goodwill) was determined to be RMB621 million, which is lower than the carrying amount of the asset group (including goodwill). Based on the Company's ownership percentage, a goodwill impairment loss of RMB1,125,126.29 was recognized in the current period.

#### ③ Suzhou GreenPower New Energy Material Co., Ltd.

The recoverable amount of goodwill is calculated based on the present value of expected future cash flows, which is derived from the Company's approved 5-year cash flow forecasts. The cash flow forecasts apply a discount rate of 12.39%, and cash flows beyond the forecast period are assumed to remain stable at the level for the final year. This growth rate is broadly consistent with the long-term average growth rate of the lithium battery industry.

Company name	Key parameters				
	Forecast period	Growth rate for the forecast period	Growth rate for the stable period	Profit margin	Discount rate (pre-tax weighted average cost of capital, WACC)
Suzhou GreenPower	Indefinite: 2025-2029 (followed by a stable period)	Note 1	Flat	Based on estimated revenues, costs, expenses, etc.	12.39%

Note 1: Based on executed contracts and agreements, the Company's development plans, historical operational trends, and comprehensive analysis of market competition factors, combined with the asset group's condition as of the valuation date, cash flows for the asset group over the next five years were forecasted.

According to the appraisal results of the *Asset Appraisal Report on the Recoverable Amount of the Asset Group Related to Suzhou GreenPower New Energy Material Co., Ltd. for Goodwill Impairment Testing Purposes of Yunnan Energy New Material Co., Ltd. (for Financial Reporting)* (Report No.: Hu Zhong Ping Bao Zi [2025] No. 0201) issued by Shanghai Zhonghua Asset Appraisal Co., Ltd. engaged by the Company, the recoverable amount of the asset group (including goodwill) was RMB1,176 million, and no goodwill impairment provision was required.

## 18. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increase for the period	Amortized amount for the period	Decrease in other amounts	Closing balance
Renovation cost	327,988.80	1,846,517.46	691,494.66	252,000.00	1,231,011.60
Software system implementation fee	120,220.20		85,251.69		34,968.51
Power grid access fee	26,272.50		11,259.84		15,012.66
Technical service fee	50,000.00		50,000.00		
Total	524,481.50	1,846,517.46	838,006.19	252,000.00	1,280,992.77

Other explanations:

## 19. Deferred income tax assets/Deferred income tax liabilities

### (1) Deferred income tax assets before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment provision	1,063,839,230.22	162,284,314.81	678,621,646.31	102,285,613.92
Unrealized profit of internal transaction	422,444,452.67	72,300,918.97	322,965,743.09	64,272,680.66
Deductible losses	3,296,761,130.39	515,190,751.08	569,317,545.40	100,878,883.39
Government subsidy	1,410,310,952.03	221,155,547.01	980,671,337.01	152,902,430.39
Stock incentive	16,104,459.29	2,415,964.22	35,142,855.13	5,271,428.28
Changes in fair value of other equity instrument investments	38,000,000.00	9,500,000.00	21,000,000.00	5,250,000.00
Provision for sales rebates	15,464,691.47	2,319,703.72	5,256,207.35	788,431.10
Others	37,895,959.39	7,091,331.93	9,484,913.87	1,558,297.17
Total	6,300,820,875.46	992,258,531.74	2,622,460,248.16	433,207,764.91

### (2) Deferred income tax liabilities before offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Appraisal and appreciation of assets in mergers of companies not under common control	54,932,224.18	8,239,833.62	64,061,162.33	9,609,174.35
Pre-tax deduction of equipment and instruments at one time (Note 1 and 2)	2,381,107,385.93	371,117,097.18	1,918,835,132.08	297,600,075.77
Others	17,801,127.89	2,670,169.19	8,840,787.78	1,461,678.25

Total	2,453,840,738.00	382,027,099.99	1,991,737,082.19	308,670,928.37
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Note 1: In accordance with the *Notice on Corporate Income Tax Policies Regarding Equipment and Appliance Deductions (Cai Shui [2018] No. 54)*, the *Announcement on Extending the Implementation Period of Certain Preferential Tax Policies* (Ministry of Finance and State Taxation Administration Announcement [2021] No. 6), and the *Announcement on Corporate Income Tax Policies Regarding Equipment and Appliance Deductions* (Ministry of Finance and State Taxation Administration Announcement [2023] No. 37), the Company and its subsidiaries have elected to fully deduct the cost of newly purchased equipment and instruments at one time with unit value not exceeding RMB5 million during the period from January 1, 2018 to December 31, 2027 when calculating taxable income. This has resulted in taxable temporary differences and consequently deferred income tax liabilities.

Note 2: In accordance with the *Announcement on Enhancing Pre-Tax Deductions for Scientific and Technological Innovation* (Ministry of Finance, State Taxation Administration, and Ministry of Science and Technology Announcement [2022] No. 28), the Company's subsidiaries have fully deducted the cost of newly purchased equipment and instruments at one time during the fourth quarter of 2022 when calculating taxable income, resulting in taxable temporary differences and consequently deferred income tax liabilities.

### (3) Net amount of offset deferred income tax assets or liabilities

Unit: RMB

Item	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the end of the Reporting Period	Closing balance of deferred income tax assets or liabilities after offset	Offsetting amount of deferred income tax assets and deferred income tax liabilities at the beginning of the Reporting Period	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	359,762,846.47	632,495,685.27	338,900.21	432,868,864.70
Deferred income tax liabilities	359,762,846.47	22,264,253.52	338,900.21	308,332,028.16

### (4) Details of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	2,053,777.04	2,069,144.90
Deductible loss	108,096,935.27	38,261,232.97
Total	110,150,712.31	40,330,377.87

### (5) Deductible losses for which deferred income tax assets were unrecognized will expire in the following years

Unit: RMB

Year	Closing amount	Opening amount	Remarks
2026	571,908.69	155,294.79	
2027	13,040,659.48	12,225,377.12	
2028	11,255,602.35	25,880,561.06	
2029	14,165,911.37		
No legal term	69,062,853.38		
Total	108,096,935.27	38,261,232.97	

## 20. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for project and equipment	720,594,841.55		720,594,841.55	1,829,576,771.04		1,829,576,771.04
Quality guarantee (Note 1)	1,350,000.00		1,350,000.00	1,350,000.00		1,350,000.00
Installment for sale of equipment (Note 2)	44,219,610.90		44,219,610.90	32,425,949.76		32,425,949.76
Advance payment for house and land	1,139,646,320.70		1,139,646,320.70	1,121,966,430.21		1,121,966,430.21
Time deposits	521,125,355.20		521,125,355.20	778,802,174.00		778,802,174.00
Other non-current assets due within one year	-215,940,873.29		-215,940,873.29	-618,295,576.83		-618,295,576.83

Total	2,210,995,255.06		2,210,995,255.06	3,145,825,748.18		3,145,825,748.18
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Other explanations:

Note 1: Guizhou Haoyiduo Dairy Co., Ltd. signed an agreement with the Company, and the two parties entered into a long-term strategic partnership. The Company provided Guizhou Haoyiduo Dairy Co., Ltd. with the above money as its quality guarantee. Guizhou Haoyiduo Dairy Co., Ltd. promised to purchase no less than 13 million packaging boxes of products from the Company every year, and return the above money after the termination of the partnership. As long as the cooperation relationship is not terminated, the agreement will automatically continue after expiration. During the Reporting Period, Guizhou Haoyiduo Dairy Co., Ltd. has a good cooperation relationship with the Company, and the annual order quantity to the Company exceeds the agreed quantity in the above agreement. The Company expects that the above agreement will continue.

Note 2: The Company purchases filling machines and auxiliary equipment and sells them to customers by installment sales. The price of the equipment shall be paid together with the payment for the Company's products purchased by customers. Until the appointed time, all the payments for equipment shall be recovered, invoices shall be issued and the property rights of the equipment shall be transferred to customers.

## 21. Assets with restricted ownership or use

Unit: RMB

Item	Beginning of the period				End of the period			
	Book balance	Book value	Restriction type	Restriction	Book balance	Book value	Restriction type	Restriction
Monetary funds	838,743,097.78	838,743,097.78	Pledged	Margin, and account deposits under bank regulation	1,045,522,070.90	1,045,522,070.90	Pledged, frozen	Bank draft margin, letter of credit margin, letter of guarantee margin, performance bond, foreign exchange margin, bank-controlled account deposits
Receivables					248,473,890.50	248,473,890.50	Pledged	Pledged bank loan
Fixed assets	1,305,145,941.74	1,155,206,200.49	Mortgaged	Mortgaged loan	581,698,498.88	518,129,104.90	Mortgaged	Mortgaged bank loan
Intangible assets	140,710,834.33	130,345,642.47	Mortgaged	Mortgaged loan	309,173,107.74	288,826,669.43	Mortgaged	Mortgaged bank loan
Construction in progress	244,204,248.10	244,204,248.10	Mortgaged	Mortgage-backed government subsidy	92,118,326.54	92,118,326.54	Mortgaged	Mortgaged bank loan
Other current assets	50,178,767.12	50,178,767.12	Pledged	Margin	251,828,755.71	251,828,755.71	Pledged	Pledged bank loan, bank acceptance bills
Other non-current assets					53,500,694.44	53,500,694.44	Pledged	Pledged bank loan
Non-current assets due within one year					268,759,015.31	268,759,015.31	Pledged	Pledged bank loan, bank acceptance bills
Total	2,578,982,889.07	2,418,677,955.96			2,851,074,360.02	2,767,158,527.73		

Other explanations: In addition to the items presented in the above table, the Company's subsidiary Shanghai Energy New Material Technology Co., Ltd. has pledged its 100% equity interest in Suzhou GreenPower New Energy Material Co., Ltd. as collateral for bank borrowings. As a result, the aforementioned equity interest is classified as a restricted asset.

## 22. Short-term loans

### (1) Classification of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	49,875,000.00	644,093,855.11
Guaranteed loan	7,873,958,503.74	6,604,597,126.61
Credit loan	192,500,000.00	37,852,112.49

Undue interest payables	20,564,458.76	4,151,812.06
<b>Total</b>	<b>8,136,897,962.50</b>	<b>7,290,694,906.27</b>

Explanations for classification of short-term borrowings:

Pledged loan: the subsidiary Shanghai Energy New Material Technology Co., Ltd. obtained a loan of RMB49,875,000.00 by pledging its own certificate of deposit amounting to RMB50,178,767.12 as collateral. See Note VII-21 “Assets with restricted ownership or use” in this Section for details of pledge.

Guaranteed loan: Loans obtained through guarantees provided by the Company’s ultimate controlling shareholder, the Company and its subsidiaries. For details, please refer to: Note XIV of this Section “Related parties and related party transactions” - 5. Related party transactions - (3) Related party guarantees.

## (2) Status of short-term loans that are past due: None

## 23. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance bills	5,969,550.46	4,709,188.70
Bank acceptance bills	508,719,854.16	798,224,515.32
<b>Total</b>	<b>514,689,404.62</b>	<b>802,933,704.02</b>

## 24. Accounts payable

### (1) Accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Materials payable	717,111,406.43	680,801,257.32
Engineering equipment payable	959,748,795.64	752,175,443.55
Accessories and spare parts payable	68,189,620.27	54,096,569.19
Transportation fee payable	61,583,428.05	43,961,121.64
Other payable	203,225,271.16	77,275,224.76
<b>Total</b>	<b>2,009,858,521.55</b>	<b>1,608,309,616.46</b>

### (2) Major accounts payable aged over one year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Hubei Qianye Construction Engineering Co., Ltd.	39,852,710.59	Not mature
Yunnan Yuxi Hengda Interspace Steel Structure Co., Ltd.	9,798,417.80	Not mature
Yunnan Futong Air Conditioning & Purification Engineering Co., Ltd.	9,324,518.05	Not mature
<b>Total</b>	<b>58,975,646.44</b>	

## 25. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Dividends payable	9,778,239.09	95,117,453.54
Other payables	202,844,830.33	149,580,848.79
<b>Total</b>	<b>212,623,069.42</b>	<b>244,698,302.33</b>

**(1) Dividends payable**

Unit: RMB

Item	Closing balance	Opening balance
Common share dividends	9,778,239.09	95,117,453.54
Total	9,778,239.09	95,117,453.54

**(2) Other payables****1) Other payables listed by nature of payment**

Unit: RMB

Item	Closing balance	Opening balance
Restricted stock repurchase obligations	135,645,573.37	57,284,985.20
Equity acquisition	42,736,010.00	42,736,010.00
Deposits and guarantees	15,651,753.56	26,896,046.27
Withholding employees' social insurance	2,431,817.90	1,916,544.15
Collection and payment on behalf		14,000,000.00
Reimbursement	2,046,262.01	1,105,898.00
Others	4,333,413.49	5,641,365.17
Total	202,844,830.33	149,580,848.79

**2) Major other payables aged over one year or due**

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Gao'an Kewei investment partnership (limited partnership)	22,380,000.00	Payment terms not been met
DENCOLIMITED	20,356,010.00	Payment terms not been met
Total	42,736,010.00	

**26. Contractual liabilities**

Unit: RMB

Item	Closing balance	Opening balance
Advance receivable for goods	30,176,163.00	21,662,658.20
Rebate	15,464,691.47	8,129,313.05
Total	45,640,854.47	29,791,971.25

**27. Employee benefits payable****(1) Employee benefits payable**

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term remuneration	84,732,556.37	1,380,886,386.07	1,379,909,301.37	85,709,641.07
II. Retirement pension program-defined contribution plan	2,956,157.92	108,044,617.71	107,744,084.49	3,256,691.14
III. Termination benefits		1,553,521.87	1,553,521.87	
Total	87,688,714.29	1,490,484,525.65	1,489,206,907.73	88,966,332.21

**(2) Short-term benefits**

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Wage, bonus, allowance and subsidies	81,050,747.18	1,190,757,601.13	1,190,686,072.98	81,122,275.33
2. Employee welfare		77,078,897.06	77,078,897.06	

3. Social insurance	1,421,164.23	58,542,813.86	58,209,722.55	1,754,255.54
Including: Medical insurance	1,333,873.36	50,219,714.95	49,901,114.68	1,652,473.63
Labor injury insurance	46,730.37	4,361,114.58	4,359,668.90	48,176.05
Maternity insurance premium	40,560.50	2,716,976.95	2,703,931.59	53,605.86
Supplementary medical insurance		1,245,007.38	1,245,007.38	
4. Housing fund	1,331,958.00	47,644,703.64	47,235,338.64	1,741,323.00
5. Labor union budget and staff education fund	928,686.96	6,362,269.02	6,199,168.78	1,091,787.20
8. Other short-term benefits		500,101.36	500,101.36	
Total	84,732,556.37	1,380,886,386.07	1,379,909,301.37	85,709,641.07

