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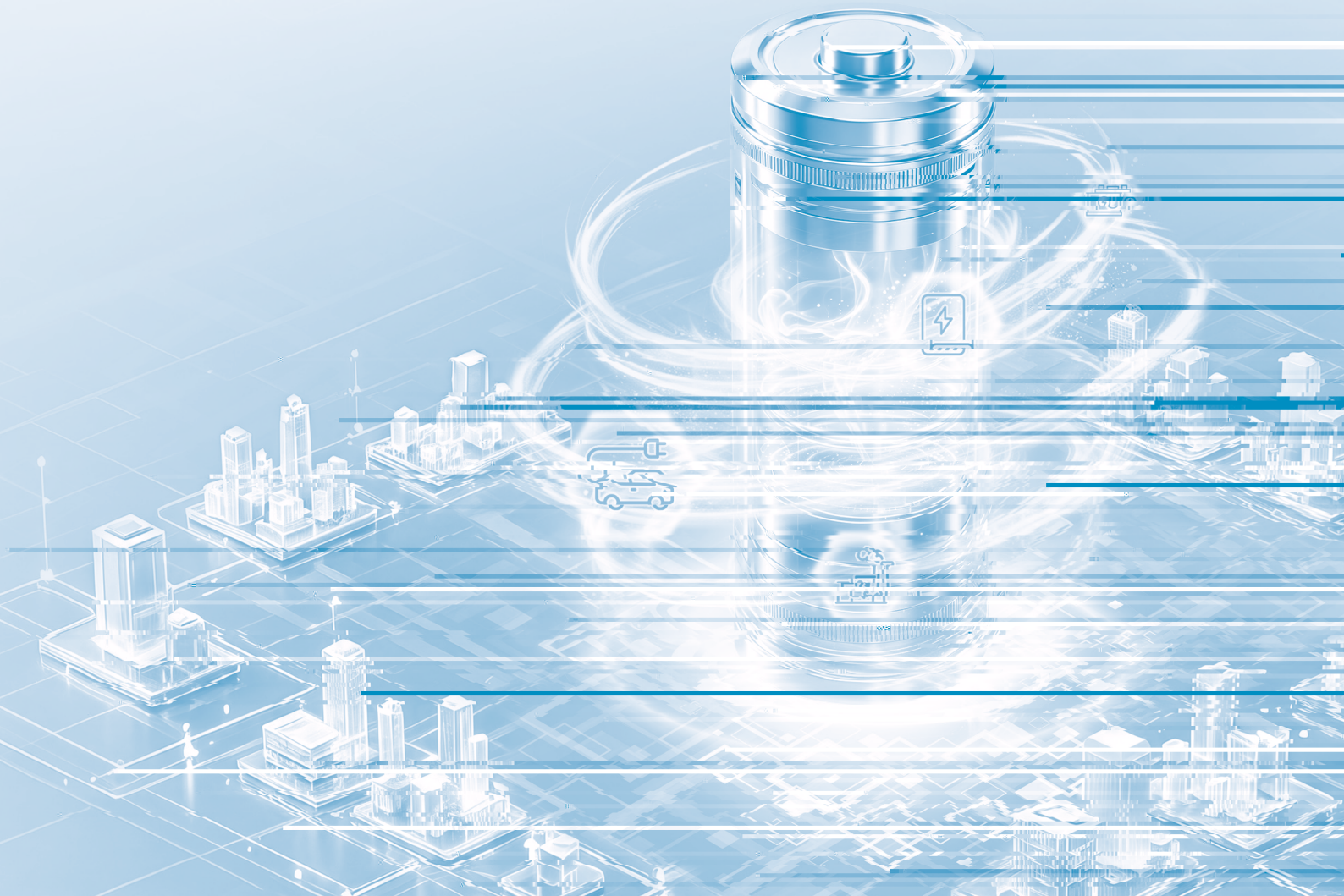
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Definitions

"Group", "our Group", "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong w.A1ars and listed on the Stock Exchange
"Hefei Senior"	Hefei Senior New Energy Materials Co., Ltd. (合肥星源新能源材料有限公司), a contr.A1ed subsidiary of our Company
"HK$" or "Hong Kong w.A1ar's	Hong Kong w.A1ars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"IFRS"	

Definitions

"Prof. Chen"	Prof. Chen Xiufeng (陳秀峰), the founder, executive Director, chairman of the Board and general manager of our Company, and one of our Single Largest Shareholders
"Qingtao"	Qingtao (Kunshan) Energy Development Group Co., Ltd. (清陶(昆山)能源發展集團股份有限公司), a company principally engaged in the R&D, production and sale of solid-state lithium batteries and related materials, and the first high-tech enterprise in the PRC to achieve the industrialisation of solid-state lithium batteries
"Reporting Period"	the period from 1 January 2026 to 30 June 2026
"Restricted Stock(s)"	restricted stock(s) granted under the 2026 Share Incentive Plan (as the case may be)
"RMB or Renminbi"	Renminbi, the lawful currency of China
"Samsung SDI"	Samsung SDI Co., Ltd., a South Korean company founded in 1970, and one of our major customers
"Share Option(s)"	stock option(s) granted under the 2024 Share Incentive Plan
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
"Single Largest Shareholders"	Prof. Chen and Ms. Chen, the Single Largest Shareholders of our Company
"SK On"	SK On Co., Ltd., a company established in 2021 in South Korea, one of our customers
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Sunwoda"	Sunwoda Electronic Co., Ltd. (欣旺達電子股份有限公司), a company established in 1997 in the PRC, and one of our major customers
"Xiamen Hithium"	Xiamen Hithium Energy Storage Technology Co., Ltd. (廈門海辰儲能科技股份有限公司), a company principally engaged in the R&D, production and sale of core lithium battery materials, lithium iron phosphate energy storage batteries and systems, with its products covering generation-side, grid-side and user-side energy storage scenarios
"Zhuhai CosMX"	Zhuhai CosMX Battery Co., Ltd. (珠海冠宇電池股份有限公司) (688772.SH), a company principally engaged in the R&D, manufacturing and sale of polymer lithium-ion batteries
"%"	per cent

Glossary of Technical Terms

Explanations and definitions of certain terms used in this report in connection with our Group's business shall have the meanings set out below. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"casting"	a method for producing thin films by spreading liquid resin, a resin solution, or a dispersion onto a moving carrier (usually a metal belt), curing it by appropriate methods, and then stripping the formed film from the carrier
"characterization"	the analysis, testing, or identification of the chemical properties of a substance using physical or chemical methods, and the elucidation of its chemical characteristics. The properties characterized include elemental composition (chemical constituents), the chemical environment of elements (bonding conditions), the crystal structure of the material, and the surface morphology of the material, etc.
"dry process"	(also known as) the melt-stretching method, which includes uniaxial and biaxial stretching processes. It is a manufacturing process where polyolefin resin is melted and extruded into a crystalline polymer film, then subjected to crystallization treatment and annealing to obtain a highly crystalline structure, followed by further stretching at high temperatures to delaminate the crystal interfaces, forming a porous structure
"extrusion"	(also known as) extrusion moulding or extruding. It is a processing method in which material is continuously pushed forward by the interaction between the extruder barrel and screw, being simultaneously heated and plasticized while being pushed forward by the screw, then continuously passing through the die head to form products or semi-finished products with various cross-sections
"Polyolefin"	Polyolefins, abbreviated as PO, refer to polymers of ethylene, propylene, or higher olefins
"Polyethylene" or "PE"	Polyethylene, abbreviated as PE, is a thermoplastic resin produced by the polymerization of ethylene. It features excellent low-temperature resistance, good chemical stability, low water absorption, and superior electrical insulation properties
"Polypropylene" or "PP"	Polypropylene, abbreviated as PP, is a thermoplastic resin produced by the polymerization of propylene. It features good mechanical properties, high heat resistance, good chemical properties, almost no water absorption, and excellent electrical insulation properties

Glossary of Technical Terms

“pore size” or “pore size distribution”	the shape and size of pores in porous solids are generally regarded as circular, with their size represented by their radius. These pores are typically classified into three categories by size: Micropores with a pore size ≤ 2 nm, mesopores with a pore size in the range of 2-50 nm, and macropores with a pore size ≥ 50 nm. Pore size distribution is often related to the adsorption capacity of adsorbents and the activity of catalysts
“porosity”	the proportion of internal pores within the apparent volume of granular materials, an important parameter that affects the fluid transmission performance in porous media
“separator”, “lithium battery separator” or “lithium-ion battery separator”	one of the key internal components of a lithium-ion battery. Its main function is to separate the positive and negative electrodes of the battery to prevent short circuits caused by contact between the two electrodes, while also allowing electrolyte ions to pass through. Its performance determines the battery’s interface structure, internal resistance, and other characteristics, directly affecting the battery’s capacity, cycle life, and safety performance. A separator with excellent performance plays an important role in improving the overall performance of the battery. Among these, polyolefin separators, primarily made of polyethylene (PE) and polypropylene (PP), can be categorized into single-layer, dual-layer, and multi-layer separators
“stretch”	a method that aligns macromolecular chains in a polymer along the direction of external force, thereby improving the structure and mechanical properties of the polymer. Stretching can be divided into uniaxial stretching and biaxial stretching; the former aligns macromolecular chains in one direction, while the latter aligns them in a planar direction
“wet process”	also known as the thermally induced phase separation (TIPS) method. It is a manufacturing process where liquid hydrocarbons or some high-boiling point small molecular substances are mixed with polyolefin resin as pore-forming agents, heated and melted to form a uniform mixture, and then processed through extrusion, casting, biaxial stretching, extraction, and other steps to produce a microporous membrane with interconnected pores
“Lithium batteries” or “lithium-ion batteries”	rechargeable batteries that operate by the movement of lithium ions between the cathode and anode. Their main components include the lithium-ion battery separator, cathode material, anode material, and electrolyte. They are commonly referred to simply as lithium batteries

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Prof. Chen Xiufeng *(Chairman)*
Dr. ZHANG XIAOMIN
Mr. Xu Liqiang

NON-EXECUTIVE DIRECTOR

Mr. Zhu Bide

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tang Changjiang
Ms. Sun Zhenzhen
Mr. Leung Shu Sun Sunny

AUDIT COMMITTEE

Mr. Leung Shu Sun Sunny *(Chairperson)*
Mr. Zhu Bide
Mr. Tang Changjiang

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Tang Changjiang *(Chairperson)*
Mr. Xu Liqiang
Mr. Leung Shu Sun Sunny

NOMINATION COMMITTEE

Ms. Sun Zhenzhen *(Chairperson)*
Dr. ZHANG XIAOMIN
Mr. Tang Changjiang

STRATEGY AND DEVELOPMENT MANAGEMENT COMMITTEE

Prof. Chen Xiufeng *(Chairperson)*
Mr. Tang Changjiang
Ms. Sun Zhenzhen

JOINT COMPANY SECRETARIES

Mr. Li Sheng
Mr. Chow Tsz Ho *(ACG, HKACG)*

AUTHORISED REPRESENTATIVES

Dr. ZHANG XIAOMIN
Mr. Chow Tsz Ho

REGISTERED OFFICE AND HEADQUARTER

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Gongming Town
Guangming District
Shenzhen, Guangdong
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As to PRC laws:
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(formerly known as Goldlink Capital (Corporate Finance) Limited)
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STOCK CODE

6067

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

The industry in which the Company operates is the lithium-ion battery separator industry, which is a key materials industry prioritized for development in the new energy, new materials and new energy vehicle sectors. According to the industry catalogue and classification principles under the Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange No. 4 – ChiNext Industry Information Disclosure (《深圳證券交易所上市公司自律監管指引第 4 號 — 創業板行業信息披露》) (2023 Revision), the separator industry falls under "New Energy Industry – Business Relating to the Lithium-ion Battery Industry Chain".