**(3) Defined contribution plans**

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension	2,866,575.42	104,611,060.42	104,319,725.88	3,157,909.96
2. Unemployment insurance	89,582.50	3,433,557.29	3,424,358.61	98,781.18
Total	2,956,157.92	108,044,617.71	107,744,084.49	3,256,691.14

Other explanations:

**28. Taxes payable**

Unit: RMB

Item	Closing balance	Opening balance
VAT	19,826,033.72	27,197,483.43
Corporate income tax	70,548,724.88	125,352,993.96
Personal income tax	6,300,491.33	7,468,828.49
City maintenance and construction tax	963,296.29	1,221,378.93
Property tax	9,776,242.18	13,107,647.84
Land using tax	3,050,650.02	2,402,253.38
Education surtax	926,425.35	997,712.64
Stamp duty	5,346,531.90	2,332,118.04
Others	163,472.85	213,439.40
Total	116,901,868.52	180,293,856.11

Other explanations:

**29. Non-current liabilities due within one year**

Unit: RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year	1,663,741,019.86	1,088,108,156.55
Bonds payable due within 1 year	7,403,847.66	6,070,366.96
Lease liabilities due within 1 year	1,009,605.19	1,375,995.60
R&D project subsidy for lithium battery separator	700,000.00	
Project subsidy for high-safety & high-reliability lithium batteries and high-strength separators for energy electronics applications	22,000,000.00	
Lithium battery separator project investment funds	87,000,000.00	
Total	1,781,854,472.71	1,095,554,519.11

**30. Other current liabilities**

Unit: RMB

Item	Closing balance	Opening balance
Output value-added tax payable	1,775,714.63	2,219,902.48
Endorsement of bank acceptance bill not derecognized	208,570,048.67	181,173,715.43
Endorsement for transfer of supply chain voucher not derecognized	525,952,344.55	6,398,603.21
Total	736,298,107.85	189,792,221.12

### 31. Long-term borrowings

#### (1) Long-term borrowings by type

Unit: RMB

Item	Closing balance	Opening balance
Pledged loan	516,000,000.00	636,000,000.00
Mortgaged loan	1,241,029,140.62	1,191,337,067.22
Guaranteed loan	4,622,089,982.32	3,571,102,307.79
Credit loan	349,000,000.00	370,000,000.00
Undue interest payables	5,651,008.22	4,984,599.24
Less: Long-term loans due within 1 year	1,663,741,019.86	1,088,108,156.55
Total	5,070,029,111.30	4,685,315,817.70

Description for long-term borrowings by type:

Pledged loans: the subsidiary Shanghai Energy New Material Technology Co., Ltd. will pledge its 100% equity in Suzhou GreenPower New Energy Materials Co., Ltd. to obtain a loan of RMB516,000,000.00.

Mortgaged loan: the subsidiary Yunnan Hongta Plastic Co., Ltd., the sub-subsidiaries Zhuhai Energy New Material Technology Co., Ltd., Wuxi Energy New Material Technology Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Energy New Material Technology Co., Ltd., Chongqing Energy New Material Technology Co., Ltd. obtained a loan of RMB1,241,029,140.62 by pledging their own fixed assets and intangible assets. See Note VII-21 “Assets with restricted ownership or use” in this Section for details of pledge.

Guaranteed loan: For details of loans obtained through the guarantee provided by actual controllers of the Company, the Company and its subsidiaries, please refer to “Note XIV Related parties and related party transactions - 5. Related parties and related party transactions – 4-(3). Related party guarantees” in this Section.

### 32. Bonds payable

#### (1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Convertible corporate bonds	447,655,547.48	441,970,853.72
Less: Bonds payable due within one year	-7,403,847.66	-6,070,366.96
Total	440,251,699.82	435,900,486.76

#### (2) Changes in bonds payable: (excluding preferred shares classified as financial liabilities, perpetual bonds and other financial instruments)

Unit: RMB

Name of bond	Par value	Coupon rate	Issue date	Term	Issue size	Opening balance	Issued in current period	Interest provisioned by par value	Amortization of discounts and premiums	Paid in the current period	Shares converted in the current period	Sale-back in the current period	Closing balance	Default or not
Convertible corporate bonds of Yunnan Energy	1,600,000,000.00	0.40% - 2.00%	February 11, 2020	6 years	1,600,000,000.00	435,900,486.76			4,538,413.06		184,200.00	-3,000.00	440,251,699.82	No
Total					1,600,000,000.00	435,900,486.76			4,538,413.06		184,200.00	-3,000.00	440,251,699.82	

#### (3) Explanation on convertible corporate bonds

According to the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange* and the *Prospectus of Yunnan Energy New Material Co., Ltd. on the Public Issuance of Convertible Corporate Bonds*, the debt and share conversion period of Yunnan Energy commences from the first trading day in the six months after the end of the issuance to the maturity date of the convertible corporate bonds, that is, from August 17, 2020 to February 11, 2026, and the initial conversion price is RMB64.61 per share.

On May 21, 2020, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implements the 2019 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted from RMB64.61 per share to RMB64.49 per share.

On September 3, 2020, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company adopts the non-public issuance of new shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB65.09 per share.

As at September 28, 2020, in accordance with the *Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares*, the Company repurchased and cancelled the Company's restricted shares held by the four incentive recipients because the personal assessment grade of the four incentive recipients was "good" when the Company's 2017 *Restricted Stock Incentive Plan* was unlocked for the third time. Due to the small proportion of the repurchased and cancelled shares in the Company's total share capital, after the repurchase and cancellation, the conversion price of debts and shares of Yunnan Energy remained unchanged at RMB65.09 per share.

On April 30, 2021, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implements the 2020 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.92 per share.

On May 16, 2022, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implemented the 2021 annual equity allocation plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.62 per share.

On June 20, 2023, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implemented non-public issuance of Renminbi ordinary shares, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB66.64 per share.

On July 20, 2023, according to the *Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares*, the Company repurchased and cancelled the Company's certain restricted shares held by 2022 Stock Options and Restricted Stock Incentive Plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.64 per share.

On August 21, 2023, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implements the 2022 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.46 per share.

On September 21, 2023, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implements the 2023 semi-annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB66.26 per share.

On June 3, 2024, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implements the 2023 annual equity distribution plan, the conversion price of debts and shares of Yunnan Energy is adjusted to RMB64.73 per share.

On June 6, 2024, according to the *Announcement on the Non-adjustment of Convertible Corporate Bond Conversion Price for the Repurchase and Cancellation of Some Restricted Shares*, the conversion price of debts and shares of Yunnan Energy remained unchanged at RMB64.73 per share, due to the Company's repurchase and cancellation of restricted shares.

On November 6, 2024, according to the *Announcement on the Adjustment of the Conversion Price of Convertible Corporate Bonds*, as the Company implements the repurchase and cancellation of shares, the conversion price of debts and shares of Yunnan Energy was adjusted to RMB64.92 per share.

### 33. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payments	1,028,571.48	1,605,328.20
Less: Unrecognized financing expenses	18,966.29	46,668.72
Less: Lease liabilities due within one year	1,009,605.19	1,375,995.60
Total		182,663.88

### 34. Long-term payables

Unit: RMB

Item	Closing balance	Opening balance
Long-term payables	172,792,328.77	
Total	172,792,328.77	

#### (1) Long-term payables by nature of the amount

Unit: RMB

Item	Closing balance	Opening balance
Equity repurchase obligation	172,792,328.77	

### 35. Deferred income

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance	Reason
Government subsidies related to assets	962,614,159.29	542,975,123.23	138,422,960.79	1,367,166,321.73	See Note XI of this Section
Government subsidies related to income	659,380.50		344,024.63	315,355.87	See Note XI of this Section
VAT deduction	31,701,456.17	66,457,515.82	82,873,868.52	15,285,103.47	
Total	994,974,995.96	609,432,639.05	221,640,853.94	1,382,766,781.07	--

### 36. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Government support for lithium battery separator project (Note 1)		455,517,694.55
Investment in lithium battery separator project (Note 2)		86,000,000.00
R&D project subsidy for lithium battery separator		700,000.00
Project subsidy for high-safety & high-reliability lithium batteries and high-strength separators for energy electronics applications (Note 3)		22,000,000.00
Investment subsidy for aseptic packaging production project (Note 4)	18,600,000.00	
Investment subsidy for the Hungarian factory (Note 5)	244,204,248.10	
Total	262,804,248.10	564,217,694.55

Other explanations:

Note 1: Jiangxi Tonry New Energy Technology Development Co., Ltd., a third-level subsidiary of the Company, has built a production base of lithium-ion separator in Gao'an City, Yichun City, Jiangxi Province, with policy support from the local government. According to the relevant provisions of the investment agreement, the government borrows money in advance to pay for the purchase of equipment. When each lithium-ion film production line is put into use, the equipment subsidy shall be recognized in batches according to the corresponding proportion of the value of the imported equipment of the production line that has been put into operation.

Note 2: Chongqing Energy New Material Technology Co., Ltd., a third-level subsidiary of the Company, has built a production line base of high-performance lithium-ion battery micropore separator in Changshou Economic and Technological Development Zone, Chongqing City, with policy support from the local government. According to the relevant provisions of the investment agreement, the government grants infrastructure construction industry development funds in the form of a government subsidy, and after the commitment of the investment agreement is fulfilled, the subsidy shall be recognized in batches as the plant and equipment subsidy according to the corresponding proportion of the value of the plant and equipment.

Note 3: Chongqing Energy Newmi Technological Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., and Suzhou GreenPower New Energy Materials Co., Ltd., which are the third-level subsidiaries of the Company, constructed the joint venture with Suzhou RS Technology Co., Ltd. and Hubei Eve Power Co., Ltd., to jointly participate in implementation of the key tasks recommended by the Chongqing Economic and Information Technology Commission for high-safety & high-reliability lithium batteries and high-strength separators for energy electronics applications. According to the project contract, the Electronic Information Department of the Ministry of Industry and Information Technology conducts assessments based on the annual progress and achievement of goals of the consortium, and issues funds according to the financial fund plan. The proposed approval of fiscal funds shall not exceed 30% of the total project investment, and the amount of fiscal funds to be disbursed shall be determined based on the final acceptance assessment.

Note 4: Hongchuang Packaging (Anhui) Co., Ltd., a third-level subsidiary of the Company, constructed the Hongchuang aseptic packaging production base project in Ma An Shan City, Anhui Province, with policy support from the local government. According to the relevant provisions of the investment agreement, an initial government subsidy is provided for fixed asset investment. After the commitments in the investment agreement are fulfilled, the project company will receive fixed asset investment subsidies in batches.

Note 5: SEMCORP Hungary Kft., a third-level subsidiary of the Company, has built a factory in Hungary, with policy support from the local government. An initial subsidy for the factory investment is provided by the government in the form of a grant.

### 37. Share capital

Unit: RMB

	Opening balance	Increase or decrease (+, -)					Closing balance
		New issues	Bonus issuance	Conversion of reserve into share	Others	Subtotal	

Total amount of shares	977,754,217.00	2,791.00			-6,477,852.00	-6,475,061.00	971,279,156.00
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Other explanations:

1. See “I. Basic information of the Company” of this Section. The convertible bonds publicly issued by the Company entered the share transfer period on August 17, 2020. As of December 31, 2024, the Company’s share capital increased by RMB2,791.00 due to the share transfer.

2. See “I. Basic information of the Company” of this Section. The Company repurchased and cancelled the restricted shares of RMB572,755.00.

3. See “I. Basic information of the Company” of this Section. The Company repurchased and cancelled the stocks of RMB5,905,097.00.

### 38. Other equity instruments

#### (1) Outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Under the *Approval of the Issuance of Convertible Corporate Bonds by Yunnan Energy New Material Co., Ltd.* (Zheng Jian Xu Ke [2019] No. 2701) issued by the China Securities Regulatory Commission, the Company publicly issued 16 million convertible corporate bonds on February 11, 2020, which was calculated as the value of the debt instruments of the convertible corporate bonds was RMB1,408,703,126.08, and the value of the equity instruments was RMB177,419,515.43 by referring to the interest rates of the credit bonds of similar enterprises with AA credit rating and similar maturities in the market and deducting the bond issuance expenses.

#### (2) Table of changes in outstanding preferred shares, perpetual bonds and other financial instruments as at the end of the Reporting Period

Unit: RMB

Outstanding financial instruments	At the beginning of the period		Increase for the period		Decrease for the period		At the end of the period	
	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value	Number of shares	Book value
Equity instrument of convertible corporate bonds		50,242,778.32				20,758.07		50,222,020.25
Total		50,242,778.32				20,758.07		50,222,020.25

#### (3) Explanations on changes in other financial instruments and reasons thereof as at the end of the Reporting Period, and basis for related accounting treatment

In 2024, the Company’s “Energy Convertible Bonds” decreased by RMB187,200.00 (1,872.00 bonds) due to the transfer of 2,791.00 shares and reduced the other equity instrument by RMB20,758.07.

### 39. Capital reserve

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium (capital stock premium)	14,963,863,058.16	202,223.94	455,551,281.93	14,508,514,000.17
Other capital reserve	107,091,049.60	31,983,522.94	50,699,435.55	88,375,136.99
Total	15,070,954,107.76	32,185,746.88	506,250,717.48	14,596,889,137.16

Other explanations, including changes and reasons thereof as at the end of the Reporting Period:

1. The capital premium (capital stock premium) increased by RMB202,223.94 for the period, mainly because:

The convertible bonds publicly issued by the Company entered the share transfer period on August 17, 2020. The Company’s capital reserve increased by RMB202,223.94 due to the share transfer.

2. The capital premium (capital stock premium) decreased by RMB455,551,281.93 for the period, mainly because:

(1) The change in the shareholding ratio of the subsidiary Yunnan Hongchuang Packaging Co., Ltd. resulted in a decrease in capital reserve by RMB1,377,915.21.

(2) The repurchase and cancellation of restricted shares by the Company resulted in a decrease in capital reserve by RMB33,724,585.30.

(3) The issuance of new restricted shares by the Company resulted in a decrease in capital reserve by RMB226,110,698.92.

(4) The repurchase and cancellation of shares by the Company resulted in a decrease in capital reserve by RMB194,092,156.55.

(5) The capital reduction by the minority shareholders of the Company’s sub-subsidiary, Jiangxi Enpo New Materials Co., Ltd., resulted in a decrease in capital reserve by RMB245,925.95.

3. The increase of other capital reserves was RMB15,747,813.37 for the period, mainly because:

(1) The Company implemented stock incentive for employees and recognized related expenses for share-based payments, resulting in an increase of RMB15,377,103.56 in other capital reserves.

(2) The subsidiary Yunnan Hongchuang Packaging Co., Ltd. implemented stock incentive for employees and recognized related expenses for share-based payments, resulting in an increase of RMB370,709.80 in other capital reserves.

4. The decrease of other capital reserves was RMB34,463,725.98 for the period, mainly because the Company repurchased the restricted shares, resulting in a decrease of RMB34,463,725.98 in other capital reserves.

#### 40. Treasury stock

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Repurchase and cancellation		199,997,253.55	199,997,253.55	
Equity incentive repurchase	549,976,686.75		349,904,529.36	200,072,157.39
Restricted share repurchase obligation	57,284,985.20	123,793,830.44	43,211,870.66	137,866,944.98
Total	607,261,671.95	323,791,083.99	593,113,653.57	337,939,102.37

#### 41. Other comprehensive income

Unit: RMB

Item	Opening balance	Amount for the current period						Closing balance
		Amount incurred before the income tax in the current period	Less: Amount included into other comprehensive income in the prior period and transferred into the profit and loss in the current period	Less: Amount included into other comprehensive income in the prior period and transferred into the retained earnings in the current period	Less: Income tax expense	After-tax amount attributable to the parent company	After-tax amount attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss	-15,750,000.00	-17,000,000.00			-4,250,000.00	-12,750,000.00		-28,500,000.00
Changes in fair value of other equity instrument investments	-15,750,000.00	-17,000,000.00			-4,250,000.00	-12,750,000.00		-28,500,000.00
II. Other comprehensive income that will be reclassified subsequently to profit or loss	105,661,398.03	-183,743,662.97				-174,960,715.88	-8,782,947.09	-69,299,317.85
Exchange differences from translation of statements denominated in foreign currencies	105,661,398.03	-183,743,662.97				-174,960,715.88	-8,782,947.09	-69,299,317.85
Total other comprehensive income	89,911,398.03	-200,743,662.97			-4,250,000.00	-187,710,715.88	-8,782,947.09	-97,799,317.85

**42. Surplus reserve**

Unit: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	376,444,440.62	22,791,931.34		399,236,371.96
Reserve fund	21,153,681.64			21,153,681.64
Enterprise development fund	1,416,680.73			1,416,680.73
Total	399,014,802.99	22,791,931.34		421,806,734.33

Explanations on surplus reserve, including explanation about the reason of the change: The increase in surplus reserve for the year was due to the provision of 10% of the net profit of the parent company for the year.

**43. Undistributed profit**

Unit: RMB

Item	Current period	Previous period
Undistributed profit before adjustments at the end of the prior period	10,945,879,862.09	9,000,475,751.88
Undistributed profit adjusted at the beginning of the period	10,945,879,862.09	9,000,475,751.88
Add: Net profit attributable to owners of parent company in the current period	-556,317,501.09	2,526,688,570.92
Less: Withdrawal of statutory surplus reserve	22,791,931.34	207,369,959.40
Common share dividends payable	1,499,999,502.12	373,914,501.31
Undistributed profits at the end of the period	8,866,770,927.54	10,945,879,862.09

**44. Operating income and operating cost**

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	cost	Income	Cost
Main businesses	9,815,794,907.87	8,976,180,560.42	11,749,728,885.23	7,486,113,707.42
Other businesses	347,860,885.83	62,565,490.56	292,500,904.07	49,109,748.92
Total	10,163,655,793.70	9,038,746,050.98	12,042,229,789.30	7,535,223,456.34

Whether the lower of the audited net profit before and after deduction of non-recurring gains or losses is negative:

☒ Yes ☐ No

Item	Current year	Deduction details	Previous year	Deduction details
Operating income amount	10,163,655,793.70	--	12,042,229,789.30	--
Total amount of deductions from operating income	347,860,885.83	Mainly material sales and waste material sales	292,500,904.07	Mainly material sales and waste material sales
Percentage of the total amount of deductions from operating income in the operating income	3.42%		2.43%	
I. Income from business unrelated to the main businesses				
1. Income from other businesses than normal operation, such as income realized by leasing fixed assets, intangible assets, packaging materials, sales of materials, exchange between non-monetary assets and materials, operation	347,860,885.83	Mainly material sales and waste material sales	292,500,904.07	Mainly material sales and waste material sales

of entrusted management business, as well as income included in income from main businesses but actually income other than income from the normal operation of the listed company.				
Subtotal of income from business unrelated to the main businesses	347,860,885.83	--	292,500,904.07	--
II. Income with no commercial nature				
Subtotal of income with no commercial nature	0.00	--	0.00	--
Amount of operating income after deductions	9,815,794,907.87	--	11,749,728,885.23	--

Breakdown information of operating income and operating cost:

Unit: RMB

Contract category	Segment 1		Total	
	Operating income	Operating cost	Operating income	Operating cost
Business type	9,815,794,907.87	8,976,180,560.42	9,815,794,907.87	8,976,180,560.42
Including:				
Film products	8,820,269,726.46	8,138,634,785.33	8,820,269,726.46	8,138,634,785.33
Cigarette labels	14,865,512.42	21,424,360.12	14,865,512.42	21,424,360.12
Aseptic packaging	865,382,993.75	662,835,868.81	865,382,993.75	662,835,868.81
Specialty paper	75,937,714.53	65,167,589.32	75,937,714.53	65,167,589.32
Other products	39,338,960.71	88,117,956.84	39,338,960.71	88,117,956.84
By business region	9,815,794,907.87	8,976,180,560.42	9,815,794,907.87	8,976,180,560.42
Including:				
Southwest China	1,311,006,672.90	1,186,202,985.18	1,311,006,672.90	1,186,202,985.18
East China	3,369,474,416.37	3,471,310,224.24	3,369,474,416.37	3,471,310,224.24
North China	182,419,353.00	139,755,440.51	182,419,353.00	139,755,440.51
Southcentral China	2,702,637,349.12	2,789,772,430.68	2,702,637,349.12	2,789,772,430.68
Northwest China	23,338,560.04	21,744,618.99	23,338,560.04	21,744,618.99
Northeast China	23,857,599.47	19,647,713.07	23,857,599.47	19,647,713.07
Overseas region	2,203,060,956.97	1,347,747,147.75	2,203,060,956.97	1,347,747,147.75
Total	9,815,794,907.87	8,976,180,560.42	9,815,794,907.87	8,976,180,560.42

## 45. Taxes and surcharges

Unit: RMB

Item	Amount for current period	Amount for previous period
City maintenance and construction tax	12,061,643.77	11,959,666.52
Education surcharge	10,823,595.22	9,228,982.47
Property tax	44,807,551.79	32,927,258.96
Land using tax	14,868,310.83	11,181,669.21
Vehicle and vessel usage tax	10,451.71	38,704.59
Stamp duty	13,134,014.58	8,354,706.02
Others	566,911.32	1,074,092.67
Total	96,272,479.22	74,765,080.44

**46. Administrative expenses**

Unit: RMB

Item	Amount for current period	Amount for previous period
Employee compensation	280,348,818.55	206,470,581.73
Share-based payment	-13,025,775.09	12,760,449.61
Depreciation and amortization	88,583,836.72	54,578,336.94
Agencies	138,290,456.03	27,679,857.67
Maintenance costs	5,630,388.12	5,663,215.76
Office expense	10,720,736.92	9,921,970.42
Travel expense	8,597,919.45	6,423,228.89
Entertainment expense	4,950,886.73	7,546,211.37
Environmental protection fee	18,650,827.87	14,810,244.45
Others	57,416,842.84	37,561,391.88
Total	600,164,938.14	383,415,488.72

**47. Selling expense**

Unit: RMB

Item	Amount for current period	Amount for previous period
Employee compensation	31,752,574.37	28,291,192.38
Sales agency expense	75,057,202.88	32,042,254.73
Depreciation and amortization	10,969,864.76	10,385,360.44
Entertainment expense	7,380,162.90	5,312,208.11
Travel expense	4,788,870.86	4,564,811.36
Share-based payment	1,618,519.39	590,797.55
Others	13,696,212.10	8,152,109.88
Total	145,263,407.26	89,338,734.45

**48. R&D expenses**

Unit: RMB

Item	Amount for current period	Amount for previous period
Material costs	212,097,316.60	345,485,094.08
Employee compensation	271,854,330.56	214,976,253.76
Depreciation and amortization	56,020,419.29	41,886,506.67
Energy consumption costs	80,684,132.22	63,170,087.39
Others	42,186,981.02	61,963,059.77
Total	662,843,179.69	727,481,001.67

**49. Financial expenses**

Unit: RMB

Item	Amount for current period	Amount for previous period
Interest expenses	353,090,934.03	376,997,402.81
Interest income	-61,700,514.83	-84,200,436.11
Net exchange loss	15,310,920.82	-62,517,076.68
Bank charges	7,562,273.87	8,359,787.06
Total	314,263,613.89	238,639,677.08

Other explanations: The capitalized interest amount was included in the inventory and construction in progress. The capitalization rate used for calculating and determining the capitalized borrowing expense amount was 2.40%-3.33% (compared to 3.05%-4.47%)

used in the previous period)

## 50. Other income

Unit: RMB

Sources of other income	Amount for current period	Amount for previous period
Government subsidy	221,599,426.46	170,294,191.72
Personal income tax withholding fee	461,445.22	589,416.97
Additional deduction of input tax	83,034,083.97	36,168,201.97
Tax incentives for independent entrepreneurship	944,871.26	2,068,401.09
Total	306,039,826.91	209,120,211.75

Other explanations: Government subsidy is detailed in Note XI – “Government subsidy” under this Section.

## 51. Investment income

Unit: RMB

Item	Amount for current period	Amount for previous period
Gain from long-term equity investments under the equity method	1,347,859.55	1,351,086.12
Investment income from disposal of long-term equity investments	-59,743.89	
Investment income from disposal of financial assets held for trading	-15,436,640.64	7,906,094.29
Proceeds from wealth management products	27,410,362.50	29,064,274.85
Investment income from derecognition of financial assets at amortized cost	-13,173,229.23	-21,537,307.12
Investment income from disposal of financial assets at amortized cost through the current profits or losses	1,324,200.00	
Total	1,412,808.29	16,784,148.14

Other explanations:

## 52. Credit impairment losses

Unit: RMB

Item	Amount for current period	Amount for previous period
Bad debt losses on notes receivable	6,124,630.20	9,002,433.59
Bad debt losses on accounts receivable	1,256,441.23	-12,674,580.15
Bad debt losses on other receivables	-14,288.61	-200,364.05
Total	7,366,782.82	-3,872,510.61

## 53. Asset impairment losses

Unit: RMB

Item	Amount for current period	Amount for previous period
I. Inventory depreciation losses and contract performance cost impairment losses	-456,866,962.99	-186,376,180.23
VI. Construction in progress impairment losses	-4,229,530.67	
X. Goodwill impairment losses	-1,125,126.29	
Total	-462,221,619.95	-186,376,180.23

**54. Gains on disposal of assets**

Unit: RMB

Source	Amount for current period	Amount for previous period
Gains or losses from disposal of fixed assets not classified as those held for sale, construction in progress, productive bio-assets and intangible assets	2,755,562.94	204,866.12
Including: Fixed assets	2,755,562.94	204,866.12
Total	2,755,562.94	204,866.12

**55. Non-operating income**

Unit: RMB

Item	Amount for current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Accepting donations	52,000.00	26,000.00	52,000.00
Default compensation receipt	719,483.46	354,106.48	719,483.46
Payments that do not need to be made upon approval	1,492,605.45	1,019,939.10	1,492,605.45
Others	3,209,157.05	1,116,185.56	3,209,157.05
Total	5,473,245.96	2,516,231.14	5,473,245.96

**56. Non-operating expenses**

Unit: RMB

Item	Amount for current period	Amount for previous period	Amount of non-recurring gain or loss included in the current period
Donation	843,660.42	645,413.15	843,660.42
Abandonment losses of non-current assets	3,332,501.62	2,840,110.13	3,332,501.62
Others	7,554,227.95	1,915,066.99	7,554,227.95
Total	11,730,389.99	5,400,590.27	11,730,389.99

**57. Income tax expense****(1) Table of income tax expenses**

Unit: RMB

Item	Amount for current period	Amount for previous period
Current income tax expenses	296,309,291.77	416,385,943.32
Deferred income tax expenses	-481,213,791.10	-40,257,819.24
Total	-184,904,499.33	376,128,124.08

**(2) Adjustment process of accounting profit and income tax expense**

Unit: RMB

Item	Amount for current period
------	---------------------------

Total profit	-844,801,658.50
Income tax expenses calculated based on the statutory/applicable tax rates	-211,230,629.08
Impact of different tax rates applied to subsidiaries	109,543,708.03
Impact of adjusting income tax in previous periods	15,941,931.86
Impact of non-deductible cost, expense and loss	2,910,363.32
Impact of the use of the deductible losses of the deferred income tax assets not recognized in the previous periods	-888,103.77
Impact of deductible temporary differences or deductible losses of the deferred income tax assets not recognized in the current period	5,039,897.43
R&D expenses plus deduction	-101,035,756.45
Allowed credit for investment in special equipment	-1,049,941.37
Changes in the balance of deferred tax assets/liabilities at the beginning of the period from tax rate adjustments	-4,946,937.79
Others	810,968.49
Income tax expenses	-184,904,499.33

Other explanations:

## 58. Other comprehensive income

For details, please see Note VII-41. “Other comprehensive income” under this Section.