Separators fall within a sub-sector of the light industry and, as one of the key materials of batteries, constitute an important part of the battery industry chain. Separators possess favourable mechanical properties, chemical stability and high-temperature shutdown performance, which enable them to isolate the positive and negative electrodes of batteries, allow lithium ions to pass through and prevent battery explosion caused by high temperature. As a result, separators enhance the overall performance of lithium-ion batteries and enable lithium-ion batteries to demonstrate significant advantages over traditional lead-acid and nickel-cadmium batteries in terms of energy density, cycle life, environmental friendliness and safety. Currently, separators are widely used in new energy vehicles, energy storage power stations, electric bicycles, power tools, aerospace, medical and digital electronic products, among other fields.

From a global perspective, the global market share of lithium-ion battery separators was historically dominated by Japan, the United States and South Korea. In recent years, with breakthroughs in separator manufacturing processes and capital investment by domestic enterprises, domestically produced lithium-ion battery separator products have gradually entered overseas markets, while the market shares of separator manufacturers in Japan, the United States and South Korea have declined significantly. In 2025, Chinese enterprises accounted for over 92% of the global separator market share. In recent years, the lithium-ion battery separator industry has developed at a relatively high speed, with significant growth in shipment volume. According to data from research institution ICCSINO Lithium Battery (鑫櫂鋰電), based on the amount of separator required per GWh of lithium-ion battery, global lithium-ion battery production is expected to exceed 7,000 GWh by 2030, and separator shipments will reach 105 billion square meters, of which an estimated 100 billion square meters will be supplied by Chinese enterprises. Chinese enterprises will continue to dominate the supply and technological iteration of the global separator industry. In the first half of 2026, the separator industry emerged from the downcycle characterized by phased overcapacity and intense low-price competition, and entered a new stage of healthy development featuring structural balance between supply and demand and stabilizing and recovering product prices. The downstream iteration and upgrade towards high-end and fast-charging new energy vehicles, together with the dual benefits of the large-scale expansion in the global energy storage market, continued to drive steady growth in global demand for lithium-ion battery separators. In particular, the growth rates of power and energy storage demand in overseas markets significantly outpaced those in the domestic market, becoming a new driving force for the industry's volume expansion and growth.

Management Discussion and Analysis

The Company is one of the earliest enterprises in China engaged in the R&D and manufacturing of separators, holding a leading position in the industry. With over twenty years of technological accumulation, the Company can achieve a balanced overall performance in terms of thickness, pore size, porosity, mechanical properties, thermal shrinkage, and moisture content of its separators. Its separator products consistently meet high international standards, and the Company is one of the mainstream suppliers of mid-to-high-end lithium-ion battery separators globally. The Company has fully mastered the manufacturing technologies for dry process, wet process, and coated separators, possesses independent intellectual property rights for separator micropore forming technology, and has built internationally advanced separator production lines. Simultaneously, the Company has built a technology innovation system centered on “enterprises as the main body, integrating industry, academia, and research”. It continuously refines its separator design, development, and testing platforms. It is committed to building a complete engineering technology development value chain that integrates basic research, process technology research, industrial production development, complete-set equipment design, product performance testing and evaluation, as well as market

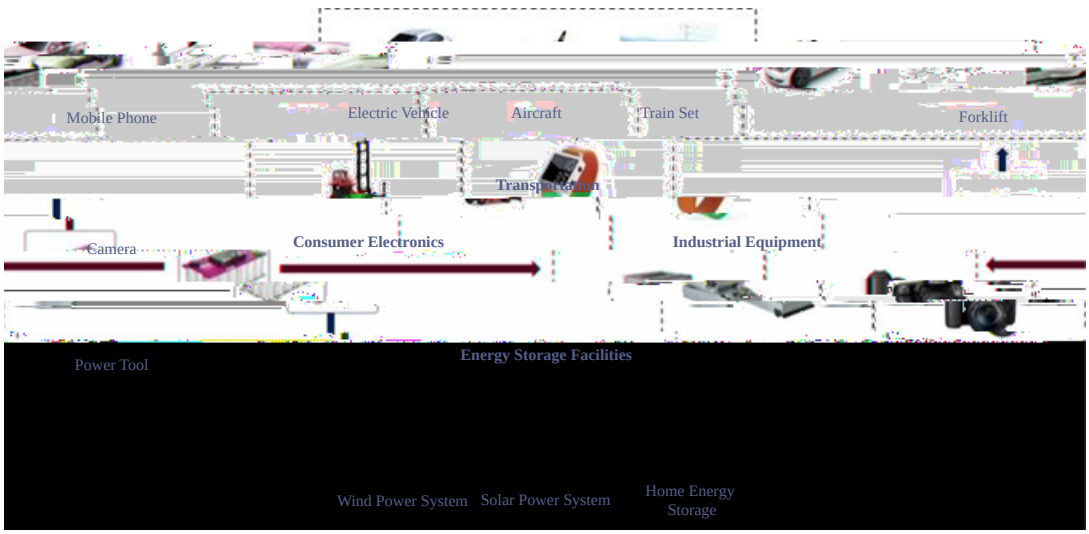
(II) Introduction to Company's main products

The separators produced by the Company primarily include wet process separators, dry process separators, coated separators, and various functional separators. These products are widely used in new energy vehicles, energy storage power stations, electric bicycles, power tools, aerospace, 3C digital products, medical applications, among other fields. Key details are as follows:

Product series	Main specifications	Product appearance	Applications

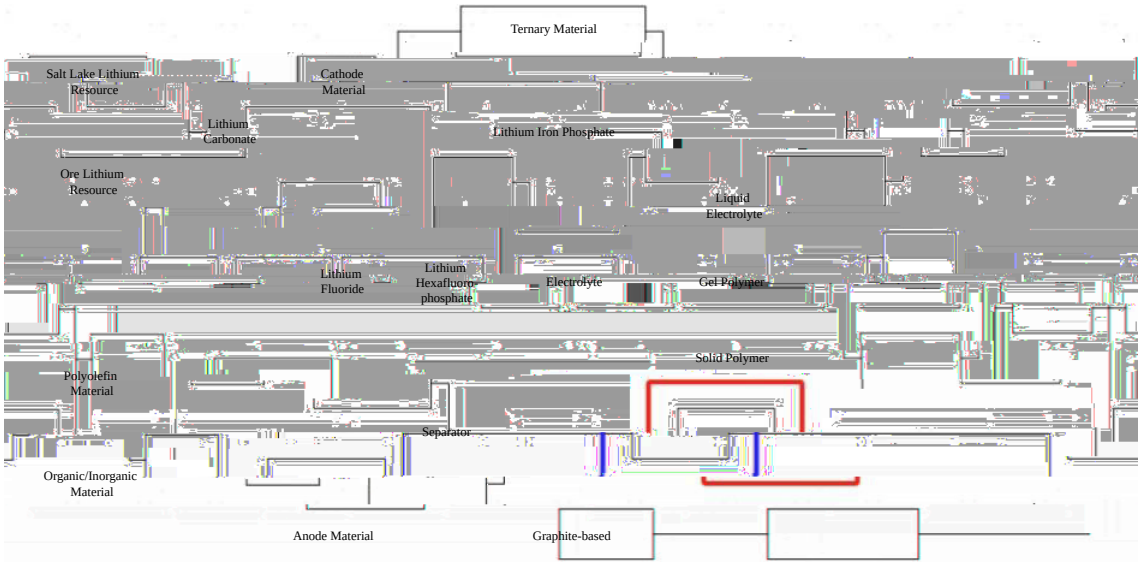
(III) Products and application areas

Currently, the market demand for separators originates from power-type lithium-ion batteries, primarily applied in emerging fields such as electric vehicles, electric bicycles, large power tools, aerospace, electric ships, and electric aircraft. The growth in new energy vehicle sales in recent years has driven up demand for power batteries. With the strong promotion of global "dual carbon" goals (carbon peaking and carbon neutrality), demand for energy storage batteries is gradually increasing, becoming another major source of demand for separators alongside power batteries. Furthermore, driven by the 5G market, the markets for smartphones, smart wearables, smart speakers, wireless headphones, and other products are experiencing steady growth, leading to a continuous increase in demand for consumer lithium-ion batteries, which is another important application area for separators. Additionally, with breakthroughs in technologies and industrialization in areas such as sodium-ion batteries in recent years, coupled with increasing demands for quality of the living environment, the application scope of separators will further expand.



(IV) Upstream and downstream industrial chains of main products

The Company operates in the battery separator industry. Separators, as a core component of batteries, are positioned in the core midstream segment of the industrial chain. The diagram below illustrates the new energy vehicle industrial chain:



(V) The Company's main operating models

1. R&D model: The Company adopts a phased technology innovation approach – "conceive, pre-research, research, develop, and apply" – and has established a scientific and reasonable R&D process based on IATF16949. Based on gathering and organizing market demand information, technology insights, and internal development data, the Company conducts new product and application development. After feasibility studies, projects proceed through initiation, review, design, trial production, mass production, and acceptance, completing the product R&D process. Concurrently, the Company utilizes an information management system to systematically manage and advance the entire R&D process and product lifecycle of separators, thereby accelerating the commercialization of R&D achievements.

2. Procurement model: The Company primarily procures raw materials and auxiliary materials for battery separator production. Raw materials include base materials such as polypropylene (PP), polyethylene (PE), and additives, while auxiliary materials consist of general consumables like packaging materials and production

4. Sales model: The Company primarily employs a direct sales model, selling directly to end customers in both domestic and international markets. Orders are mainly acquired through online promotion, direct negotiations with target customers, participation in client tenders, and attending industry exhibitions. Given the complex material system of lithium-ion batteries and the high-precision control required in the manufacturing process, separator suppliers are required to provide matching technical solutions for various material and control systems, along with professional and timely pre-sales, during-sales, and after-sales technical support and services, to ensure the superior quality of lithium-ion battery products. To address the challenges of widespread customer distribution, rapid development, and significant scale differences, the Company adopts a management model that combines regional management with major project management. This approach maximizes the utilization of market resources, enables rapid responses in terms of product technology, product quality, and logistics, and ensures quick responsiveness to customer needs. For strategic customers, the Company provides customized production based on their specific requirements for product technical parameters. This ensures that their demands for stable product supply and high performance are met. Additionally, dedicated product managers are assigned based on product series to guide customer needs and provide them with suitable separator technical solutions.