## 59. Items of cash flow statement

### (1) Cash receipts related to operating activities

Other cash receipts related to operating activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Interest income	60,737,542.17	83,263,325.15
Subsidy income	434,555,563.04	332,690,039.01
Recovered deposit	32,336,723.67	23,568,900.61
Petty cash receipts	1,164,957.00	1,439,058.27
Other accounts current	1,105,574.42	16,292,885.44
Income from penalty and liquidated damages	719,483.46	
Others	3,261,157.05	1,496,292.04
Total	533,881,000.81	458,750,500.52

Description of other cash receipts related to operating activities:

Other cash payments related to operating activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Deposit payment	171,384,771.65	252,595,453.94
Payments for other accounts current	15,886,246.40	2,381,661.10
Administrative expenses and R&D expenses	357,674,317.95	219,285,376.85
Operating expenses	96,576,091.88	49,819,589.40
Service charge	7,562,273.87	8,359,787.06
Penalty expenditure	6,197,090.59	
Donation expenditure	843,660.42	645,413.15
Petty cash payments	414,124.58	2,612,486.97

Others	1,357,137.35	1,915,066.99
Total	657,895,714.69	537,614,835.46

Description of other cash payments related to operating activities:

## (2) Cash related to investment activities

Other cash payments related to investment activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Deposit for letter of credit and bill	24,857,122.38	40,991,765.29
Loss on foreign exchange locking	20,306,695.04	
Total	45,163,817.42	40,991,765.29

## (3) Cash related to financing activities

Other cash receipts related to financing activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Fund investment receipts	160,000,000.00	
Total	160,000,000.00	0.00

Other cash payments related to financing activities

Unit: RMB

Item	Amount for current period	Amount for previous period
Forfeiting business deposit	672,587,862.20	777,800,000.00
Lease payment	1,601,902.98	1,375,995.60
Share repurchase	199,997,253.55	549,976,686.75
Restricted stock repurchase	36,518,711.91	5,732,126.20
Total	910,705,730.64	1,334,884,808.55

Changes in liabilities arising from financing activities

☒Applicable ☐Not applicable

Unit: RMB

Item	Opening balance	Increase for the period		Decrease for the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Short-term borrowings	7,290,694,906.27	11,417,182,353.68	151,827,721.32	9,635,313,700.49	1,087,493,318.28	8,136,897,962.50
Long-term borrowings	5,773,423,974.25	2,314,504,342.00	192,938,704.00	1,547,096,889.09		6,733,770,131.16
Bonds payable	441,970,853.72		12,669,879.06	6,796,021.50	189,163.80	447,655,547.48
Long-term accounts payable		160,000,000.00	12,792,328.77			172,792,328.77
Lease liabilities	1,558,659.48		1,614,199.80	1,601,902.98	561,351.11	1,009,605.19
Total	13,507,648,393.72	13,891,686,695.68	371,842,832.95	11,190,808,514.06	1,088,243,833.19	15,492,125,575.10

**60. Supplementary information of cashflow statement****(1) Supplementary information of cash flow statement**

Unit: RMB

Supplementary information	Amount for the current period	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	-659,897,159.17	2,650,214,402.56
Add: Provision of impairment of assets	462,221,619.95	186,376,180.23
Provision for credit impairment	-7,366,782.82	3,872,510.61
Depreciation of fixed assets, depreciation of investment real estate, depreciation of oil and gas assets, and depreciation of productive biological assets	1,761,236,323.30	1,448,870,122.29
Depreciation of right-of-use assets	1,618,716.33	1,539,070.83
Amortization of intangible assets	32,270,899.40	28,503,276.98
Amortization of long-term deferred expenses	1,090,006.19	793,491.24
Losses from disposal of fixed assets, intangible assets, and other long-term assets (gain is indicated with "-")	-2,755,562.94	-204,866.12
Losses from scrapping of fixed assets (gain is indicated with "-")	3,332,501.62	2,840,110.13
Losses from change of fair value (gain is indicated with "-")		
Financial expenses (gain is indicated with "-")	387,091,376.86	332,671,324.28
Investment losses (gain is indicated with "-")	-1,412,808.29	-16,784,148.14
Decrease in deferred income tax assets (increase is indicated with "-")	-199,626,820.57	-117,330,364.97
Increase in deferred income tax liabilities (decrease is indicated with "-")	-281,817,774.64	71,572,545.73
Decrease in inventory (increase is indicated with "-")	-419,334,904.17	-723,444,795.06
Decrease in operating receivables (increase is indicated with "-")	-1,008,250,349.46	-2,526,548,835.52
Increase in operating payables (decrease is indicated with "-")	1,110,332,472.51	1,300,453,267.13
Others	-20,482,699.00	24,059,967.12
Net cash flows from operating activities	1,158,249,055.10	2,667,453,259.32
2. Significant investment and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,733,460,483.14	2,789,034,001.85
Less: Opening balance of cash	2,789,034,001.85	2,972,056,126.01
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-1,055,573,518.71	-183,022,124.16

Explanations: The bank acceptance bills received by the Company for sales of goods were endorsed and transferred at an amount of RMB3,752,688,284.64.

## (2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,733,460,483.14	2,789,034,001.85
Including: Cash on hand	92,218.87	53,243.07
Cash at bank that can be readily drawn on demand	1,733,368,264.27	2,788,980,758.78
III. Closing balance of the cash and cash equivalents	1,733,460,483.14	2,789,034,001.85

## (3) Monetary funds not included in the cash and cash equivalents

Unit: RMB

Item	Amount for the current period	Amount for the previous period	Reason for it not to be included in the cash and cash equivalents
Monetary funds	1,937,438.61	974,465.95	Interest receivable not due
Other monetary funds	838,743,097.78	1,045,522,070.90	Restricted
Total	840,680,536.39	1,046,496,536.85	

Other explanations:

## 61. Monetary items denominated in foreign currencies

### (1) Monetary items denominated in foreign currencies

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of converted RMB
Monetary funds			
Including: USD	26,811,537.21	7.1884	192,732,054.67
Euro	1,165,904.59	7.5257	8,774,248.16
HKD	11.50	0.9261	10.65
JPY	1,526,252,307.94	0.0462	70,537,404.87
HUF	13,255,193,685.67	0.0185	245,221,083.18
Accounts receivable			
Including: USD	89,524,437.92	7.1884	643,537,469.81
Euro	849,889.61	7.5257	6,396,014.26
HKD			
JPY	1,342,595,587.76	0.0462	62,027,916.16
Other receivables			
Including: USD	7,391.72	7.1884	53,134.66
Accounts payable			
Including: USD	13,716,830.16	7.1884	98,602,061.98
JPY	5,397,478,715.85	0.0462	249,541,464.84
Euro	330,434.00	7.5257	2,486,747.15

**62. Lease****(1) The Company as the lessor**

☒Applicable ☐Not applicable

The variable lease payments that are not included in the measurement of the lease liabilities

☐Applicable ☒Not applicable

The lease expense of the short-term leases and low-value assets that are simplified in accounting treatment

☐Applicable ☒Not applicable

Information about sale and leaseback transactions

Lease related current profits or losses and cash flows

Item	2024 amount
Interest expense of the lease liabilities	68,970.32
Lease related total cash outflows	1,601,902.98

**VIII. R&D Expenses**

Unit: RMB

Item	Amount for current period	Amount for previous period
Material costs	212,097,316.60	345,485,094.08
Employee compensation	271,854,330.56	214,976,253.76
Depreciation and amortization	56,020,419.29	41,886,506.67
Energy consumption costs	80,684,132.22	63,170,087.39
Others	42,186,981.02	61,963,059.77
Total	662,843,179.69	727,481,001.67
Including: Expensed R&D expenditure	662,843,179.69	727,481,001.67

**IX. Changes in the Consolidation Scope****1. Changes in the consolidation scope for other reasons**

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

During the period, the number of entities included into the consolidated financial statement increased by 3 and decreased by 1, including:

Subsidiaries newly included in the consolidation scope in the current period:

Company name	Reason for change
Shanghai Jiezhixuan New Material Technology Co., Ltd.	New investment
Shanghai Hengjieyuan New Material Technology Co., Ltd.	New investment
SEMCO MALAYSIA SDN. BHD.	New investment

Subsidiary not included in the consolidation scope in the current period:

Company name	Reason for change
Guangdong Energy New Materials Research Institute Co., Ltd.	Cancellation

## X. Interests in Other Entities

### 1. Interests in subsidiaries

#### (1) Constitution of the enterprise group

Unit: RMB unless specified otherwise

Name of subsidiaries	Registered capital	Principal place of business	Place of registration	Nature of business	Shareholding proportion		Method of acquisition
					Direct	Indirect	
Yunnan Dexin Paper Co., Ltd.	138,210,800.00	Yuxi, Yunnan	Yuxi, Yunnan	Paper production and sales	100.00%		Newly established
Yunnan Jiechen Packaging Materials Co., Ltd.	150,000,000.00	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of packaging materials	100.00%		Newly established
Yunnan Hongchuang Packaging Co., Ltd.	153,356,819.00	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of aseptic packaging box	65.49%		Newly established
Hongchuang Packaging (Anhui) Co., Ltd.	300,000,000.00	Ma An Shan, Anhui	Ma An Shan, Anhui	Production and sales of aseptic packaging box		100.00%	Newly established
Yunnan Hongta Plastic Co., Ltd.	330,723,617.77	Yuxi, Yunnan	Yuxi, Yunnan	BOPP film production and sales	100.00%		Newly established
Hongta Plastic (Chengdu) Co., Ltd.	172,581,213.03	Chengdu, Sichuan	Chengdu, Sichuan	BOPP film production and sales		100.00%	Newly established
Yuxi Feiermu Trading Co., Ltd.	39,907,500.00	Yuxi, Yunnan	Yuxi, Yunnan	Trading		100.00%	Newly established
Ningbo Energy New Material Co., Ltd.	10,000,000.00	Ningbo, Zhejiang	Ningbo, Zhejiang	Trading	100.00%		Newly established
Xiamen Energy New Materials Co., Ltd.	1,600,000,000.00	Xiamen, Fujian	Xiamen, Fujian	Production and sales of new materials		100.00%	Newly established
Shanghai Energy New Material Research Co., Ltd.	100,000,000.00	Shanghai	Shanghai	Technical services	100.00%		Newly established
Shanghai Energy New Material Technology Co., Ltd.	389,210,834.00	Shanghai	Shanghai	Production and sales of lithium battery separator	95.22%		Merger of enterprises under common control
Zhuhai Energy New Material Technology Co., Ltd.	1,600,000,000.00	Zhuhai, Guangdong	Zhuhai, Guangdong	Production and sales of lithium battery separator		100.00%	Newly established
Wuxi Energy New Material Technology Co., Ltd.	1,600,000,000.00	Wuxi, Jiangsu	Wuxi, Jiangsu	Production and sales of lithium battery separator		100.00%	Newly established
Jiangxi Tonry New Energy Technology Development Co., Ltd.	1,200,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator		100.00%	Business combination not under the common control
Jiangxi Ruijie New Material Technology Co., Ltd.	8,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of packaging materials		82.00%	Business combination not under the common
Suzhou GreenPower New Energy Materials Co., Ltd.	421,741,780.69	Suzhou, Jiangsu	Suzhou, Jiangsu	Production and sales of lithium battery separator		100.00%	Business combination not under the common
Chongqing Energy Newmi Technological Co., Ltd.	291,000,000.00	Chongqing	Chongqing	Production and sales of lithium battery separator		76.36%	Business combination not under the common

Jiangxi Enpo New Material Co., Ltd.	600,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator		51.00%	Newly established
Jiangxi Energy New Material Technology Co., Ltd.	100,000,000.00	Yichun, Jiangxi	Yichun, Jiangxi	Production and sales of lithium battery separator		100.00%	Newly established
Chongqing Energy New Material Technology Co., Ltd.	1,600,000,000.00	Chongqing	Chongqing	Production and sales of lithium battery separator		100.00%	Newly established
Hainan Energy Investment Co., Ltd.	390,000,000.00	Chengmai County, Hainan Province	Chengmai County, Hainan Province	Investment and technology service		100.00%	Newly established
Chuangxin New Material (Hong Kong) Co., Ltd.	USD 46,000,000.00	Hong Kong	Hong Kong	Trading		100.00%	Newly established
SEMCORP Global Holdings Kft.	USD 12,200.00	Hungary	Hungary	Investment and technology service		100.00%	Newly established
SEMCORP Hungary Kft.	Euro 11,500.00	Hungary	Hungary	Production and sales of lithium battery separator		100.00%	Newly established
SEMCORP Properties Kft.	HUF 3,000,000.00	Hungary	Hungary	Sales of self-owned real estate		100.00%	Newly established
SEMCORP America Inc.	USD 83,000,000.00	USA	USA	Investment and technology services		100.00%	Newly established
SEMCORP Manufacturing USA LLC	USD 82,949,000.00	USA	USA	Production and sales of lithium battery separator		100.00%	Newly established
SEMCO MALAYSIA SDN. BHD.	RM 10,000.00	Malaysia	Malaysia	Production and sales of lithium battery separator		100.00%	Newly established
Jiangsu Energy New Material Technology Co., Ltd.	550,000,000.00	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of lithium battery separator		100.00%	Newly established
Jiangsu Ruijie New Material Technology Co., Ltd.	200,000,000.00	Changzhou, Jiangsu	Changzhou, Jiangsu	Production and sales of packaging materials		100.00%	Newly established
Hunan Energy Frontier New Material Technology Co., Ltd.	20,000,000.00	Changsha, Hunan	Changsha, Hunan	Production and sales of new materials		65.00%	Newly established
Hubei Energy New Material Technology Co., Ltd.	1,600,000,000.00	Jingmen, Hubei	Jingmen, Hubei	Production and sales of new materials		55.00%	Newly established
Jiangsu Sanhe Battery Material Technology Co., Ltd.	100,000,000.00	Liyang, Jiangsu	Liyang, Jiangsu	Production and sales of new materials		51.00%	Newly established
Energy (Zhuhai Economic and Technological Development Zone) New Material Technology Co., Ltd.	5,000,000.00	Zhuhai, Guangdong	Zhuhai, Guangdong	Trading		100.00%	Newly established
Yuxi Energy New Materials Co., Ltd.	500,000,000.00	Yuxi, Yunnan	Yuxi, Yunnan	Production and sales of new materials		100.00%	Newly established
Shanghai Energy Trading Co., Ltd.	30,000,000.00	Shanghai	Shanghai	Trading		100.00%	Newly established
Jiangsu Energy New Material Research Co., Ltd.	200,000,000.00	Changzhou, Jiangsu	Changzhou, Jiangsu	Trading/technology services		100.00%	Newly established
Shanghai Jiezhuiyuan New Material Technology Co., Ltd.	20,000,000.00	Shanghai	Shanghai	Trading		100.00%	Newly established

Shanghai Hengjieyuan New Material Technology Co., Ltd.	5,000,000.00	Shanghai	Shanghai	Trading		100.00%	Newly established
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Explanation of the difference between shareholding ratio in subsidiaries and voting right ratio: Not applicable

## (2) Key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Percentage of shares held by minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to minority shareholders in the current period	Closing balance of minority interests
Shanghai Energy New Material Technology Co., Ltd.	4.78%	-42,030,251.27		493,353,286.72