III. ANALYSIS OF CORE COMPETITIVENESS

As the Company develops, it continuously builds and strengthens its core competitiveness through continuous accumulation and competition, enabling it to maintain a leading position in the industry. The Company's core competitiveness is mainly reflected in the following:

1. R&D STRENGTHS

(1) The Company has established an industry-leading R&D platform.

Based on its understanding of international advanced technology developments and industry trends, the Company has consistently focused on investment in independently developed R&D equipment and the development of related platforms. Thanks to the support from the government and relevant competent authorities, the Company has built an industry-leading separator R&D platform, and successively established R&D institutions such as "Guangdong Provincial Engineering Technology Research Center for Microporous Battery Separator Materials", "Shenzhen Engineering Laboratory for Specialty Functional Polymer Membranes", and "National and Local Joint Laboratory for Lithium-Ion Battery Separator Preparation and Testing Technology", which are dedicated to the research of basic materials for lithium-ion battery separators, process

Through years of developing its R&D platforms, the Company has established a complete engineering technology development value chain. It has built a technological innovation system that is “enterprise-led, integrates industry, academia, and research, and relies on independent R&D”. The Company has broken through and mastered key process technologies for separator manufacturing and key equipment application technologies, laying a solid technical foundation for the development of next-generation battery separators and new functional membranes.

(2) The Company has established an industry-leading R&D team and R&D mechanism.

The Company has always attached great importance to developing a professional team dedicated to the research and development of lithium-ion battery separators. A Technical Committee has been established to review and determine the Company’s technology R&D strategic plan and new product development directions, evaluate new

(3) The Company's R&D achievements are at an industry-leading level.

During the Reporting Period, the Company made steady progress in building its R&D team and advancing its R&D projects, with significant advancements made in multiple R&D projects. The Company achieved key technological breakthroughs in product R&D and substantial improvements in product performance. As of 30 June 2026, the Company and its controlled subsidiaries have filed a total of 1,108 patent applications, including 349 foreign patent applications; to date, the Company has obtained 532 granted patents, including 225 invention patents (including 110 foreign invention patents) and 307 utility model patents. The Company has independently developed a series of key technologies for lithium-ion battery separators, including separator raw material analysis and characterization technology, formulation pretreatment technology, hard elastic base film structure forming control technology, hard elastic base film testing and characterization technology, base film high-efficiency heat treatment reforming technology, step-by-step stretching multi-layer composite technology, PP/PE composite separator manufacturing technology, PP/PE extrusion composite technology for design and integration of complete dry process production lines, separator electrochemical application analysis technology, and micropore control technology. It also boasts a number of technical inventions, such as ultra-thin high-strength, low-impedance, high-efficiency polyolefin microporous membrane preparation technology, low-shutdown high-meltdown polyolefin microporous membrane preparation technology, ultra-thin high-heat-resistant composite membrane preparation technology, high-heat-resistant low-moisture ceramic composite membrane preparation technology, adhesive PVDF composite membrane preparation technology, PFAS-free adhesive composite membrane preparation technology, high-heat-resistant, fast-wetting fiber polymer material formula and composite membrane preparation technology, high-performance engineering polymer material formula and composite membrane preparation technology, solid electrolyte composite membrane preparation technology, and wet process non-woven fabric film-forming technology. Many of the Company's R&D achievements have been recognized by the market, government competent authorities and industry associations. The overall technical level is in a leading position in the global separator industry, which provides a strong guarantee for the Company's continued expansion into the mid-to-high-end markets both at home and abroad.

2. MARKET STRENGTHS

As the “third pole” of a battery, the separator is one of its core inner components. Its performance has a significant impact on the overall battery performance and is one of the key technologies constraining battery development. With the continuous expansion of battery application fields and the growing impact of lithium battery products on people’s lives, demand for higher battery performance is increasing. To meet the evolving requirements of batteries, separators, as crucial battery components, should possess good chemical stability, excellent thermal safety, high mechanical strength, and low manufacturing costs. Therefore, downstream battery manufacturers will conduct a long period of inspection and audit on separator suppliers during the product introduction process, which generally lasts for 9 to 24 months, resulting in a long product introduction cycle. Consequently, once certification is completed, suppliers and customers typically establish stable, long-term cooperative relationships. The Company boasts professional market management and product management teams, who can accurately grasp customer and market demands, and provide customers with professional separator solutions. In addition, the Company’s products feature excellent quality, high cost-effectiveness, and thoughtful after-sales service. Partners have high levels of satisfaction with, trust in, and loyalty to the Company, which guarantees the Company’s sustainable development, effectively shortens the new product development and market promotion cycle, and enhances the reputation and influence of the Company’s products at home and abroad. The Company’s dry-process product series continues to grow strongly in line with downstream customer demand, while the wet process product series is benefiting from the further release of production capacity. Adhering to the production philosophy of refinement and J0.02vt ac 8 to eAthound hay establiea

3. OVERALL SOLUTION STRENGTHS

Through years of market service, the Company has accumulated rich industry experience through its continuously enhanced R&D capabilities, forming the overall solution advantage of "product + service", which encompasses raw material formulation screening and rapid formulation adjustment, micropore preparation technology, independent design of complete sets of equipment, rapid fulfillment of customized product demands from customers, and full-process technical services.

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

In terms of raw material formulation screening, separator raw materials primarily consist of polyolefins such as polypropylene (PP) and polyethylene (PE), supplemented by various additives, ceramic powders, solid electrolyte materials, and other coating materials. There are numerous material subcategories with diverse applications, requiring multiple trials to select raw material formulations that meet different separator performance requirements. The Company's independently developed separator raw material analysis and characterization technology enables the effective development of models for the rapid and accurate determination of raw material formulations. Based on the battery manufacturer's process flow and parameters, targeted raw material formulations are developed and designed to meet the diverse product specifications and quality requirements of battery manufacturers. In terms of raw material formulation adjustment, due to factors such as the battery manufacturer's production process, product specifications, and operational experience, the product performance requirements for separators vary among different battery manufacturers, and even for different models of lithium-ion batteries produced by the same manufacturer. Drawing upon years of experience serving large and medium-sized battery manufacturers and its own accumulated formulation technology, the Company utilizes a unique rapid formulation adjustment technique. This allows for timely screening and quick adjustments based on customer needs, ensuring the applicability and stability of the separators.

(2) Strengths in micropore preparation technology

One of the technical challenges in separator production lies in the preparation and control of micropores. Lithium-ion batteries impose extremely high requirements on separator pore size and micropore distribution. The process for producing nanoscale micropores is highly complex and requires extreme precision, directly impacting the separator's yield and product quality. The Company is one of the few lithium-ion

(4) Strengths in independent design of complete sets of equipment

The separator industry is capital-intensive, technology-intensive, and asset-heavy. The complexity of separator production processes and the difficulty of process control make the manufacturing of supporting equipment for separators far more challenging than for general thin-film equipment. Therefore, the selection of separator manufacturing equipment must be tailored to the Company's own processes, meaning that the relevant equipment needs to be customized according to specific process requirements. Through years of independent R&D, the Company has mastered key equipment technologies for dry, wet, and coating production processes. All related supporting equipment for the separator production line, including raw material handling equipment, extrusion and casting equipment, stretching equipment, extraction devices, recovery systems, slitting equipment, coating equipment, and testing and analysis equipment, are independently developed and designed by the Company and custom-built by professional equipment manufacturers in China and overseas. This ensures a high degree of compatibility between the separator manufacturing equipment and the Company's proprietary process technologies, meeting the high-precision standards required for producing high-quality separators. Simultaneously, it ensures that manufacturing equipment is continuously iterated based on market and cost demands, effectively guaranteeing product quality and satisfying market needs.

The Company's globally debuted fifth-generation super wet process singlk79i3tle3ct qu-6.8880.033 To

(5) Strengths in rapidly meeting customers' product customisation requirements

Differences in factors such as raw material systems, production equipment, and manufacturing processes among downstream battery manufacturers lead to varied demands for separators. Single-standard separators can no longer meet the differentiated needs of different lithium-ion battery manufacturers. Drawing on years of accumulation and practice, the Company possesses an industry-leading team of electrochemical experts, an advanced R&D project management mechanism, and a lithium-ion battery pilot line. This enables the Company to quickly understand, digest, and efficiently address customers' customisation requirements. The Company designs and manufactures personalized products suitable for the specific process characteristics of domestic and international premier customers, helping them maximize production cost reduction while improving product quality.

(6) Strengths in full-process technical services

To enhance responsiveness to customer needs and ensure the final application effectiveness of separators, the Company has established a technical service network covering major battery manufacturers domestically and internationally. This network brings together professionals specializing in separator R&D, design, manufacturing, application, quality control, and electrochemical analysis, and has developed a full-process technical service system with product managers as the core, a customer-centric service philosophy, and three key pillars: pre-sales communication, during-sales guidance, and rapid post-sales troubleshooting. Before product sales, product managers provide reasonable recommendations regarding separator and battery process flows and parameters based on customer needs, assisting clients in improving their processes and perfecting their parameters. During product usage, leveraging its understanding and mastery of lithium-ion battery separator performance, the Company offers optimized process and technology guidance throughout the entire lifecycle to ensure the best product performance. When issues arise during product use, the Company assists customers in quickly analyzing causes and formulating technical solutions. This professional and comprehensive after-sales service system has been instrumental in establishing the Company's professional brand image and solidifying its advantage in providing integrated solutions.

4. STRENGTHS IN PRODUCT LEADERSHIP

The Company is one of the earliest manufacturers in China to achieve large-scale production of separators, and its products have received consistent recognition in both domestic and international markets. The Company produces a comprehensive range of separators in terms of types, specifications, and models, with stable quality. Its products have secured a position in the first-tier markets for batteries used in new energy vehicles, energy storage, digital devices, power tools, and aerospace applications, both in and outside China. The Company's self-developed patented technology "Preparation Method for a Microporous Separator and the Microporous Separator" has been honored with the "China Patent Excellence Award" and the "20th China Patent Excellence Award". The Company has been awarded honorary titles such as "National Intellectual Property Demonstration Enterprise", "Guangdong Provincial Intellectual Property Advantage Enterprise" and "Guangming New District Intellectual Property Advantage Enterprise".

Furthermore, several of the Company's separator research projects have been included in national programs such as the "China Torch Program", the "863 Program", and "Shenzhen Major Projects". The Company has received numerous awards, including the First Prize of the National Science and Technology Progress Award, the National Key New Product Award, the First Prize of the Technical Invention Award from the China Petroleum and Chemical Industry Federation, the Gold Award at the China International Patent and Brand Exposition, the Guangdong Provincial Government Quality Award, the Guangdong Provincial Science and Technology Award, the Guangdong Provincial Science and Technology Progress Award, the Anhui Provincial Science and Technology Award, the Shenzhen Industrial Award, the Shenzhen Science and Technology Progress Award, and the Shenzhen Science and Technology Innovation Award. It has also been recognized as a National Manufacturing Single Champion.

5. STRENGTHS IN BRAND

Over the years, the Company has continuously dedicated itself to fundamental research, product development, and equipment design for lithium-ion battery separators and functional membranes. With breakthroughs in the technical research of the Company's dry unidirectional stretching process and wet process, the consistency, stability, and safety performance of the Company's separators have been continuously improved, achieving large-scale production of separators and bulk supply to domestic and overseas markets. This has established the advantageous brand position of "SENIOR 星源材質" in the lithium-ion battery separator industry, and the Company has been rated as Guangdong Provincial High-Tech Product, Guangdong Provincial Famous Trademark, Shenzhen Top 100 Quality Enterprise, Shenzhen Famous Brand, Shenzhen Quality Powerhouse Backbone Enterprise, and Greater Bay Area Pilot Enterprise. At present, the Company has continued to provide separator products with comprehensive leading

6. STRENGTHS IN MANAGEMENT

The Company has an experienced management, marketing and technical team. Its main management personnel and key business personnel all have many years of working experience in the separator industry, with a profound understanding of the sector. The Company's core management maintains an open management mindset. According to the development needs of the Company, it continuously expands and upgrades the core team through multiple channels such as internal cultivation and external introduction, so as to continuously optimize the knowledge structure and age structure of the Company's talent team. Meanwhile, to maintain the stability of the management team and enrich its strength, the Company implements comprehensive performance management and equity incentives for senior management personnel and core business personnel, encouraging the operation and management team to strive to improve business performance and support the sustained and rapid development of the Company.

To further improve decision-making efficiency in areas such as strategic formulation, operating objectives, and major development initiatives, the Company has established a dedicated Decision-Making Committee. This committee is responsible for reviewing strategic plans, annual operating plans, annual financial budgets, and final accounts, as well as proposals from the Technical Committee and Management Committee, thereby improving the decision-making efficiency of major matters of the Company.

To further broaden the horizons of the core management team and enhance their management capabilities, the Company has established long-term and stable cooperative relations with universities and institutions such as South China University of Technology, Tsinghua University, Peking University, and Huazhong University of Science and Technology. It has hired experts in the field of materials from universities to form an advisory team, which provides strong support for the core team to maintain continuous technological innovation capabilities and meet the demand for reserve talents.

Furthermore, the Company places emphasis on the innovation and improvement of management processes, systems, and methods. The Company has passed the certifications of ISO9001 Quality Management System, IATF16949 Automotive Quality Management System, and GB/T29490-2013 Intellectual Property Management System. It has also established the VDA6.3 process audit standard of the German Association of the Automotive Industry, the Sony Green Partner Environmental Quality Approval Program (GP), and the product Life Cycle Assessment (LCA), covering the entire workflow from design and development, production and manufacturing to technical services, ensuring that the Company has strong operational management capabilities.

IV. FINANCIAL REVIEW

1. REVENUE ANALYSIS

During the Reporting Period, the Group's revenue was mainly derived from lithium-ion battery separator new energy material. During the Reporting Period, the Group recorded revenue of approximately RMB2,631 million, representing an increase of 39.90% as compared with the same period of the previous year. The continuous deepening of strategic cooperation with customers and the steady growth of sales orders were the main reasons driving the increase in

2. GROSS PROFIT MARGIN

	Six months ended 30 June				
	2026		2025		
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	YoY change %
By product					
Lithium-ion battery separator new energy material	**750,807**	**28.5**	439,776	23.4	70.7
By geographic region					
Chinese Mainland	**446,142**	**24.6**	357,210	21.9	24.9
Overseas	**304,665**	**37.2**	82,566	33.5	269.0

The increase in gross profit for the period from RMB439.8 million in the corresponding period last year to RMB750.8 million, representing a growth of 70.7%, was mainly attributable to the increase in overseas revenue driven by rising overseas demand, the relatively higher selling prices of overseas products and correspondingly higher gross profit margins, as well as the optimisation of revenue mix as a result of the Group's operating strategies, which led to a significant increase in total gross profit and an improvement in the overall gross profit margin.

In particular, the increase in overseas gross profit was primarily driven by the rise in overseas demand and the resulting increase in sales revenue, together with the improvement in gross profit margin brought about by the optimisation of overseas product sales mix. The combined effect of these factors led to a simultaneous increase in both overseas gross profit and gross profit margin.

The increase in Chinese Mainland gross profit and gross profit margin was mainly attributable to the optimisation of revenue mix as a result of the Group's operating strategies, which led to an improvement in both gross profit and gross profit margin.

3. COST OF SALES, OPERATING EXPENSES, OTHER INCOME AND OTHER ITEMS IN THE STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June			
	2026 Amount RMB'000	2025 Amount RMB'000	YoY change %	Explanation of changes
Cost of sales	**1,880,282**	1,440,860	30.5	Mainly attributable to the increase in sales revenue.
Other income	**51,691**	99,548	-48.1	Mainly attributable to the decrease in government grants and interest income.
Net impairment losses on financial assets recognised	**3,798**	2,660	42.8	Mainly attributable to the increase in trade receivables.
Other losses, net	**69,495**	15,422	350.6	Mainly attributable to the increase in exchange losses.
Research and development expenses	**150,750**	126,575	19.1	Mainly attributable to the increase in material expenses and depreciation and amortisation.
General and administrative expenses	**244,312**	180,143	35.6	Mainly attributable to the increase in staff remuneration expenses and depreciation and amortisation.
Selling expenses	**20,933**	18,569	12.7	Mainly attributable to the increase in staff remuneration expenses and entertainment expenses.
Share of results of associates and joint ventures, net	**-2,396**	534	-548.7	Mainly attributable to losses incurred by associates.
Finance costs	**126,590**	103,105	22.8	Mainly attributable to the increase in interest expenses as a result of the increase in borrowings.

4. ASSETS AND LIABILITIES

As at 30 June 2026		As at 31 December 2025			
Amount RMB'000	Percentage of total assets %	Amount RMB'000	Percentage of total assets	Change in proportion	Explanation of changes

5. DETAILS OF ASSETS WITH RESTRICTED RIGHTS AS OF THE END OF THE REPORTING PERIOD

As at 30 June 2026, the Group's assets with restricted rights mainly comprised collateral for bank borrowings and bill deposits. Their carrying amounts are set out below:

Item	**As at 30 June 2026 RMB'000**
Restricted bank deposits and time deposits	603,708
Trade and notes receivable	308,158
Property, plant and equipment	5,689,388
Prepaid land lease payments	53,192
Financial assets at fair value through profit or loss	30,000
Total	**6,684,446**

Note: As at 30 June 2026, the Group pledged equity interests in subsidiaries of approximately RMB2,040,780,000 as collateral for bank borrowings.

6. CASH FLOWS

	Six months ended 30 June		
Item	**2026 RMB'000**	2025 RMB'000	YoY change %
Net cash flows generated from operating activities	**391,118**	536,197	-27.1
Net cash flows generated from investing activities	**-680,830**	-2,415,843	-71.8
Net cash flows generated from financing activities	**2,406,380**	1,370,684	75.6
Net increase in cash and cash equivalents	**2,113,983**	-544,043	488.6

The net cash inflow from operating activities for the period decreased by 27.1% as compared with the corresponding period last year, mainly attributable to the increase in inventory reserves and the increase in receivables, which led to a decrease in net operating cash inflow.

The net cash outflow from investing activities for the period decreased by 71.8% as compared with the corresponding period last year, mainly attributable to the rapid tapering of capital expenditure as various production bases under construction were gradually capitalised as fixed assets, leading to a significant decrease in cash payments for the purchase of plant, equipment and other items.

The net cash inflow from financing activities for the period increased by 75.6% as compared with the corresponding period last year, mainly attributable to the completion of the H Share issuance in June 2026 and the addition of new bank borrowings, which led to a substantial increase in net cash inflow from financing activities.

7. PROFIT FOR THE PERIOD

Net profit for the period increased by 35.3% from RMB121.4 million in the corresponding period last year to RMB164.3 million, mainly attributable to the increase in gross profit, partially offset by exchange losses and income tax expenses.

8. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As of 30 June 2026, the Group's cash and cash equivalents amounted to RMB3,301.7 million, which were mainly deposits in RMB, USD and EUR. As at 30 June 2026, the Group's total

V. OUTLOOK FOR THE COMPANY'S FUTURE DEVELOPMENT

With the in-depth implementation of the green development philosophy and the steady advancement and effective execution of the "dual carbon" strategy, the lithium-ion battery separator industry has embraced robust growth. In recent years, multiple domestic lithium-ion battery separator manufacturers have successively commenced production at newly established manufacturing bases. Against this backdrop, the core competitive advantage of the industry going forward will gradually shift from capacity expansion to technological breakthroughs and product innovation. As technological barriers to entry in the battery separator industry continue to rise, products featuring high strength, reduced thickness and enhanced safety are expected to become the primary direction of technological development. The Company has taken the lead in achieving mass production of new types of coated separator products such as nanofiber composite separators, polyimide lithium-ion battery separators, and aramid-coated separators, demonstrating the Company's core strengths in raw material formulation processes, microporous preparation technology, equipment process design capability, and supply chain resource integration. The market ramp-up of high-performance, high-safety batteries will likewise revert to a contest between product technology and mass-manufacturing capability.

(I) THE COMPANY'S PRINCIPAL DEVELOPMENT PLANS AND MEASURES FOR 2026 ARE AS FOLLOWS:

1. Deepening relationships with core customers and focusing on the strategic upgrade of overseas markets

2. ***Actively enhancing the global industrial footprint to further expand overseas market share***

Against the backdrop of the accelerating global energy structure transition, policy drivers across countries and the scalable expansion of downstream sectors such as new energy vehicles and energy storage have driven the continued growth in market demand for lithium-ion battery separators. To capture market opportunities and meet supply chain upgrading needs, the Company will steadily advance the systematic build-out of its production capacity both at home and abroad, and actively promote the construction of its "High-performance Lithium-ion Battery Wet Process and Coated Separator Project" in Malaysia. The successful implementation of the capacity expansion projects will further enhance the Company's production capacity for wet process and coated separators, enabling the Company to become a specialised separator R&D and manufacturing enterprise with a comprehensive range of lithium battery separators, strong supply capabilities, and internationally leading product technology, thereby providing global customers with higher-quality, multi-scenario-adaptable separator solutions.