Explanation of the difference between shareholding ratio in subsidiaries and voting right ratio:

Other explanations:

## (3) Main financial information of key non-wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Energy New Material Technology Co., Ltd.	12,218,748.85 5.22	32,083,618,778.47	44,302,367.63 3.69	26,077,750,162.33	7,002,124,723.97	33,079,874,886.30	13,716,651,194.45	29,701,952,419.55	43,418,603,614.00	24,645,128,994.96	6,453,980,374.27	31,099,109,369.23

Unit: RMB

Name of subsidiaries	Amount for current period				Amount for previous period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shanghai Energy New Material Technology Co., Ltd.	8,616,878,965.47	-976,813,990.69	-1,160,557,653.66	1,143,914,431.56	10,378,457,282.96	2,306,778,425.88	2,410,367,112.20	2,385,389,946.51

Other explanations:

## XI. Government grants

### 1. Liability items relating to government grants

☒ Applicable ☐ Not applicable

Unit: RMB

Item related to accounting	Opening balance	Amount of new grants for the period	Amount recognized in non-operating	Amount transferred to other income	Other changes for the period	Closing balance	Relation with assets/revenue
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			income for the period	for the period			
Deferred income	963,273,539.79	87,457,428.68	0.00	138,766,985.42	455,517,694.55	1,367,481,677.60	
Equipment subsidies of the Gao'an Municipal People's Government	220,122,436.26			66,150,520.74	455,517,694.55	609,489,610.07	Related to assets
Support and incentive payment of the Xishan Economic and Technological Development Zone	276,000,831.59	2,681,806.68		26,432,286.25		252,250,352.02	Related to assets
Subsidies for advanced equipment manufacturing industry development projects	133,870,744.22			14,308,295.40		119,562,448.82	Related to assets
Subsidies for buildings of Jiangsu Energy	44,951,331.93	25,864,850.00		3,164,080.36		67,652,101.57	Related to assets
Subsidies for equipment of Ruijie	35,907,266.17			1,257,893.40		34,649,372.77	Related to assets
Special funds for the development of provincial strategic emerging industries of Wuxi Energy	24,230,769.27			2,307,692.31		21,923,076.96	Related to assets
Subsidies for infrastructure construction	21,449,600.32			1,340,599.92		20,109,000.40	Related to assets
Subsidy with interests of imported equipment for Jiangxi Tonry	19,422,601.48			1,744,839.48		17,677,762.00	Related to assets
Subsidies for buildings of Jiangsu Sanhe		17,928,500.00		601,627.50		17,326,872.50	Related to assets
Support fund for imported equipment industry of Gao'an Municipal People's Government	16,563,344.43			1,545,796.08		15,017,548.35	Related to assets
National import discount for Wuxi Energy	15,790,044.40			1,420,703.10		14,369,341.30	Related to assets
Land subsidy for Jiangsu Sanhe	14,611,043.50			299,713.68		14,311,329.82	Related to assets
Subsidies for equipment of Jiangsu Energy	15,014,840.07			1,178,719.92		13,836,120.15	Related to assets
Enterprise support funds allocated by Gao'an New World Industrial City Finance Office	14,601,677.92			804,404.76		13,797,273.16	Related to assets
Special funds for the development of provincial strategic emerging industries of Jiangsu Energy	11,940,717.21			929,097.00		11,011,620.21	Related to assets
Enterprise development support funds (subsidy for plant construction of	5,978,510.51	3,684,672.00		181,947.66		9,481,234.85	Related to assets

Jiangxi Enpo)							
Suzhou GreenPower Strategic Emerging Industry Cluster Demonstration		9,000,000.00		574,715.04		8,425,284.96	Related to assets
Financial rewards for effective investment by Suzhou GreenPower as an industrial enterprise		8,000,000.00		581,146.41		7,418,853.59	Related to assets
National import discount for Chongqing Energy	7,559,837.88			667,044.48		6,892,793.40	Related to assets
Lithium-ion battery microporous separator production digitalized workshop B of Chongqing Energy	3,947,826.10	3,000,000.00		249,980.01		6,697,846.09	Related to assets
Municipal technological transformation project for high-quality development	7,781,250.00			1,125,000.00		6,656,250.00	Related to assets
Land subsidies granted by the Administrative Committee of Yuxi High- tech Industrial Development Zone for the annual production of 1 billion liquid packaging boxes	7,103,060.09			485,008.44		6,618,051.65	Related to assets
Technological transformation project of the production line of lithium-ion battery separator	6,925,245.34			1,080,781.56		5,844,463.78	Related to assets
High-performance lithium-ion battery separator project with an output of 90 million square meters	8,138,684.40			2,696,405.76		5,442,278.64	Related to assets
Technical transformation funds for Jiangxi Tonry	5,863,187.08			547,251.72		5,315,935.36	Related to assets
Technical transformation guidance funds	5,034,539.25			264,975.72		4,769,563.53	Related to assets
Technological transformation project of the second batch of industrial transformation in 2020	5,550,000.00			900,000.00		4,650,000.00	Related to assets
Special funds for 70,000- ton BOPP projects	4,769,999.97			530,000.00		4,239,999.97	Related to assets
Special fund for the industrial development at the provincial level for Jiangxi Tonry		4,000,000.00		183,502.05		3,816,497.95	Related to assets
Land subsidies for		3,600,000.00		74,503.68		3,525,496.32	Related to

Jiangsu Energy							assets
Provincial-level special funds for high quality development of manufacturing industry for Hubei Energy	394,838.71	3,250,000.00		285,869.76		3,358,968.95	Related to assets
Special fund for the development of small and medium-sized enterprises at the provincial level for Jiangxi Tonry	3,088,060.14			266,127.24		2,821,932.90	Related to assets
Fund for the development of digital economy and digital transformation for Wuxi Energy	2,978,260.87			260,869.57		2,717,391.30	Related to assets
Special funds for basic projects	2,775,640.51			307,692.48		2,467,948.03	Related to assets
Subsidies for equipment of Jiangsu Sanhe		2,399,600.00		42,624.11		2,356,975.89	Related to assets
Special fund for the industrial development at the provincial level for Jiangxi Energy		2,000,000.00		13,775.94		1,986,224.06	Related to assets
Special fund for the development of small and medium-sized enterprises at the provincial level in 2021 by Yuxi Municipal Bureau of Industry and Information Technology	2,096,632.51			142,728.72		1,953,903.79	Related to assets
Boiler upgrading and reconstruction projects	1,968,307.84			196,830.72		1,771,477.12	Related to assets
National import discount for Suzhou GreenPower	1,909,850.64			164,374.77		1,745,475.87	Related to assets
Cable trench subsidy	1,841,667.21			339,999.96		1,501,667.25	Related to assets
National import discount for Jiangxi Energy	1,625,684.87			136,981.56		1,488,703.31	Related to assets
Support subsidies of cleaner production for Shanghai Energy	2,875,000.00			1,500,000.00		1,375,000.00	Related to assets
Investment subsidies for high-performance lithium-ion battery microporous separator key project (Phase I) of Chongqing Energy	986,547.10			53,811.60		932,735.50	Related to assets
Core technical know-how for industrialization of Wuxi Energy	968,255.43			76,923.08		891,332.35	Related to assets
VOCs subsidies for project governance of	536,250.00	448,000.00		111,185.64		873,064.36	Related to assets

Hongchuang Packaging							
Key industrial technology innovation project funds of Suzhou	700,000.00					700,000.00	Related to assets
Special funds for basic projects of Jiangxi Tonry	692,308.28			76,922.88		615,385.40	Related to assets
Low-nitrogen transformation project subsidy of the Finance Bureau of Changshou	857,142.88			242,470.32		614,672.56	Related to assets
Highly Environmentally Adaptable Sulfide Electrolyte Materials and Electrolyte Membrane Research and Development Project Subsidy for Hunan Energy		600,000.00				600,000.00	Related to assets
Enterprise development support funds of Wuxi Energy	646,153.73			61,538.47		584,615.26	Related to assets
Subsidies for talent leading of Shanghai Energy	570,212.77			51,063.84		519,148.93	Related to assets
District-level administrative approval pre-intermediary service project of Hubei Energy	443,926.05			11,098.15		432,827.90	Related to assets
Suzhou GreenPower Diaphragm Intelligent Manufacturing Project Based on “5G+Industrial Internet”		500,000.00		75,090.85		424,909.15	Related to assets
Suzhou GreenPower Industrial High-quality Development Policy Project - 5G Construction and Application Project		500,000.00		84,701.64		415,298.36	Related to assets
Special funds for the construction of the Yuxi municipal industrial park in 2017	434,304.80			34,977.60		399,327.20	Related to assets
Funds for the preparation of touring inspection activities in Yichun and centralized commencement and completion activities of major projects in Yichun, allocated by Gao'an New World Industrial City Finance Office	247,786.57			14,720.04		233,066.53	Related to assets
Reward for Suzhou to build an intelligent	263,736.27			65,934.07		197,802.20	Related to assets

demonstration workshop of advanced manufacturing base in 2020							
Subsidies of the Yuxi Municipal Bureau of Finance for the first major technical equipment	301,886.96			113,207.52		188,679.44	Related to assets
National-level subsidy for new energy projects of Shanghai Energy	165,649.39			12,907.79		152,741.60	Related to assets
Subsidies for the renovation of power supporting projects outside the plants in the Jiulong district of the Yuxi High-Tech Development Zone Management Committee	116,666.37			50,000.04		66,666.33	Related to assets
National-level subsidy for new energy projects of Shanghai Energy	659,380.50			344,024.63		315,355.87	Related to income

## 2. Government grants recognized in profit or loss for the period

☒ Applicable ☐ Not applicable

Unit: RMB

Item related to accounting	Amount incurred in the current period	Amount incurred in the previous period
Other income	71,436,581.31	28,818,978.59
Other income	26,432,286.25	22,463,447.44
Other income	14,308,295.40	14,308,295.40
Other income	5,802,187.32	5,802,187.32
Other income	13,000,000.00	
Other income	12,300,000.00	24,252,700.00
Other income	10,595,080.00	300,950.00
Other income	10,000,000.00	
Other income	8,566,400.00	2,400,000.00
Other income	5,330,000.00	
Other income	5,058,500.00	11,897,179.30
Other income		12,854,416.65
Other income		8,136,616.07
Other income/financial expenses	41,882,008.46	40,411,724.11

Other explanations:

## XII. Risks Related to Financial Instruments

### 1. Categories of risks arising from financial instruments

The risks associated with financial instruments of the Company stem from various financial assets and liabilities recognized during operations, including credit risk, liquidity risk, and market risk.

The management objectives and policies for various risks related to financial instruments of the Company are the responsibilities of the management team. The management team is responsible for daily risk management through functional departments (for example, the credit management department of the Company reviews the credit sales transactions on a case-by-case

basis). The internal audit department performs regular audit on risk management controls and procedures, and promptly reports the audit results to the audit committee.

The overall goal of the Company's risk management is to develop risk management policies that minimize various risks related to financial instruments without excessively affecting the Company's competitiveness and adaptability.

#### **A. Credit risk**

Credit risk refers to the risk that one party of a financial instrument fails to fulfill its obligations, resulting in financial losses for the other party. The credit risk of the Company mainly arises from monetary funds, accounts receivable, accounts receivable financing, other receivables, etc. The credit risk of these financial assets originates from counterparty defaults, and the maximum risk exposure is equal to the carrying amount of these instruments.

The Company's monetary funds are mainly deposited in financial institutions such as commercial banks. The Company believes that these commercial banks have high creditworthiness and asset status, and low credit risk as a result thereof.

For notes receivable, accounts receivable, accounts receivable financing, and other receivables, the Company has established relevant policies to control the credit risk exposure. The Company evaluates customers' credit qualifications and sets corresponding credit periods based on their financial status, possibility of obtaining guarantees from third parties, credit records, and other factors such as current market conditions. The Company will monitor customer credit records on a regular basis. For customers with poor credit records, the Company will use written reminders, shorten credit periods, or cancel credit periods to ensure that its overall credit risk is within a controllable range.

##### **(1) Judgment criteria for significant increase in credit risk**

The Company assesses on each balance sheet date whether the credit risk of relevant financial instruments has significantly increased since initial recognition. When determining whether credit risk has significantly increased since initial recognition, the Company considers obtaining reasonable and evidence-based information without unnecessary additional costs or efforts, including qualitative and quantitative analysis based on the Company's historical data, external credit risk ratings, and forward-looking information. The Company identifies the changes in the expected default risk of financial instruments during their expected lifespan, based on individual financial instruments or a combination of financial instruments with similar credit risk characteristics, and by comparing the risk of default of financial instruments on the balance sheet date with that on the initial recognition date.

When one or more of the following quantitative or qualitative criteria are triggered, the Company considers that the credit risk of financial instruments has significantly increased: the quantitative criterion is mainly that the probability of default during the remaining existence period on the reporting date has increased by more than a certain proportion compared to the initial recognition, and the qualitative criteria include significant adverse changes in the business or financial position of the main debtors, a list of customers for early warning, etc.

##### **(2) Definition of credit impaired assets**

To determine whether credit impairment has occurred, the Company adopts the defining standards that are aligned with the internal credit risk management objectives for relevant financial instruments, while considering quantitative and qualitative indicators.

When evaluating whether a debtor has experienced credit impairment, the Company mainly considers the following factors: the issuer or debtor experiences significant financial difficulties; the debtor violates the contract by, for example, defaulting or delaying the payment of interest or principal; a creditor, due to economic or contractual considerations related to the debtor's financial difficulties, makes concessions that the debtor would not make under any other circumstances; the debtor is likely to go bankrupt or undergo other financial restructuring; the financial difficulties of the issuer or debtor result in the disappearance of the active market for financial assets; and a financial asset is purchased or generated at a significant discount that reflects the fact of credit loss.

Credit impairment of financial assets may be caused by the combined effect of multiple events, and may not necessarily be caused by individually identifiable events.

##### **(3) Parameters for measuring expected credit losses**

Based on whether there has been a significant increase in credit risk and whether credit impairment has occurred, the Company measures impairment provisions for different assets with expected credit losses over 12 months or the entire lifespan. The key parameters for measuring expected credit losses include default probability, default loss rate, and default risk exposure. The Company considers quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantee methods and collateral types, and repayment methods) to establish the default probability, default loss rate, and default risk exposure models.

The relevant definitions are as follows:

Default probability refers to the likelihood that the debtor will be unable to fulfill its payment obligations in the next 12 months or throughout the remaining period of existence.