3. ***Forward-looking technology deployment to develop the Company's second growth curve***

In response to the development trend of solid-state batteries, the Company formally entered into a strategic cooperation agreement with Ruigu New Materials (瑞固新材), combining the Company's globally leading separator technology and channel resources with Ruigu New Materials' leading technology in sulfide solid electrolyte materials, to jointly develop high-performance solid electrolyte membranes and related products and advance their commercialization. In 2025, the Company achieved the world's first batch sales of solid-state electrolyte membranes, while its associate company, Shenzhen Xinyuanbang Technology Co., Ltd., has already established a kilotonne-scale production capacity and a hundred-tonne-scale shipment volume of oxide electrolytes. The Company's "GuRui" series of solid-state electrolyte composite membranes breaks

Management Discussion and Analysis

The Company is committed to focusing on its core business, enhancing production stability and production efficiency, maintaining sustainable development, and continuously consolidating its leading position in the lithium-ion battery separator industry. Meanwhile, the Company actively seeks strategic opportunities in the new materials and semiconductor materials sectors as the direction of its second growth curve for future development. Along with the continuous upgrading of the precision of domestic high-end manufacturing, the demand for high-performance piezoelectric ceramic driving components in precision equipment such as MFC (Mass Flow Controller) and the demand for independent controllability are rising simultaneously. At present, the localization rate of this link is relatively low, and the supply chain faces the risk of external constraints. In February 2026, the Company acquired a 13.5000% equity interest in Bangci Electronic Technology (Yancheng) Co., Ltd. (hereinafter referred to as "Bangci Electronic") at a consideration of RMB91,069,750. On 13 August 2026, the Company convened the 30th meeting of the 6th session of the Board of Directors, which reviewed and approved the Resolution on External Investment to Acquire Equity Interest in Bangci Electronic and Sign the Equity Transfer Agreement. Upon completion of this acquisition, the Company will hold an aggregate 73.4806% equity interest in Bangci Electronic (this matter has been reviewed 0.059 Tw 0 -1wy the Company's Board of Directors 0.05is subject to submission to the Company's general meeting for consideration).

The principal products of Bangci Electronic can be classified into multilayer piezoelectric ceramic stacks and monolayer piezoelectric ceramic plates. Multilayer piezoelectric ceramic stacks generate precise (nanoscale) displacement under the action of an electric field, and can create piezoelectric micro-fluidic control and piezoelectric micro-displacement platforms. Among them, the principal 9 Tlication scenarios of piezoelectric classif(9 Tlica anlersem,)0.5 (b.5 (multi(Upmunl)0.5 s,(classronic)0.5deacemabl(can)0.mirrrd oan)0.irecto

Through the acquisition of Bangci Electronic, the Company enters the piezoelectric ceramic industry. Leveraging Bangci Electronic's technological accumulation in the piezoelectric ceramic industry, the Company taps into the incremental market of semiconductor equipment and components, broadens its medium and long-term growth boundaries, builds the Company's second growth curve, and simultaneously forms industrial synergy between the new materials segment and the core lithium battery business. The two parties can leverage their respective resource advantages to carry out channel complementarity and cross-selling, deepen the service capability for core customers, and at the same time promote technology integration and product iteration to jointly drive technological progress in the industry. Through subsequent resource integration and empowerment, the Company will continuously improve its overall operational efficiency and core competitiveness.

4. ***Refinancing in the capital markets to provide financial support for the Company's development strategy***

On 23 June 2026, 149,523,500 overseas listed foreign shares (H Shares) issued by the Company were listed and traded on the Main Board of the Stock Exchange. The proceeds from the Company's issuance will be used to expand and strengthen its overseas network, develop products relating to solid-state batteries, other functional membranes and next-generation lithium-ion battery separator products, and invest in enterprises in the fields of new materials and semiconductor materials. Through this financing, the Company will further capture industry opportunities, advance its global development layout, and actively expand its presence in overseas markets. Meanwhile, the Company plans to further optimise its product portfolio, enhance its global production capacity, strengthen its technological innovation and R&D capabilities, and build a global operating network integrating R&D, manufacturing, sales and customer services, thereby further consolidating its leading industry position and capturing growth opportunities in the global market. While continuously consolidating its leading advantage in the lithium-ion battery separator industry, the Company will also provide solid financial support for its deployment in the semiconductor materials business, advance the development of its second growth curve, and facilitate the achievement of its overall strategic objectives.

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standards of corporate governance, and the Directors recognise that sound corporate governance is crucial to the development of the Group and the protection of Shareholders' interests. During the period from the Listing Date to the date of this report, the Company has complied with all the code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") set out in Appendix C1 to the Listing Rules, except for a deviation from code provision C.2.1.

According to code provision C.2.1 set out in Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and general manager are currently performed by Prof. Chen. He is primarily responsible for the strategic planning, business direction and daily operations and management of our Group. The Board considers that vesting both roles in Prof. Chen is appropriate and in the best interests of our Group. Prof. Chen founded our Group in September 2003 and has been serving as a Director and the chairman of the Board since September 2008, and the general manager since November 2020. As the founder of our Company with over two decades of experience in the lithium-ion battery separator industry, Prof. Chen possesses an unparalleled depth of institutional knowledge, industry expertise and entrepreneurial leadership that is best channelled through a unified command structure. Our Group is also at a critical stage of strategic expansion, including the construction of overseas manufacturing bases and the development of new product areas such as semiconductor components, and our Board considers that unified stewardship by Prof. Chen ensures that strategic direction and operational execution remain fully aligned during this pivotal phase of growth. Furthermore, Prof. Chen's concurrent performance of both roles has demonstrated a track record of effective leadership, evidenced by our Group's ranking as second globally by lithium-ion battery separator shipment volume for six consecutive years and the successful listing on the SIX Swiss Exchange in December 2023.

The balance of power and authority is ensured by the operation of our Board and senior management, each comprising experienced and diverse individuals. In order to further mitigate any risks arising from the concentration of the two roles in a single individual, all major decisions of our Group are made in consultation with the Board and the relevant Board committees, with no material resolution adopted solely on the authority of Prof. Chen without independent scrutiny. Our Audit Committee and other Board committees, the members of which include independent non-executive Directors, provide independent oversight on financial reporting, internal controls, and key strategic and connected transaction matters. Our independent non-executive Directors, who account for over one-third of the Board and are not associated with our Single Largest Shareholders, are able to bring impartial judgement to the Board's decision-making process and protect the interests of our Shareholders as a whole. Our Board shall nevertheless review the structure and composition of our Board and senior management from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of our Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

As at the date of this report, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of the Directors, all Directors confirmed that they have complied with the provisions of the Model Code regarding securities transactions by Directors during the period from the Listing Date to the date of this report.

UPDATE OF DIRECTOR INFORMATION

From the Listing Date to the date of this report, the Directors have confirmed that there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company (including the sale of treasury shares).

As at 30 June 2026, the Company held 19,855,640 A Shares in its share repurchase account as treasury shares for the purpose of maintaining the Company's value and Shareholders' interests. Save as aforesaid, neither the Company nor any of its subsidiaries held any other treasury shares of the Company.

EMPLOYEES AND REMUNERATION POLICY

1. EMPLOYEES

As at 30 June 2026, the Group had 5,436 full-time employees, the substantial majority of whom are in the PRC. During the Reporting Period, the staff costs recognised by the Group in respect of employee benefit expenses (including share-based payment expenses) amounted to approximately RMB474.3 million.

2. REMUNERATION POLICY

Adhering to the business philosophy of being people-oriented and encouraging arduous struggle and continuous innovation, and with the aim of encouraging all employees to work diligently, dedicate themselves to their posts and contribute to the Company's sustainable development, the Company implements a remuneration system based on position, competency and performance.

1. Basic remuneration is determined by position and competency. Through the establishment of a qualification system, employees are encouraged to continuously improve their professional competence and work performance. Through the performance-based remuneration system, employees are encouraged to actively create greater economic benefits to reward investors while sharing in the operating results.

2. The Company strictly implements relevant national laws and regulations, and conscientiously carries out the various processes for the execution, amendment and termination of contracts, and social insurance and housing provident fund. The Company provides high-standard welfare benefits to attract and retain talent, particularly technical talent.

3. Training programmes

(1) The Company is committed to building a multi-level and all-round talent development model at the corporate, departmental and position levels;

(2) The Company has initially established a hierarchical and categorised reserve talent training system based on the qualification standards for various job categories: the Company has established the "Senior Special Training Camp"

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's H Shares were listed on the Stock Exchange on 23 June 2026, and an aggregate of 149,523,500 H Shares of a nominal value of RMB1.00 each were issued under the Global Offering. The Offer Price was HK$8.98 per H Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% payable). The net proceeds from the Global Offering (after deducting underwriting commissions, fees and estimated costs) amounted to approximately HK$1,281.5 million. Such net proceeds will be allocated and applied in accordance with the uses set out in the prospectus (the "**Prospectus**") of the Company dated 12 June 2026, subject to adjustment in response to the needs of the Company's continuing business operations and changes in market conditions. The table below sets out details of the use of proceeds from the Global Offering from the Listing Date to 30 June 2026:

Intended use of net proceeds as set out in the Prospectus	Percentage (%)	Net proceeds from the Global Offering intended to be used for the relevant purposes (HK$ million)	Amount of net proceeds utilised from the Listing Date to 30 June 2026 (HK$ million)	Unutilised net proceeds as of 30 June 2026 (HK$ million)	Expected timetable for full utilisation of net proceeds[1]
Research and development of solid-state battery related products, other functional membranes and next-generation lithium-ion battery separator products	28.0	358.8	0.0	358.8	December 2029
Expansion of overseas network	27.0	346.0	0.0	346.0	June 2027
Investments in companies specialising in new battery separator materials and semiconductor	20.0	256.3	0.0	256.3	June 2027
Repayment of the fixed asset loan for the Sweden manufacturing base	15.0	192.2	0.0	192.2	May 2027
General working capital and general corporate purposes	10.0	128.2	0.0	128.2	October 2026
Total	**100.0**	**1,281.5**	**0.0**	**1,281.5**	**–**

Notes:

1. The expected timetable for the use of the unutilised net proceeds as set out in the table above is based on the Group's best estimate of future market conditions and is subject to change in light of prevailing and future market developments.

2. Certain figures and percentages set out in the above table have been rounded.

SHARE INCENTIVE PLANS

The Company approved and adopted an employee incentive plan (the "**2024 Share Incentive Plan**") by

Pursuant to the terms of the 2024 Share Incentive Plan, any Share Options (or portions thereof) reserved for further grants under the 2024 Share Incentive Plan shall be cancelled if no eligible participant is determined within 12 months after the 2024 Share Incentive Plan is approved at the general meeting on 27 September 2024 and no further grants under the 2024 Share Incentive Plan may be made after such period.