Default loss rate refers to the expected degree of loss incurred by the Company in response to default risk exposure. Default loss rate varies depending on the type of counterparty, the method and priority of recourse, and the different collateral. Default loss rate is the percentage of risk exposure loss at the time of default, calculated based on the next 12 months or the entire duration.

Default risk exposure refers to the amount that the Company should be paid in the next 12 months or throughout the remaining period of existence when a default occurs. The assessment of significantly increased credit risk from forward-looking information and the calculation of expected credit losses both involve forward-looking information. The Company identifies key economic indicators that affect credit risk and expected credit losses for various business types through historical data analysis.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company has not provided any other guarantees that may expose us to credit risk.

Among the accounts receivable of the Company, the accounts receivable of the top five customers account for 42.93% of the total (compared to 42.67% for the previous period). Among the Company's other receivables, the top five companies with outstanding amounts account for 51.17% of the total (compared to 48.29% for the previous period).

#### **B. Liquidity risk**

Liquidity risk refers to the risk of a shortage of funds when an enterprise fulfills its obligation to settle by delivering cash or other financial assets. The Company is responsible for the overall cash management of various subsidiaries under it, including short-term investments of cash surplus and loans to meet expected cash needs. The Company's policy is to regularly monitor short-term

and long-term liquidity needs, as well as compliance with loan agreements, to ensure the sufficient cash reserves and marketable securities available for immediate realization.

As of December 31, 2024, the maturity dates of the Company's financial liabilities are as follows:

Item	December 31, 2024	
	Less than 1 year	1-5 years
Short-term borrowings	8,136,897,962.50	
Notes payable	514,689,404.62	
Accounts payable	2,009,858,521.55	
Other payables	212,623,069.42	
Long-term payables		172,792,328.77
Long-term borrowings	1,663,741,019.86	5,070,029,111.30
Bonds payable	7,403,847.66	440,251,699.82
Lease liabilities	1,009,605.19	
Total	12,546,223,430.80	5,683,073,139.89

(Cont'd)

Item	December 31, 2023	
	Less than 1 year	1-5 years
Short-term borrowings	7,290,694,906.27	
Notes payable	802,933,704.02	
Accounts payable	1,608,309,616.46	
Other payables	244,698,302.33	
Long-term borrowings	1,088,108,156.55	4,685,315,817.70
Bonds payable	6,070,366.96	435,900,486.76
Lease liabilities	1,375,995.60	182,663.88
Total	11,042,191,048.19	5,121,398,968.34

### C. Market risk

#### (1) Foreign exchange risk

The exchange rate risk of the Company mainly comes from foreign currency assets and liabilities held by the Company and its subsidiaries that are not denominated in their functional currency. The Company's exposure to exchange rate risk is mainly related to accounts payable denominated in Japanese yen and US dollars. Except for subsidiaries located in the Hong Kong Special Administrative Region of the People's Republic of China and other overseas areas where HKD, JPY, USD, EUR, RMB, or HUF are used for settlement, the Company's businesses are mainly settled in RMB.

① As of December 31, 2024, the main foreign exchange risk exposures of the Company's various foreign currency asset and liability items are as follows (for reporting purposes, the risk exposure amounts are presented in RMB and converted at the spot exchange rate on the balance sheet date):

Item	December 31, 2024									
	USD		JPY		EUR		HKD		HUF	
	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB
Monetary funds	26,811,537.21	192,732,054.67	1,526,252,307.94	70,537,404.87	1,165,904.59	8,774,248.16	11.5	10.65	13,255,193,685.67	245,221,083.18
Accounts receivable	89,524,437.92	643,537,469.81	1,342,595,587.76	62,027,916.16	849,889.61	6,396,014.26				
Other receivables	7,391.72	53,134.66								
Accounts payable	13,716,830.16	98,602,061.98	5,397,478,715.85	249,541,464.84	330,434.00	2,486,747.15				

(Cont'd)

Item	December 31, 2023									
	USD		JPY		EUR		HKD		HUF	
	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB	Foreign currency	RMB
Monetary funds	24,736,411.72	175,200,583.29	772,807,782.14	38,804,997.16	17,417,685.56	136,889,074.35	9.23	8.36	340,721,456.23	6,965,709.45
Accounts receivable	69,650,072.81	493,310,570.69	1,161,599,532.00	58,327,397.30	499,491.62	3,925,604.54				
Accounts payable	33,900,073.59	240,104,051.22	3,000,000.00	150,639.00	81,063.20	637,091.90				

The Company closely monitors the impact of exchange rate fluctuations on its exchange rate risk. The Company has not taken any measures to mitigate exchange rate risks at present, but the management is responsible for monitoring exchange rate risks and will consider hedging significant exchange rate risks when necessary.

## ② Sensitivity analysis

As of December 31, 2024, assuming all other risk variables remain constant, if RMB appreciates or depreciates by 10% against USD, EUR, JPY, HUF, and HKD, the net profit of the Company for that year will increase or decrease by RMB65.8987 million.

## (2) Interest rate risk

The Company's interest rate risk mainly arises from long-term interest-bearing debts such as bank loans and bonds payable. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportion of fixed rate and floating rate contracts based on the current market environment.

The finance department of the headquarters continuously monitors the level of interest rate. The increase in interest rates will increase the cost of new interest-bearing debts and the interest expenses of the Company's interest-bearing debts with floating interest rates that have not been fully paid, and will have a significant adverse impact on its financial performance, so the management will make timely adjustments based on the latest market conditions.

During the period ending December 31, 2024, if the loan interest rate calculated based on floating rates increases or decreases by 50 basis points with other risk variables remaining constant, the net profit of the Company for that year will decrease or increase by RMB53.6756 million.

# XIII. Disclosure of Fair Value

## 1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Item	Closing fair value			
	Fair value measured at the first level	Fair value measured at the second level	Fair value measured at the third level	Total
I. Continuous fair value measurement	--	--	--	--
(II) Other debt investments			408,092,531.80	408,092,531.80
(III) Other equity instrument investments			78,000,000.00	78,000,000.00
Total liabilities measured at fair value on a continuous basis			486,092,531.80	486,092,531.80
II. Non-continuous fair value measurement	--	--	--	--

For financial instruments traded in an active market, the Company determines their fair value based on their active market quotes, and for financial instruments that are not traded in an active market, the Company uses valuation techniques to determine their fair value. The valuation models used mainly include discounted cash flow model and market comparable company model. The input values of valuation techniques mainly include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, lack of liquidity discounts, etc.

**2. Determination basis of the market price of the item measured using the first-level continuous and non-continuous fair value measurement: None**

**3. Valuation techniques and qualitative and quantitative information on important parameters adopted for the second-level continuous and non-continuous fair value measurement: None**

**4. Valuation techniques and qualitative and quantitative information on important parameters adopted for the third-level continuous and non-continuous fair value measurement**

The receivables financing held by the Company were the bank acceptance bills held by the Company, whose remaining life is short and book value is close to their fair value.

The non-trading equity instruments at fair value through other comprehensive income held by the Company, whose fair value is measured at the third level, are mainly the equity investment projects that are not available for verification by data in observable active markets, for which the financial forecast is made using their own information.

**5. Continuous third-level fair value measurement items, adjustment information between the opening and closing book values and sensitivity analysis of unobservable parameters**

Item	December 31, 2023	Transfer into Level 3	Transfer out of Level 3	Total gains or losses for the period		Purchases, issues, sales and settlements				December 31, 2024	Changes in unrealized gains or losses for the period included in profit or loss for assets held at the end of the Reporting Period
				Charged to profit or loss	Charged to other comprehensive income	Purchase	Issue	Sales	Settlement		
Receivables financing	408,354,641.63					408,092,531.80			408,354,641.63	408,092,531.80	
Investments in other equity instruments	89,000,000.00				-17,000,000.00	6,000,000.00				78,000,000.00	
Total	497,354,641.63				-17,000,000.00	414,092,531.80			408,354,641.63	486,092,531.80	

**6. For the continuous fair value measurement items, if there is a conversion between levels in the current period, describe the reason for the conversion and the policy for determining the time point of the conversion**

This year, the fair value measurement of the Company's financial assets and financial liabilities has not undergone any conversion between the first and second levels, nor has there been any transfer to or from the third level.

**7. Changes in valuation techniques and the cause of changes in the current period**

The fair value valuation techniques of the Company's financial instruments have not changed during this year.

**8. Fair value of financial assets and financial liabilities that are not measured at fair value**

The Company's financial assets and liabilities measured at amortized cost mainly include: monetary funds, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year, long-term borrowings, and bonds payable.

## XIV. Related Parties and Related Party Transactions

### 1. Actual controller of the Company

As of December 31, 2024, the actual controller of the Company was the Paul Xiaoming Lee family. The Paul Xiaoming Lee family held 42.0882% of the Company's shares directly and indirectly. The shareholding of the Paul Xiaoming Lee's family is as follows: family member Paul Xiaoming Lee holds 13.2241% of the shares directly, family member Li Xiaohua holds 7.08% of the shares directly, family member Sherry Lee holds 7.3407% of the shares directly, and family member Jerry Yang Li holds 1.5171% of the shares directly. The family members indirectly hold 12.9262% equity of the Company through Yuxi Heyi Investment Co., Ltd., Yuxi Heli Investment Co., Ltd. and Shanghai Hengzou Enterprise Management Firm (Limited Partnership).

### 2. Subsidiaries of the Company

Please refer to Note X-1. "Interest in subsidiaries" for details about the subsidiaries of the Company.

### 3. Joint ventures and associates of the Company

Information on other associates or joint ventures which have related-party transactions with the Company in the current period or whose related-party transactions with the Company produced balance in previous years is as follows:

Name of joint venture or associate	Relationship with the Company
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	An associate of the Company

### 4. Other related parties

Name of other related party	Relationship with the Company
Yuxi Heli Investment Co., Ltd.	Shareholder
Yuxi Heyi Investment Co., Ltd.	A company controlled by the actual controller
Zhuhai Chenyu New Material Technology Co., Ltd.	A company controlled by the actual controller
Chenyu (Zhuhai Hengqin) New Material Technology Co., Ltd.	A company controlled by the actual controller
Suzhou Jiesheng Technology Co., Ltd.	A company controlled by the actual controller
Suzhou Fuqiang Technology Co., Ltd.	A company controlled by the actual controller
Suzhou Fuqiang Jianeng Machinery Co., Ltd.	A company controlled by the actual controller
Changshu Juxing Machinery Co., Ltd.	A company controlled by the actual controller
Paul Xiaoming Lee	A main member of the actual controller's family
Li Xiaohua	A main member of the actual controller's family
Yan Ma	A main member of the actual controller's family
Yan Yang Hui	A main member of the actual controller's family
Sherry Lee	A main member of the actual controller's family
Jerry Yang Li	A main member of the actual controller's family

Other explanations: In addition to the related parties listed in the table above, other related parties of the Company include: the Company's employee stock ownership platform; other directors, supervisors, senior executives of the Company and their close relatives; as well as enterprises controlled by them or where they serve as directors or senior executives. Other related parties have not engaged in related party transactions with the Company.

### 5. Related party transactions

#### (1) Related party transactions on purchase and sales of goods and rendering and receiving of services

Statement of purchase of goods/acceptance of services

Unit: RMB

Related party	Particulars of related party transaction	Amount for the current period	Approved transaction limit	Whether exceeding the transaction limit	Amount for the previous period
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Purchase of additives	27,786,128.30	40,000,000.00 - 55,000,000.00	No	29,859,590.68
Zhuhai Chenyu New Material Technology Co., Ltd.	Procurement of materials	94,070,099.94	No more than 205,000,000	No	112,972,507.96
Suzhou Jiesheng Technology Co., Ltd. and its subsidiaries	Purchase of equipment and spare parts	430,180,054.32	No more than 659,030,000	No	271,815,892.27

Statement of sales of goods / rendering of services

Unit: RMB

Related party	Particulars of related party transactions	Amount for the current period	Amount for the previous period
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Sales of raw materials	9,520,584.86	8,394,304.54
Zhuhai Chenyu New Material Technology Co., Ltd.	Sales of packaging materials	104,867.27	1,114,800.87

Description of related party transactions on purchase and sales of goods and rendering and receiving of services

**(2) Leases with related parties**

The Company as the lessor:

Unit: RMB

Lessee's name	Type of leased assets	Rental income recognized for the current period	Rental income recognized for the previous period
Yuxi Heli Investment Co., Ltd.	Office	2,285.72	2,285.72
Yuxi Heyi Investment Co., Ltd.	Office	3,027.52	3,077.77
Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	Workshop	22,018.34	22,018.34

The Company as the Lessee: None

**(3) Related party guarantees**

The Company as the guarantor

Unit: RMB

Secured party	Guarantee amount	Commencement date of guarantee	Expiry date of guarantee	Whether the guarantee has been fully fulfilled
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	February 21, 2023	February 21, 2028	No
Zhuhai Energy New Material Technology Co., Ltd.	270,000,000.00	February 7, 2022	February 6, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	July 13, 2023	July 14, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	150,000,000.00	May 29, 2023	May 29, 2026	No

Zhuhai Energy New Material Technology Co., Ltd.	220,000,000.00	December 1, 2023	December 31, 2027	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	January 15, 2024	July 15, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	32,000,000.00	March 1, 2024	March 1, 2027	No
Zhuhai Energy New Material Technology Co., Ltd.	270,967,000.00	April 12, 2024	March 31, 2026	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	April 12, 2024	April 11, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	200,000,000.00	April 24, 2024	April 23, 2029	No
Zhuhai Energy New Material Technology Co., Ltd.	300,000,000.00	April 25, 2024	April 24, 2025	No
Zhuhai Energy New Material Technology Co., Ltd.	356,820,000.00	July 30, 2024	Indefinite period	No
Shanghai Energy New Material Technology Co., Ltd.			July 30, 2025	
Chongqing Energy New Material Technology Co., Ltd.	100,000,000.00	February 23, 2024	February 22, 2027	No
Chongqing Energy New Material Technology Co., Ltd.	80,000,000.00	August 2, 2024	August 1, 2025	No
Chongqing Energy New Material Technology Co., Ltd.	300,000,000.00	November 8, 2024	October 29, 2025	No
Chongqing Energy Newmi Technological Co., Ltd.	100,000,000.00	August 13, 2024	August 12, 2027	No
Chongqing Energy Newmi Technological Co., Ltd.	35,000,000.00	October 24, 2024	October 23, 2025	No
Yunnan Hongta Plastic Co., Ltd.	44,000,000.00	June 11, 2024	Indefinite period	No
Yunnan Hongta Plastic Co., Ltd.	40,000,000.00	November 9, 2020	October 23, 2025	No
Yunnan Hongta Plastic Co., Ltd.	78,000,000.00	November 29, 2021	November 29, 2024	No
Yunnan Hongta Plastic Co., Ltd.	51,650,000.00	May 5, 2022	May 4, 2025	No
Yunnan Hongta Plastic Co., Ltd.	129,000,000.00	July 7, 2023	April 6, 2026	No
Yunnan Hongta Plastic Co., Ltd.	60,000,000.00	July 15, 2023	July 15, 2025	No
Yunnan Hongta Plastic Co., Ltd.	70,000,000.00	January 2, 2024	January 2, 2027	No
Yunnan Hongta Plastic Co., Ltd.	80,000,000.00	January 12, 2024	January 11, 2028	No
Yunnan Hongta Plastic Co., Ltd.	100,000,000.00	April 19, 2024	April 19, 2025	No
Yunnan Hongta Plastic Co., Ltd.	50,000,000.00	November 15, 2024	May 15, 2026	No
Yunnan Hongchuang Packaging Co., Ltd.	66,000,000.00	June 11, 2024	Indefinite period	No
Yunnan Hongchuang Packaging Co., Ltd.	50,000,000.00	February 23, 2022	February 23, 2027	No
Yunnan Hongchuang Packaging Co., Ltd.	162,000,000.00	March 21, 2022	March 20, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	60,000,000.00	September 22, 2023	September 22, 2026	No
Yunnan Hongchuang Packaging Co., Ltd.	90,000,000.00	January 2, 2024	January 2, 2027	No
Yunnan Hongchuang Packaging Co., Ltd.	120,000,000.00	January 15, 2024	January 14, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	7,258,788.30	March 29, 2024	March 28, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	20,000,000.00	January 29, 2024	January 29, 2027	No
Yunnan Hongchuang Packaging Co., Ltd.	130,000,000.00	April 26, 2024	April 26, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	40,000,000.00	April 30, 2024	April 2, 2025	No

Ltd.				
Yunnan Hongchuang Packaging Co., Ltd.	13,667,784.90	August 21, 2024	August 20, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	40,000,000.00	September 29, 2024	September 17, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	100,000,000.00	November 13, 2024	November 13, 2025	No
Yunnan Hongchuang Packaging Co., Ltd.	100,000,000.00	December 26, 2024	December 26, 2027	No
Yunnan Dexin Paper Co., Ltd.	20,000,000.00	January 2, 2024	January 2, 2027	No
Yunnan Dexin Paper Co., Ltd.	10,000,000.00	January 12, 2024	January 11, 2028	No
Yuxi Energy New Materials Co., Ltd.	1,000,000,000.00	March 1, 2023	December 31, 2026	No
Yuxi Energy New Materials Co., Ltd.	800,000,000.00	October 26, 2023	October 25, 2032	No
Yuxi Energy New Materials Co., Ltd.	700,000,000.00	April 10, 2024	April 10, 2027	No
Yuxi Energy New Materials Co., Ltd.	1,000,000,000.00	July 16, 2024	October 30, 2034	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	January 5, 2024	January 4, 2028	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	July 12, 2024	June 16, 2025	No
Wuxi Energy New Material Technology Co., Ltd.	150,000,000.00	August 21, 2024	August 4, 2025	No
Wuxi Energy New Material Technology Co., Ltd.	100,000,000.00	September 24, 2024	September 24, 2029	No
Wuxi Energy New Material Technology Co., Ltd.	200,000,000.00	September 2, 2024	September 1, 2025	No
Suzhou GreenPower New Energy Materials Co., Ltd.	104,000,000.00	March 9, 2022	March 9, 2027	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	December 27, 2023	November 20, 2024	No
Suzhou GreenPower New Energy Materials Co., Ltd.	180,000,000.00	January 9, 2024	January 8, 2029	No
Suzhou GreenPower New Energy Materials Co., Ltd.	140,000,000.00	March 5, 2024	March 5, 2027	No
Suzhou GreenPower New Energy Materials Co., Ltd.	200,000,000.00	November 14, 2024	November 13, 2025	No
Suzhou GreenPower New Energy Materials Co., Ltd.	100,000,000.00	December 10, 2024	December 10, 2029	No
Shanghai Energy New Material Technology Co., Ltd.	856,000,000.00	September 28, 2020	September 27, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	660,000,000.00	February 7, 2022	February 7, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	240,000,000.00	June 5, 2022	June 4, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	46,225,860.00	June 10, 2022	June 10, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	300,000,000.00	August 18, 2022	August 18, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	1,200,000,000.00	August 1, 2023	August 1, 2038	No
Shanghai Energy New Material Technology Co., Ltd.	165,000,000.00	October 27, 2023	October 26, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	500,000,000.00	December 22, 2023	December 21, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	800,000,000.00	March 20, 2024	August 25, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	213,084,000.00	April 16, 2024	April 16, 2027	No

Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	April 18, 2024	April 17, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	April 24, 2024	April 23, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	213,584,910.00	June 24, 2024	Indefinite period	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	June 17, 2024	June 16, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	900,000,000.00	August 9, 2024	August 8, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	196,000,000.00	August 20, 2024	July 22, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	500,000,000.00	August 22, 2024	August 21, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	875,000,000.00	August 27, 2024	July 22, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	209,000,000.00	September 2, 2024	May 31, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	150,000,000.00	September 6, 2024	September 6, 2027	No
Shanghai Energy New Material Technology Co., Ltd.	200,000,000.00	September 11, 2024	September 9, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	546,000,000.00	December 3, 2024	September 22, 2025	No
Shanghai Energy New Material Technology Co., Ltd.	50,000,000.00	December 30, 2024	December 30, 2025	No
Shanghai Energy Trading Co., Ltd.	10,000,000.00	September 20, 2024	September 19, 2027	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	1,500,000,000.00	September 17, 2019	December 31, 2024	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	250,000,000.00	June 25, 2024	June 20, 2025	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	50,000,000.00	June 25, 2024	June 20, 2025	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	200,000,000.00	October 8, 2024	October 7, 2025	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	10,000,000.00	October 9, 2024	September 21, 2026	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	40,000,000.00	October 9, 2024	September 21, 2026	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	135,000,000.00	October 31, 2024	October 30, 2027	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	100,000,000.00	November 11, 2024	November 11, 2025	No
Jiangxi Tonry New Energy Technology Development Co., Ltd.	200,000,000.00	December 2, 2024	December 2nd, 2025	No
Jiangxi Ruijie New Material Technology Co., Ltd.	400,000,000.00	April 12, 2023	April 12th, 2030	No
Jiangxi Enpo New Materials Co., Ltd.	433,500,000.00	April 28, 2024	April 27th, 2032	No
Jiangsu Energy New Material Technology Co., Ltd.	200,000,000.00	November 18, 2024	November 17, 2025	No
Hubei Energy New Material Technology Co., Ltd.	495,000,000.00	May 24, 2023	May 23, 2028	No
Hubei Energy New Material Technology Co., Ltd.	1,650,000,000.00	May 24, 2023	November 21, 2029	No
Hongta Plastic (Chengdu) Co., Ltd.	30,000,000.00	January 12, 2024	January 11th, 2028	No
Hongchuang Packaging (Anhui) Co., Ltd.	210,000,000.00	November 15, 2023	February 1st, 2025	No

Hongchuang Packaging (Anhui) Co., Ltd.	550,000,000.00	July 23, 2024	February 8th, 2030	No
Chuangxin New Material (Hong Kong) Co., Ltd.	101,600,070.00	February 1, 2024	Indefinite period	No
Chuangxin New Material (Hong Kong) Co., Ltd.	1,206,439,000.00	April 12, 2024	Indefinite period	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangsu Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Material Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery Material Technology Co., Ltd., Yuxi Energy New Materials Co., Ltd., Xiamen Energy New Materials Co., Ltd., and Jiangxi Energy New Material Technology Co., Ltd.	2,000,000,000.00	March 1, 2024	December 31, 2025	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangsu Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Material Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Yuxi Energy New Materials Co., Ltd., Xiamen Energy New Materials Co., Ltd., Jiangxi Energy New Material Technology Co., Ltd., and Hongchuang Packaging (Anhui) Co., Ltd.	1,500,000,000.00	April 10, 2024	April 10, 2027	No
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd.,	700,000,000.00	May 6, 2022	April 10, 2026	No

Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangsu Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Material Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery Material Technology Co., Ltd., and Yuxi Energy New Materials Co., Ltd.				
Wuxi Energy New Material Technology Co., Ltd., Jiangxi Tonry New Energy Technology Development Co., Ltd., Suzhou GreenPower New Energy Materials Co., Ltd., Chongqing Energy New Material Technology Co., Ltd., Jiangxi Ruijie New Material Technology Co., Ltd., Jiangsu Energy New Material Technology Co., Ltd., Jiangsu Ruijie New Material Technology Co., Ltd., Jiangxi Enpo New Materials Co., Ltd., Hubei Energy New Material Technology Co., Ltd., Jiangsu Sanhe Battery Material Technology Co., Ltd., Yuxi Energy New Materials Co., Ltd., Xiamen Energy New Materials Co., Ltd., and Jiangxi Energy New Material Technology Co., Ltd.	1,500,000,000.00	April 11, 2022	April 11, 2025	No
Yunnan Hongchuang Packaging Co., Ltd., Shanghai Energy New Material Technology Co., Ltd., Wuxi Energy New Material Technology Co., Ltd., and Jiangsu Energy New Material Technology Co., Ltd.	392,249,000.00	November 30, 2020	May 30, 2028	No

The Company as the secured party: None

#### (4) Remuneration for key management

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Remuneration for key management personnel	7,417,913.45	8,565,304.72

**(5) Other related party transactions****6. Amounts due to and due from related parties****(1) Receivables**

Unit: RMB

Item	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	Zhuhai Chenyu New Material Technology Co., Ltd.			1,294,218.60	11,840.48
Other non-current assets	Changshu Juxing Machinery Co., Ltd.	4,266,962.20		155,840,000.00	
Other non-current assets	Suzhou Fuqiang Jianeng Machinery Co., Ltd.	6,331,858.41		43,734,000.00	
Other non-current assets	Suzhou Jiesheng Technology Co., Ltd.	94,546,169.67			
Dividends receivable	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	1,347,859.55			

**(2) Payables**

Unit: RMB

Item	Related party	Book balance at the end of the Reporting Period	Book balance at the beginning of the Reporting Period
Accounts payable	Chenyu (Zhuhai Hengqin) New Material Technology Co., Ltd.	17,700.00	
Accounts payable	Suzhou Fuqiang Technology Co., Ltd.	2,136,686.00	31,914,852.79
Accounts payable	Suzhou Jiesheng Technology Co., Ltd.		10,751,701.00
Accounts payable	Yuxi Kunshasi Plastic Masterbatch Co., Ltd.	2,401,471.87	7,565,425.22
Accounts payable	Zhuhai Chenyu New Material Technology Co., Ltd.	27,429,230.36	26,867,834.58

**XV. Share-based Payment****1. General information about share-based payment**☒ Applicable ☐ Not applicable

Unit: RMB

Category of grantee	Grant for the period		Exercise for the period		Unlock for the period		Lapse for the period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Sales	915,200.00	19,832,168.00					211,497.00	5,369,082.60
Management	4,264,113.00	87,681,938.67					1,103,394.00	26,839,026.37
R&D	700.00	17,213.00					110,915.00	3,513,167.70
Production	1,289,303.00	24,593,760.77					801,227.00	15,550,616.63
Total	6,469,316.00	132,125,080.44					2,227,033.00	51,271,893.30

Options or other equity instruments outstanding at the end of the period

☒ Applicable ☐ Not applicable

Category of grantee	Options outstanding at the end of the period		Other equity instruments outstanding at the end of the period	
	Range of option exercise price	Remaining contractual term	Range of option exercise price	Remaining contractual term
Sales personnel	RMB265.36 per share	2 months		
Management personnel	RMB265.36 per share	2 months		
R&D personnel	RMB265.36 per share	2 months		
Production personnel	RMB265.36 per share	2 months		

## 2. Information on equity-settled share-based payment

☒ Applicable ☐ Not applicable

Unit: RMB

Determination method of the fair value of equity instruments on the grant date	(1) The fair value of restricted shares is recognized at the closing price on the grant date; (2) The fair value of stock options is recognized by Black-Scholes model
Important parameters of fair value of equity instruments on the grant date	Historical volatility, risk-free return rate, dividend yield
Basis for determining the number of vested equity instruments	On each balance sheet date of lock-up periods, the estimation shall be made according to the latest number of people whose stock options are vested, performance indicators and other follow-up information
Reasons for significant differences between the current estimates and the previous estimates	Nil
Accumulated amount of equity-settled share-based payment included in capital reserve	88,375,136.99
Total expenses recognized for equity-settled share-based payment in the current period	-20,482,699.00

Other explanations:

## 3. Share-based payment for the period

☒ Applicable ☐ Not applicable

Unit: RMB

Category of grantee	Information on equity-settled share-based payment	Information on cash-settled share-based payment
Sales personnel	1,618,519.39	
Management personnel	-13,025,775.09	
R&D personnel	-4,544,946.64	
Production personnel	-4,530,496.66	
Total	-20,482,699.00	

Other explanations:

## XVI. Commitments and Contingencies

### 1. Significant commitments

Significant commitments on the balance sheet date

- (1) Mortgage of assets

As of December 31, 2024, the Company has obtained a bank comprehensive credit line of RMB1.4458568 billion with the mortgage of fixed assets property, plant, machinery and equipment, intangible asset land use right and construction in progress. See Note VII 21 for details.

(2) Pledge of assets

As of December 31, 2024, the Company obtained a bank loan of RMB565.8750 million by pledging certificate of deposit, and 100% equity interest in its sub-subsidiary Suzhou GreenPower New Energy Materials Co., Ltd. See Notes VII 21, 22 and 31 for details.

## 2. Contingencies

### (1) Significant contingencies on the balance sheet date

As at December 31, 2024, the Company had no important contingencies to disclose.

### (2) If the Company had no important contingencies to disclose, it is also required to specify it

The Company had no important contingencies to disclose.

## XVII. Events Subsequent to the Balance Sheet Date

### 1. Details of other events subsequent to the balance sheet date

As at April 22, 2025 (Board's approved report date), the Company had no events subsequent to the balance sheet date to disclose.