6 Term of the Plans and Date of Grant

The term of the 2024 Share Incentive Plan shall commence from the date of the completion of the grant of Share Options thereunder and continue until the Share Options are fully exercised or cancelled, whichever is earlier, and shall not exceed 48 months.

The term of the 2026 Share Incentive Plan shall commence from the grant date of the Restricted Stocks and continue until all Restricted Stocks granted thereunder have been fully vested or repurchased and cancelled, whichever is earlier, and shall not exceed 36 months.

The grant date of Share Options under the 2024 Share Incentive Plan and Restricted Stocks under the 2026 Share Incentive Plan shall be determined by the Board after the approval of the relevant Share Incentive Plans by the Shareholders at a general meeting, and must be a trading day of the Shenzhen Stock Exchange. The grant of Share Options and Restricted Stocks is subject to the approval of the Board and shall be announced within 60 days after the approval of the Share Incentive Plans at a general meeting.

7 Conditions to the Grant of Share Options and Restricted Stocks

Share Options under the 2024 Share Incentive Plan and Restricted Stocks under the 2026 Share Incentive Plan will only be granted to eligible participants if the following conditions are fulfilled:

(i) with respect to our Company, none of the following circumstances having occurred:

(A) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our accountant's report for the most recent fiscal year;

(B) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(C) our Company has failed to distribute profits in accordance with the laws and regulations, our Articles of Association or our public commitment within 36 months after our listing;

(D) implementation of any share incentive plan is prohibited under applicable laws and regulations; or

(E) any other circumstances determined by the CSRC.

(ii) with respect to a grantee, none of the following circumstances having occurred:

(A) he/she has been regarded as an inappropriate participant by a stock exchange within the last 12 months;

(B) he/she has been regarded as an inappropriate participant by the CSRC or its local office within the last 12 months;

(C) he/she has been penalised or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;

(D) he/she is not qualified to serve as a director or senior management according to the Company Law;

(E) he/she is prohibited from participating in any share incentive plans of listed companies according to applicable laws and regulations; or

(F) any other circumstances determined by the CSRC.

Under the 2024 Share Incentive Plan, no consideration is paid/payable for the eligible participants to be granted Share Options. Under the 2026 Share Incentive Plan, eligible participants who will be awarded Restricted Stocks shall pay a consideration of RMB7.50 per Restricted Stock, which was determined by the Board with reference to the higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the award of the reserved Restricted Stocks by the Board; and (ii) 50% of the average trading price of A Shares during 20 trading days immediately preceding the announcement of the award of the reserved Restricted Stocks by the Board.

8 Lock-up Arrangements

The lock-up arrangements under the Share Incentive Plans are determined according to the Articles of Association and applicable PRC laws and regulations:

(i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;

(ii) if the grantee is a Director or senior management of our Company and their respective spouse, parents and child(ren), income gained from the sale of Shares of our Company within six months after the purchase or repurchase of Shares of our Company shall belong to our Company and be reclaimed by the Board; and

(iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the relevant Share Incentive Plans, the grantee shall comply with the amended laws and regulations and the Articles of Association.

9 Vesting and Exercise of Share Options and Restricted Stocks

The Share Options and Restricted Stocks will be vested when (i) the conditions set out under paragraph 7 above are fulfilled; and (ii) the performance targets of our Company and the grantees as set out under the relevant Share Incentive Plans are achieved. The granted Share Options and Restricted Stocks will be vested in accordance with the schedules under the relevant Share Incentive Plans subject to the exercise by the grantees as follows:

Share Incentive Plan		Vesting schedule
2024 Share Incentive Plan	Initial Share Options	The Share Options may be vested and exercised in three tranches of (i) 50% if the sales volume of our Company's lithium-ion battery separator in 2024 increases by no less than 30% compared to that of 2023, (ii) 30% if the sales volume of our Company's lithium-ion battery separator in 2025 increases by no less than 60% compared to that of 2023, and (iii) 20% if the sales volume of our Company's lithium-ion battery separator in 2026 increases by no less than 137% compared to that of 2023.

Share Incentive Plan		Vesting schedule
	Reserved Share Options	(i) If the reserved Share Options are granted before the publication of our Company's report for the third quarter ended 30 September 2024, the vesting schedule of the reserved Share Options will be the same as that of the initial Share Options as specified above; or (ii) If the reserved Share Options are granted after the publication of our Company's report for the third quarter ended 30 September 2024, the reserved Share Options may be vested and exercised in two tranches of (i) 50% if the sales volume of our Company's lithium-ion battery separator in 2025 increases by no less than 60% compared to that of 2023, and (ii) 50% if the sales volume of our Company's lithium-ion battery separator in 2026 increases by no less than 137% compared to that of 2023.
2026 Share Incentive Plan	Restricted Stocks	The Restricted Stocks may be vested in two tranches of (i) 50% if the net profit attributable to the Shareholders for the financial year 2026 being not less than RMB280 million; and (ii) 50% if the net profit attributable to the Shareholders for the financial year 2027 being not less than RMB400 million.

10 Exercise Price

There is no applicable exercise price for Restricted Stocks under the 2026 Share Incentive Plan. The exercise price of each Share Option under the 2024 Share Incentive Plan shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than the higher of (i) 50% of the average trading price of A Shares on the trading day immediately preceding the announcement of the relevant Share Incentive Plan; and (ii) 50% of the average trading price of A Shares during the 20 trading days immediately preceding the announcement of the relevant Share Incentive Plan.

Save as disclosed above, as at 30 June 2026, none of the Directors and chief executives of the Company had any interests and/or short positions (if applicable) in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to our Company and the Stock Exchange; or which were required to be entered in the register required to be kept pursuant to section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange under the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Corporate Governance and Other Information

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
	Notes	**(unaudited)**	(unaudited)
Revenue	5	**2,631,089**	1,880,636
Cost of sales	8	**(1,880,282)**	(1,440,860)
Gross profit		**750,807**	439,776
Other income	6	**51,691**	99,548
Net impairment losses on financial assets		**(3,798)**	(2,660)
Other losses, net	7	**(69,495)**	(15,422)
Research and development expenses	8	**(150,750)**	(126,575)
General and administrative expenses	8	**(244,312)**	(180,143)
Selling expenses	8	**(20,933)**	(18,569)
Share of results of associates and joint venture, net		**(2,396)**	534
Finance costs	9	**(126,590)**	(103,105)
Profit before income tax		**184,224**	93,384
Income tax credit/(expense)	10	**(19,961)**	28,033
Profit for the period		**164,263**	121,417
Profit for the period attributable to:			
Owners of the Company		**137,415**	100,435
Non-controlling interests		**26,848**	20,982
		164,263	121,417

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
	Notes	**(unaudited)**	(unaudited)

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	**16,891,003**	16,932,017
Right-of-use assets	13	**852,278**	886,508
Intangible assets	13	**24,569**	20,936
Investment properties		**133,108**	135,551
Investments in associates and joint venture		**20,174**	22,571
	13		
	13		
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	13		

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Other payables and accruals	21	**990,881**	1,015,518
Amounts due to related parties	26(c)	**2,973**	994
Borrowings	22	**6,091,113**	5,748,288
Lease liabilities		**27,376**	24,102
Income tax payable		**26,271**	29,773
		8,008,701	7,519,133
Net current assets/(liabilities)		**650,358**	(1,435,424)
Total assets less current liabilities		**19,326,671**	17,273,977
Non-current liabilities			
Other payables and accruals	21	**460,584**	472,202
Borrowings	22	**7,449,996**	6,361,445
Lease liabilities		**260,623**	281,768
Deferred income tax liabilities		**25,940**	17,810
		8,197,143	7,133,225
Net assets		**11,129,528**	10,140,752
EQUITY			
Share capital and treasury shares	23	**1,230,963**	997,366
Reserves		**9,662,275**	8,933,944
Equity attributable to owners of the Company		**10,893,238**	9,931,310
Non-controlling interests		**236,290**	209,442
Total equity		**11,129,528**	10,140,752

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Share capital RMB'000 Note 23	Treasury shares reserve RMB'000 Note 23	Capital reserve RMB'000 (Note (a))	Other comprehensive income reserve RMB'000 (Note (b))	Statutory reserve RMB'000 (Note (c))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2026	**1,348,124**	**(350,758)**	**6,472,064**	**313,509**	**137,593**	**2,010,778**	**9,931,310**	**209,442**	**10,140,752**
Profit for the period (unaudited)	–	–	–	–	–	137,415	137,415	26,848	164,263
Other comprehensive loss for the period (unaudited)	–	–	–	(294,805)	–	–	(294,805)	–	(294,805)
Total comprehensive (loss) income for the period (unaudited)	–	–	–	(294,805)	–	137,415	(157,390)	26,848	(130,542)
Dividends declared (Note 11) (unaudited)	–	–	–	–	–	(13,259)	(13,259)	–	(13,259)
Revocable dividends attributable to restricted shareholders (unaudited)	–	85	–	–	–	–	85	–	85
Share-based compensation expenses (Note 24) (unaudited)	–	–	14,937	–	–	–	14,937	–	14,937
Issuance of H shares upon global offering (unaudited)	149,523	–	968,032	–	–	–	1,117,555	–	1,117,555
Grant of shares in treasury shares under restricted shares incentive schemes (Note 24) (unaudited)	–	35,638	(35,638)	–	–	–	–	–	–
Cancellation of treasury shares (Note 23) (unaudited)	(2,413)	50,764	(48,351)	–	–	–	–	–	–
As at 30 June 2026 (unaudited)	**1,495,234**	**(264,271)**	**7,371,044**	**18,704**	**137,593**	**2,134,934**	**10,893,238**	**236,290**	**11,129,528**

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Share capital RMB'000 Note 23	Treasury shares reserve RMB'000 Note 23	Capital reserve RMB'000 (Note (a))	Other comprehensive income reserve RMB'000 (Note (b))	Statutory reserve RMB'000 (Note (c))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2025	1,342,957	(62,765)	6,426,721	(17,089)	137,593	1,971,721	9,799,138	171,984	9,971,122
Profit for the period (unaudited)	–	–	–	–	–	100,435	100,435	20,982	121,417
Other comprehensive income for the period (unaudited)	–	–	–	279,035	–	–	279,035	–	279,035
Total comprehensive income for the period (unaudited)	–	–	–	279,035	–	100,435	379,470	20,982	400,452
Dividends declared (Note 11) (unaudited)	–	–	–	–	–	(66,595)	(66,595)	–	(66,595)
Share-based compensation expenses (Note 24) (unaudited)	–	–	26,510	–	–	–	26,510	–	26,510
Issue and repurchase of shares under restricted shares incentive schemes (Note 24) (unaudited)	(55)	639	(584)	–	–	–	–	–	–
Repurchase of shares (unaudited)	–	(299,982)	–	–	–	–	(299,982)	–	(299,982)
As at 30 June 2025 (unaudited)	1,342,902	(362,108)	6,452,647	261,946	137,593	2,005,561	9,838,541	192,966	10,031,507

Notes:

(a) Capital reserve mainly includes share premium and other reserve recognised under the share-based payment.

(b) Other comprehensive income reserve is the reserve due to the translation of financial statements of foreign operations and fair value changes of equity investments designated at fair value through other comprehensive income.

(c) It represents the statutory reserve of the company in the People's Republic of China (the "**PRC**").

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Operating activities		
Profit before income tax	**184,224**	

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Investing activities		
Payment and prepayment for purchase of property, plant and equipment	**(770,252)**	(2,264,107)
Proceeds from disposal of property, plant and equipment – net	**412**	4,068
Purchase of intangible assets	**(4,565)**	(10,149)
Investment income received from wealth management products and structured deposit	**7,785**	3,248
Investments in associates and joint venture	**–**	(1,250)
Proceeds from liquidation of an associate	**–**	42,398
Receipt from maturity of time deposits	**426,000**	1,866,882
Placement of time deposits	**(512,464)**	(1,967,641)
Proceeds from sale of financial assets at fair value through profit or loss	**780,828**	966,910
Purchase of financial assets at fair value through profit or loss	**(501,683)**	(1,056,203)
Prepayment and payment for equity instruments investment	**(103,370)**	–
Placement of deposits for financial liabilities at fair value through profit or loss	**(3,521)**	–
Net cash flows used in investing activities	**(680,830)**	(2,415,844)

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Financing activities		
Proceeds from issuance of H shares upon global offering	**1,167,536**	–
Proceeds from grant of restricted shares in treasury shares	**64,352**	–
Repurchase of restricted shares	**–**	(639)
Proceeds from bank borrowings	**3,300,084**	2,406,571
Repayment of bank borrowings	**(1,307,707)**	(1,111,771)
Interest paid	**(142,260)**	(129,706)
Proceeds from other borrowings	**100,000**	581,561
Repayment of other borrowings	**(631,457)**	(113,650)
Principal portion of lease payments	**(15,037)**	(12,745)
Dividends paid to the owners of the Company	**(13,259)**	–
Payment on repurchase of shares	**–**	(299,344)
Payment of listing expenses	**(25,339)**	(1,001)
Receipt from maturity of pledged bank deposits	**334,859**	719,095
Placement of pledged bank deposits	**(425,392)**	(667,687)
Net cash flows generated from financing activities	**2,406,380**	1,370,684
Net increase/(decrease) in cash and cash equivalents	**2,116,668**	(508,963)
Cash and cash equivalents at beginning of period	**1,187,671**	2,650,754
Effect of foreign exchange rate changes, net	**(2,685)**	(35,080)
Cash and cash equivalents at end of period	**3,301,654**	2,106,711

Notes to the Interim Financial Information

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on 17 September 2003 and changed to a joint stock limited company on 3 September 2008. The Company's A shares are listed on Shenzhen Stock Exchange on 1 November 2016. The address of the Company's registered office and its principal place of business is Tianyuan Road North, Gongming office, Guangming District, Shenzhen City, Guangdong Province, the PRC.

During the six months ended 30 June 2026, the Company and its subsidiaries (the "**Group**") are principally engaged in the research and development, production and sales of lithium-ion battery separators applied in the field of new energy, new materials and new energy vehicles.

The Company has a diversified shareholder structure. Among them, as a natural person shareholder, Chen Xiufeng holds 11.40% of the Company's shares and is the largest individual shareholder of the Company.

In this Interim Financial Information, certain English name of the companies referred herein represent the management's best effort to translate the Chinese name of the companies as no English name has been registered.

The Interim Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PRESENTATION AND PREPARATION

The Interim Financial Information have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board (the "**IASB**").

The Interim Financial Information has been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value.

3. APPLICATION OF IFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's Interim Financial Information:

Amendments to IFRS 7 and IFRS 9	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRSs	*Annual Improvements to IFRS Accounting Standards — Volume 11*

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Information.

Notes to the Interim Financial Information

4. MATERIAL ACCOUNTING POLICY INFORMATION

Other than additional accounting policies resulting from the application of amendments to IFRS Accounting Standards, the accounting policies used in the Interim Financial Information are the same as those followed in the preparation of the Group's Historical Financial Information for the three years ended 31 December 2025 included in the accountants' report as set out in Appendix I to the prospectus dated 12 June 2026.

This Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The condensed consolidated financial statements and the selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest consolidated financial statements as at and for the year ended 31 December 2025. The Interim Financial Information do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

5. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in Note 1 to the Interim Financial Information.

The Group derives revenue from the transfer of goods at a point in time were analysed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Type of goods		
– Sale of lithium-ion battery separators	**2,631,089**	1,880,636

All revenue from contracts with customers within the scope of IFRS 15 are recognised at a point in time.

The Group's management reviews the performance of the Group as a single operating segment

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from external customers		
– Mainland China	**1,811,010**	1,634,516
– Other countries/regions	**820,079**	246,120
	2,631,089	1,880,636

The geographical location of the Group's non-current assets (excluding deferred income tax assets and financial assets), mainly comprised of the property, plant and equipment, is based on the physical location of these assets. As at 30 June 2026 and 31 December 2025, the geographical location of the Group's non-current assets are as follows.

	As at 30 June 2026	As at 31 December 2025
	RMB'000	RMB'000
	(unaudited)	
Non-current assets (excluding deferred income tax assets and financial assets)		
– Mainland China	**10,662,655**	10,903,647
– Sweden	**2,560,398**	2,700,168
– Malaysia	**4,136,522**	3,879,108
– the United States	**880,253**	864,138
– Other countries/regions	**98,673**	117,612
	18,338,501	18,464,673

Notes to the Interim Financial Information

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

6. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants (Note)	**26,417**	61,703
Value-added tax (VAT) reduction	**1,941**	4,363
Interest income	**13,181**	24,247
Rental income	**4,132**	6,787
Others	**6,020**	2,448
	51,691	99,548

Note:

During the six months ended 30 June 2026, government grants without unfulfilled condition or contingencies were approximately RMB1,437,000 (six months ended 30 June 2025: RMB31,608,000).

During the six months ended 30 June 2026, the amount of amortisation of deferred government grants were approximately RMB24,980,000 (six months ended 30 June 2025: RMB30,095,000).

7. OTHER (LOSSES) AND GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Investment income of financial assets at FVTPL	**13,468**	10,003
Net foreign exchange losses	**(83,890)**	(33,605)
Net fair value gains on financial assets and liabilities at FVTPL	**2,332**	26,797

Notes to the Interim Financial Information

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Raw materials consumed and sales/consumption of finished goods and semi-finished goods	**937,356**	648,786
Depreciation of property, plant and equipment (Note 13)	**501,699**	397,041
Depreciation of right-of-use assets	**12,310**	10,011
Depreciation of investment properties	**2,443**	–
Amortisation of intangible assets	**1,909**	1,340
Net impairment losses (reversed)/recognised on inventories	**(15,946)**	4,967
Employee benefit expenses	**391,277**	337,833
Share-based payment expenses (Note 24)	**14,937**	26,510
Energy and fuel costs	**236,033**	206,752

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Notes to the Interim Financial Information

10. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

(a) PRC Enterprise Income Tax ("EIT")

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries are calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the period based on the existing legislations, interpretations and practices in respect thereof.

In 2020, the Company was recognised as a "High and New Technology Enterprise" ("**HNTE**"), and renewed its HNTE recognition in 2023 and enjoyed the 15% preferential income tax rate in 2023 to 2025.

In 2021, subsidiaries of the Group Hefei Senior New Energy Materials Co., Ltd, Changzhou Senior New Energy Materials Co., Ltd and Jiangsu Senior New Material Technology Co., Ltd were recognised as "HNTE", therefore enjoyed a preferential income tax rate of 15% in 2021 to 2023. The subsidiaries of the Group renewed HNTE recognition in 2024 and can enjoy the 15% preferential income tax rate in 2024 to 2026.

In 2023, the subsidiary of the Group, Senior Material (Nantong) New Materials Technology Co., Ltd was recognised as a "HNTE", therefore enjoyed a preferential income tax rate of 15% in 2023 to 2025.

In December 2025, the subsidiary of the Group, Senior Material (Foshan) New Materials Technology Co., Ltd was recognised as a "HNTE", therefore enjoyed a preferential income tax rate of 15% in 2025 to 2027.

(b) Hong Kong Profits Tax

The Company's subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since 1 April 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

(c) Corporate income tax in other jurisdictions

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

11. DIVIDENDS

A final dividend in respect of the year ended 31 December 2025 of RMB0.10 per 10 shares (tax inclusive), in aggregate of approximately RMB13,259,000, has been proposed by the directors of the Company and were approved by the shareholders in the 2025 Annual General Meeting of the Company on 22 April 2026. The Group had not recognised this as a liability as at 31 December 2025 but reflected as an appropriation of retained earnings for the year ended 31 December 2025 during the six months ended 30 June 2026.

A final dividend in respect of the year ended 31 December 2024 of RMB0.50 per 10 shares (tax inclusive), in aggregate of approximately RMB66,595,000, has been proposed by the directors of the Company and were approved by the shareholders in the 2024 Annual General Meeting of the Company on 21 May 2025. The Group had not recognised this as a liability as at 31 December 2024 but reflected as an appropriation of retained earnings for the year ended 31 December 2024 during the six months ended 30 June 2025.

No dividend has been proposed since the end of the reporting period ended 30 June 2026.

12. EPS

(a) Basic EPS

Basic EPS is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Profit attributable to owners of the Company used in calculating basic EPS (RMB'000)	**137,415**	100,435
Weighted average number of ordinary shares in issue (thousand shares)	**1,343,963**	1,334,552
Basic EPS (RMB per share)	**0.10**	0.08

Notes to the Interim Financial Information

12. EPS *(Continued)*

(b) Diluted EPS

The share schemes granted by the Company have potential dilutive effect on the EPS. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share schemes (collectively forming the denominator for computing the diluted EPS).

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Profit attributable to owners of the Company used in calculating diluted EPS (RMB'000)	**137,415**	100,435
Weighted average number of ordinary shares in issue (thousand shares)	**1,343,963**	1,334,552
Adjustments for potential shares arising from share schemes (thousand shares)	**3,178**	4,308
Weighted average number of ordinary shares used in calculating diluted EPS (thousand shares)	**1,347,141**	1,338,860
Diluted EPS (RMB per share)	**0.10**	0.08

13. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

Notes to the Interim Financial Information

14. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Current:		
– Fund products	**69,291**	30,001
– Bank wealth management products (WMPs) and structured deposits	**41,264**	–
– Foreign exchange forward contracts and options	**1,468**	–
	112,023	30,001
Non-current:		
– Unlisted equity instruments	**94,598**	94,598

15. FINANCIAL ASSETS AT FVTOCI

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Current:		
– Notes receivables measured at FVTOCI (Note)	**189,196**	369,753
Non-current:		
– Unlisted equity investments	**127,933**	30,863

Notes:

The notes receivables had a maturity of within six months at 30 June 2026 and 31 December 2025. The notes receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

In addition, the Group has discounted certain notes receivables to banks and endorsed certain notes receivables to its suppliers to settle its payables. The maximum exposure to the Group that may result from the default of these endorsed and discounted notes receivables, which are derecognised in full of the carrying amount, as at 30 June 2026 are approximately RMB664,107,000 (31 December 2025: RMB888,416,000).