## XVIII. Other Significant Events

### 1. Segment information

#### (1) Determination basis and accounting policy of reporting segments

The Company classifies its businesses into two reporting segments based on its internal organizational structure, management requirements and internal reporting system. These reporting segments are determined based on the financial information as required under the Company's daily internal management. The Company's management level regularly evaluates these reporting segments in terms of their operating results, in order to decide the resources to allocate to them and evaluate their performance.

The Company's reporting segments include:

①Lithium battery separator business segment: It is responsible for production and sale of lithium battery separator, which product is mainly used for EV battery and 3C product battery production;

②BOPP film business segment: This product is mainly used for outer packaging for cigarette box, food and other products.

The segment reporting information should be disclosed in line with the accounting policies and measurement standards used by respective segment for reporting to the management. These accounting policies and measurement basis should be consistent with those used for preparing the financial statements.

#### (2) Financial information of the reporting segment

Unit: RMB

Item	Lithium battery separator film business segment	BOPP film business segment	Others	Elimination	Total
Operating income	861,687.90	58,371.33	103,024.29	-6,717.94	1,016,365.58
Including: Income from external trade	861,687.90	58,371.33	96,306.35		1,016,365.58
Income from inter-segment trade			6,717.94	-6,717.94	

Including: Income from main businesses			4,123.52	-4,123.52	
Operating cost	778,689.51	50,618.32	80,337.19	-5,770.41	903,874.61
Including: Cost of main businesses	773,721.25	49,570.68	80,096.54	-5,770.41	897,618.06
Operating expense	188,301.01	4,813.92	-11,781.61	547.44	181,880.76
Operating profit (loss)	-122,488.58	3,699.65	39,389.94	-5,081.18	-84,480.17
Total assets	4,340,733.19	101,807.91	2,137,423.25	-1,923,250.17	4,656,714.18
Total liabilities	3,269,916.19	45,361.11	182,408.02	-1,400,447.84	2,097,237.48

## XIX. Notes to Major Items of Financial Statements of the Parent Company

### 1. Accounts receivable

#### (1) Disclosure by aging

Unit: RMB

Aging	Closing book balance	Opening book balance
Less than 1 year (inclusive)		14,842,420.52
Over 3 years		5,927.37
3 to 4 years		5,927.37
Total	0.00	14,848,347.89

#### (2) Disclosure by provision for bad debt

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage	Amount	Proportion		Amount	Percentage	Amount	Proportion	
Accounts receivable subject to provision for bad debt made on an individual basis						5,390.00	0.04%	5,390.00	100.00%	
Including:										
Accounts receivable subject to provision for bad debt made on a portfolio basis						14,842,957.89	99.96%	816.42	0.01%	14,842,141.47
Including:										
1. Companies not included in the consolidated scope						698,160.59	4.70%	816.42	0.12%	697,344.17
2. Portfolio of related parties included in the consolidated scope						14,144,797.30	95.30%			14,144,797.30
Total	0.00					14,848,347.89	100.00%	6,206.42	0.04%	14,842,141.47

If provision was made for bad debts of accounts receivable in accordance with the general expected credit loss model:

☐Applicable ☒Not applicable

**(3) Provision for bad debts accrued, recovered or reversed during the Reporting Period**

Provision for bad debts during the Reporting Period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reversal	Write-offs	Others	
Provision for bad debts made on an individual basis	5,390.00			5,390.00		
Provision for expected credit loss on a portfolio basis	816.42	-279.05		537.37		
Total	6,206.42	-279.05		5,927.37		

**(4) Accounts receivable actually written off during the Reporting Period**

Unit: RMB

Item	Amount written off
Accounts receivable actually written off	5,927.37

**2. Other receivables**

Unit: RMB

Item	Closing balance	Opening balance
Dividends receivable	786,539,232.73	2,011,040,000.00
Other receivables	12,911,608,164.83	12,121,782,217.29
Total	13,698,147,397.56	14,132,822,217.29

**(1) Dividends receivable****1) Category of dividends receivable**

Unit: RMB

Item (investee)	Closing balance	Opening balance
Yunnan Dexin Paper Co., Ltd.		40,000,000.00
Shanghai Energy New Material Technology Co., Ltd.	666,539,232.73	1,841,040,000.00
Yunnan Hongta Plastic Co., Ltd.	120,000,000.00	130,000,000.00
Total	786,539,232.73	2,011,040,000.00

**(2) Other receivables****1) Other receivables by nature**

Unit: RMB

Nature of amount	Closing book balance	Opening book balance
Capital lending	12,907,906,230.22	12,116,102,707.88

Other	3,870,292.33	5,937,803.88
Total	12,911,776,522.55	12,122,040,511.76

**2) Disclosure by aging**

Unit: RMB

Aging	Closing book balance	Opening book balance
1 years or below	1,563,908,800.83	6,349,115,309.07
1-2 years	5,851,547,826.80	584,822,661.99
2-3 years	382,813,869.07	4,421,873,925.04
Over 3 years	5,113,506,025.85	766,228,615.66
3-4 years	5,113,306,025.85	766,228,615.66
4-5 years	200,000.00	
Total	12,911,776,522.55	12,122,040,511.76

**3) Disclosure by provision for bad debt**

Unit: RMB

Type	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Percentage	Amount	Provision percentage		Amount	Percentage	Amount	Provision percentage	
Including:										
Provision for bad debts made on a portfolio basis	12,911,776,522.55	100.00%	168,357.72	0.00%	12,911,608,164.83	12,122,040,511.76	100.00%	258,294.47	0.00%	12,121,782,217.29
Including:										
1. Companies within the consolidation scope	12,907,906,230.23	99.97%			12,907,906,230.23	12,116,102,707.88	99.95%			12,116,102,707.88
2. Companies not within the consolidation scope	3,870,292.32	0.03%	168,357.72	4.35%	3,701,934.60	5,937,803.88	0.05%	258,294.47	4.35%	5,679,509.41
Total	12,911,776,522.55	100.00%	168,357.72	0.00%	12,911,608,164.83	12,122,040,511.76	100.00%	258,294.47	0.00%	12,121,782,217.29

Provision for bad debts made on a portfolio basis: 1. Companies within the consolidation scope

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision percentage
Stage I	12,907,906,230.23	0.00	0.00%
Total	12,907,906,230.23	0.00	

Provision for bad debts made on a portfolio basis: 2. Companies not within the consolidation scope

Unit: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision percentage
Stage I	3,870,292.32	168,357.72	4.35%

Total	3,870,292.32	168,357.72	
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If provision was made for bad debts in accordance with the general expected credit loss model:

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
Balance on January 1, 2024	258,294.47			258,294.47
Balance on January 1, 2024 for the current period				
Provision for the period	-89,936.75			-89,936.75
Balance on December 31, 2024	168,357.72			168,357.72

Basis of classification of each stage and percentage of provision for bad debts

Movement of book balance of significant change in provision for loss for the period

☐Applicable ☒Not applicable

#### 4) Provision for bad debts accrued, recovered or reversed during the period

Provision for bad debts during the period:

Unit: RMB

Type	Opening balance	Changes in amount for the period				Closing balance
		Provision	Recovery or reversal	Transfer or write-off	Others	
Provision for bad debts made on a portfolio basis	258,294.47	-89,936.75				168,357.72
Total	258,294.47	-89,936.75				168,357.72

#### 5) Top five customers with closing balance of other receivables collected by arrear party

Unit: RMB

Company name	Nature of amount	Closing balance	Aging	As a percentage of total closing balance of other receivables	Closing balance of provision for bad debts
Shanghai Energy New Material Technology Co., Ltd.	Capital lending	5,475,905,150.23	Less than 1 year, 1-2 years	42.41%	
Wuxi Energy New Material Technology Co., Ltd.	Capital lending	3,528,794,296.26	Less than 1 year, 1-2 years, 2-3 years and over 3 years	27.33%	
Jiangxi Tonry New Energy Technology Development Co., Ltd.	Capital lending	2,359,587,873.63	Less than 1 year, 1-2 years, 2-3 years and over 3 years	18.27%	
Jiangsu Energy New Material Technology Co., Ltd.	Capital lending	1,455,078,615.28	Less than 1 year, and 1-2 years,	11.27%	
Jiangsu Ruijie New Material Technology Co., Ltd.	Capital lending	70,956,858.97	Less than 1 year	0.55%	

Total		12,890,322,794.37		99.83%	
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### 3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,971,553,501.90		4,971,553,501.90	4,959,728,962.52		4,959,728,962.52
Total	4,971,553,501.90		4,971,553,501.90	4,959,728,962.52		4,959,728,962.52

#### (2) Investments in subsidiaries

Unit: RMB

Name of investee	Opening balance (book value)	Opening balance of provision for impairment	Increase/Decrease for the period				Closing balance (book value)	Closing balance of provision for impairment
			Increase in investment	Decrease in investment	Provision for impairment	Others		
Yunnan Dexin Paper Co., Ltd.	162,135,598.40						162,135,598.40	
Yunnan Hongta Plastic Co., Ltd.	418,898,313.03						418,898,313.03	
Yunnan Hongchuang Packaging Co., Ltd.	441,809,808.43						441,809,808.43	
Shanghai Energy New Material Technology Co., Ltd.	3,683,485,584.35			2,670,118.00			3,680,815,466.35	
Zhuhai Energy New Material Technology Co., Ltd.	10,264,323.09			3,252,437.91			7,011,885.18	
Jiangxi Tonry New Energy Technology Development Co., Ltd.	9,322,420.92			2,568,423.89			6,753,997.03	
Jiangxi Enpo New Materials Co., Ltd.	428,671.32			245,276.83			183,394.49	
Energy (Zhuhai Economic and Technological Development Zone) New Material Technology Co., Ltd.	6,160,268.61			1,148,218.29			5,012,050.32	
Jiangxi Ruijie New Material Technology Co., Ltd.	3,232,056.72			1,005,064.64			2,226,992.08	
Suzhou GreenPower New Energy Materials Co., Ltd.	11,035,140.82			3,093,298.55			7,941,842.27	
Wuxi Energy New Material Technology Co., Ltd.	15,796,085.82			4,701,519.81			11,094,566.01	
Chongqing Energy Newmi Technological Co., Ltd.	10,821,104.27			2,967,181.03			7,853,923.24	

Chongqing Energy New Material Technology Co., Ltd.	44,233.51			-5,284.52			49,518.03	
Jiangsu Energy New Material Technology Co., Ltd.	295,353.23			-401,887.42			697,240.65	
Shanghai Energy New Materials Research Co., Ltd.	100,000,000.00			-1,968.75			100,001,968.75	
Yunnan Jiechen Packaging Materials Co., Ltd.	86,000,000.00		33,000,000.00				119,000,000.00	
Shanghai En Er Jie Trading Co., Ltd.				-328.13			328.13	
Hubei Energy New Material Technology Co., Ltd.				-65,953.26			65,953.26	
Jiangsu Ruijie New Material Technology Co., Ltd.				-656.25			656.25	
Total	4,959,728,962.52		33,000,000.00	21,175,460.62			4,971,553,501.90	

#### 4. Operating income and operating cost

Unit: RMB

Item	Amount for the current period		Amount for the previous period	
	Income	Cost	Income	Cost
Main businesses	1,257,706.70	1,666,195.21	47,324,192.93	37,369,699.69
Other businesses	3,664,149.86	2,150,884.53	15,791,845.68	12,555,992.03
Total	4,921,856.56	3,817,079.74	63,116,038.61	49,925,691.72

Breakdown information of the operating income and operating cost:

Unit: RMB

Contract category	Segment 1		Total	
	Operating income	Operating cost	Operating income	Operating cost
Business type	1,257,706.70	1,666,195.21	1,257,706.70	1,666,195.21
Including:				
Cigarette label	1,257,706.70	1,666,195.21	1,257,706.70	1,666,195.21
Others				
By business region	1,257,706.70	1,666,195.21	1,257,706.70	1,666,195.21
Including:				
Southwest China	1,092,368.02	1,500,856.53	1,092,368.02	1,500,856.53
Southcentral China	165,338.68	165,338.68	165,338.68	165,338.68
Total	1,257,706.70	1,666,195.21	1,257,706.70	1,666,195.21

#### 5. Investment income

Unit: RMB

Item	Amount for the current period	Amount for the previous period
Gain from long-term equity investment under the cost method	45,000,000.00	1,850,000,000.00

Gain from wealth management products	2,775,000.00	
Total	47,775,000.00	1,850,000,000.00

## 6. Others

## XX. Supplementary Information

### 1. Breakdown of non-recurring gain or loss for the current period

☒Applicable ☐Not applicable

Unit: RMB

Item	Amount	Remarks
Gains and losses from the disposal of non-current assets	-636,682.57	
Government subsidies recognized in current profit or loss (except for those closely related to the Company's normal business and are in line with national policies and in accordance with defined criteria that have a continuing impact on the Company's profit or loss)	86,288,377.95	
Gains or losses from changes in fair value arising from financial assets and financial liabilities held by non-financial corporation, and gains or losses from disposal of financial assets and financial liabilities, excluding the effective hedging business related to the Company's normal business operations	124,692.63	
Reversal of the provisions for impairment of receivables subject to separate impairment test	2,384,991.32	
Non-operating income and expenses other than above-mentioned items	-2,924,642.41	
Other items within the definition of non-recurring gains or losses	461,445.22	
Less: Effect of the income tax	21,424,545.54	
Effect of minority equities (after tax)	7,293,154.24	
Total	56,980,482.36	--

Details of other profit or loss items that fall within the meaning of non-recurring gain or loss:

☐Applicable ☒Not applicable

There was no other profit or loss item of the Company that fall within the meaning of non-recurring gain or loss

The reason for the Company to define 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* as recurring profit or loss items.

☐Applicable ☒Not applicable

### 2. Return on equity and earnings per share

Profit during the Reporting Period	Weighted average return on equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profits attributable to common stockholders of the Company	-2.17%	-0.57	-0.8733
Net profits attributable to common stockholders of the Company after the deduction of non-recurring gains and losses	-2.39%	-0.63	-0.93

### **3. Accounting data differences under Chinese and overseas accounting standards**

**(1) Difference between the net profit and net assets of the financial report disclosed in accordance with the international accounting standards and the Chinese accounting standards**

☐Applicable ☒Not applicable

**(2) Difference between the net profit and net assets of the financial report disclosed in accordance with the overseas accounting standards and the Chinese accounting standards**

☐Applicable ☒Not applicable

**(3) Specifications of the reason for the accounting data difference under Chinese and overseas accounting standards. In the case of any difference adjustment made to any data audited by overseas auditor, the name of this overseas auditor should be specified.**

### **4. Others**