16. INVENTORIES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Raw materials	**382,272**	322,177
Semi-finished goods	**217,023**	168,794
Finished goods	**563,213**	336,641
	1,162,508	827,612
Less: provision for impairment	**(48,075)**	(65,231)
	1,114,433	762,381

17. TRADE AND NOTES RECEIVABLES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Trade receivables	**2,231,512**	1,932,049
Notes receivables (Note)	**649,567**	593,603
	2,881,079	2,525,652
Less: allowance for impairment	**(49,291)**	(45,592)
	2,831,788	2,480,060

Note: The amount of the Group's endorsed and discounted notes receivables which are not derecognised as at 30 June 2026 are approximately RMB308,440,000 (31 December 2025: RMB285,722,000).

The credit period granted to customers is generally within 180 days.

19. RESTRICTED BANK DEPOSITS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000

Notes to the Interim Financial Information

20. TRADE AND NOTES PAYABLES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Trade payables	**549,288**	452,501
Notes payables	**298,846**	217,198
	848,134	669,699

The credit period granted by suppliers is generally within 90 days. The ageing analysis of the trade payables of the Group as at 30 June 2026 and 31 December 2025 based on recognition date is as follows:

21. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Payables for acquisition of non-current assets	**563,039**	692,736
Deferred government grants	**460,584**	472,202
Endorsed notes receivable that have not been derecognised and not yet due	**243,689**	195,399
Employee benefits payables	**67,663**	85,039
Accrued listing expenses	**8,580**	3,186
Deposits received	**12,446**	15,570
Other tax payables	**21,641**	15,464
Repurchase obligation for restricted shares	**64,267**	–
Others	**9,556**	8,124
	1,451,465	1,487,720
Analysed for reporting purposes as:		
Current liabilities	**990,881**	1,015,518
Non-current liabilities	**460,584**	472,202
	1,451,465	1,487,720

22. BORROWINGS

23. SHARE CAPITAL AND TREASURY SHARES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Share capital	**1,495,234**	1,348,124
Treasury shares reserve	**(264,271)**	(350,758)
	1,230,963	997,366

The changes in the Company's authorised, issued and fully paid share capital are as follows:

	Number of shares '000	Share capital RMB'000
Ordinary shares of RMB1 each		
As at 1 January 2026	**1,348,124**	**1,348,124**
Cancellation of treasury shares (unaudited)	**(2,413)**	**(2,413)**
Issuance of ordinary shares upon global offering (unaudited)	**149,523**	**149,523**
As at 30 June 2026 (unaudited)	**1,495,234**	**1,495,234**
As at 1 January 2025	1,342,957	1,342,957
Repurchase and cancellation of shares under restricted shares incentive schemes	(1,065)	(1,065)
Issue of shares under restricted shares incentive schemes	6,232	6,232
As at 31 December 2025	1,348,124	1,348,124

24. SHARE-BASED EMPLOYEE COMPENSATIONS *(Continued)*

(b) Restricted Stock Incentive Plans

The Company granted both Type I and Type II restricted shares. The particulars of the Type I and Type II restricted shares are as follows:

(i) Type I restricted shares

Type I restricted shares refer to ordinary shares issued to the participants with certain restrictions stipulated under the Restricted A-share Scheme. On the grant date of Type I restricted shares, the participants of Type I restricted shares were entitled to receive newly issued ordinary shares of the Company and were required to pay the purchase price upon accepting the Type I restricted shares.

Type I restricted shares shall be locked up immediately upon grant. The release of the restriction of the restricted shares granted to the participants shall be subject to performance conditions and a lock-up period after the date of registration. The restricted shares held by the participants shall be unlocked in two or three tranches of the total number of the restricted shares granted upon the expiry of each lock-up period. The restriction on the restricted share would only be released upon both the performance condition of the Group and the performance condition of the individuals are met.

If the either of the performance conditions are not met, the Company will repurchase the Type I restricted shares from the employee at purchase price. The total consideration paid by the participants are recognised as liabilities and will only be reversed by portion to other reserve when the shares are vested each year.

Pursuant to the "Proposal on the 2022 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**Incentive Plan 2022**") approved at the 2022 second extraordinary general meeting of the Company on 21 February 2022, the Company completed the registration of the initial grant of 2,590,100 type I restricted stock with lock-up period of 36 months to 289 incentive participants in April 2022 at a grant price of RMB18.25 per share and 920,753 type I restricted stock with lock-up period of 24 months to 89 incentive participants which in reserved grant portion in February 2023 at a grant price of RMB11.73. Pursuant to the Incentive Plan 2022, the restricted stock initial granted to 289 incentive participants in April 2022 will be unlocked in three periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 40%, 40% and 20%, respectively, according to the Group's performance appraisal and individual performance appraisal, etc.. The restricted stock granted to 89 incentive participants in February 2023 will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc..

24. SHARE-BASED EMPLOYEE COMPENSATIONS *(Continued)*

(b) Restricted Stock Incentive Plans *(Continued)*

(i) Type I restricted shares (Continued)

Pursuant to the "Proposal on the 2026 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**Incentive Plan 2026**") approved at the 2026 second extraordinary general meeting of the Company on 30 June 2026, the Company completed the registration of the grant of 8,580,200 type I restricted stock in treasury shares with lock-up period of 24 months to 63 incentive participants in April 2026 at a grant price of RMB7.50 per share. Pursuant to the Incentive Plan 2026, the restricted stock will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc.

Set out below are details of the movements of the outstanding number of Type I restricted shares throughout the six months ended 30 June 2025 and 2026:

	Six months ended 30 June	
	2026	2025
	'000	'000
	(unaudited)	(unaudited)
As at beginning of the period	**–**	1,065
Granted	**8,580**	–
Lapsed	**–**	(55)
As at end of the period	**8,580**	1,010
Exercisable at end of the period	**–**	–

24. SHARE-BASED EMPLOYEE COMPENSATIONS *(Continued)*

(b) Restricted Stock Incentive Plans *(Continued)*

(ii) Type II restricted shares

Type II restricted shares refer to the ordinary shares that participants could be subscribed upon the satisfaction of both the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. Upon the satisfaction of the Group's and individuals' performance conditions under the Restricted A-share Scheme, the participants of Type II restricted shares have the right to subscribe ordinary shares.

Type II restricted shares shall be vested over a two-year or a three-year period, with shares vesting on each anniversary date after the vesting commencement date upon the satisfaction of the Group's performance conditions and individual performance conditions under the Restricted A-share Scheme. The shares before the participants' subscription do not give the participants the right to obtain dividends or the right to vote at the shareholders' meeting.

Pursuant to the proposals such as "Proposal on the 2023 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**Incentive Plan 2023**") approved at the 2023 third extraordinary general meeting of the Company on 11 November 2023, the Company completed the registration of the initial grant of 2,650,000 type II restricted stock with lock-up period to 49 incentive participants in December 2023 at a grant price of RMB7.16 per share. Pursuant to the Incentive Plan 2023, the restricted shares granted to participants will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc..

24. SHARE-BASED EMPLOYEE COMPENSATIONS *(Continued)*

(b) Restricted Stock Incentive Plans *(Continued)*

(ii) Type II restricted shares (Continued)

Pursuant to the proposals such as "Proposal on the 2024 Restricted Stock Incentive Plan (Draft) and its Summary of the Company" (the "**Incentive Plan 2024**") approved at the 2024 first extraordinary general meeting of the Company on 27 September 2024, the Company completed the registration of the initial grant of 12,630,000 type II restricted stock with lock-up period to 50 incentive participants in October 2024 at a grant price of RMB3.75 per share and 370,000 type II restricted stock with lock-up period to 5 incentive participants in August 2025 at a grant price of RMB3.70 per share. Pursuant to the Incentive Plan 2024, the restricted shares granted to 50 incentive participants in October 2024 will be unlocked in three periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50%, 30% and 20%, respectively, according to the Group's performance appraisal and individual performance appraisal, etc.. The restricted stock granted to 5 incentive participants in August 2025 will be unlocked in two periods after 12 months from the date of completion of the registration of the grant, and the maximum percentage of unlocking for each period will be 50% according to the Group's performance appraisal and individual performance appraisal, etc..

Set out below are details of the movements of the outstanding number of Type II restricted shares throughout the six months ended 30 June 2026 and 2025:

	Six months ended 30 June	
	2026	2025
	'000	'000
	(unaudited)	(unaudited)
As at beginning of the period	**7,848**	15,280
Forfeited (Note)	**(1,245)**	–
As at end of the period	**6,603**	15,280
Exercisable at end of the period	**3,974**	6,315

Note: On 30 March 2026, a total of 1,245,000 type II restricted shares granted in the Incentive Plan 2023 was cancelled, as participants did not meet the performance requirements.

Notes to the Interim Financial Information

25. COMMITMENTS

The Group's capital commitments contracted but not provided for in the Interim Financial Information were as follows:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Contracted, but not provided for, net of deposits paid and prepayments		
– Property, plant and equipment	**2,033,367**	2,169,527

26. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the six months ended 30 June 2026 and 2025.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Shenzhen Cotran New Material Co., Ltd. (Former name: Shenzhen Kexin Hydrogen Materials Co., Ltd.)* 深圳市科新創界新材料有限公司 (曾用名: 深圳市科新氫材有限公司)	A company in which the ultimate controller holds a 25.6% equity interest
Shenzhen Youte Qingxin Filter Material Technology Co., Ltd*. (深圳優特清新濾材科技有限公司)	A company controlled by the son of the ultimate controller
Shenzhen Xinyuanbang Technology Co., Ltd.* (深圳新源邦科技有限公司)	An associate of the Group from October 2022
N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.* (恩泰環保科技(常州)有限公司)	A company controlled by the brother of the ultimate controller
Shenzhen Xinglanxin New Material Technology Co., Ltd. (深圳市星藍鑫新材料科技有限公司)	A company in which the ultimate controller holds a 31% equity interest

* For identification only

26. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Transactions with related parties

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales transactions:		
– Shenzhen Youte Qingxin Filter Material Technology Co., Ltd.	**515**	136
– Shenzhen Xinglanxin New Material Technology Co., Ltd.	**772**	–
– Shenzhen Cotran New Material Co., Ltd.	**149**	–
	1,436	136
Rental transactions:		
– Shenzhen Cotran New Material Co., Ltd.	**396**	198
– Shenzhen Xinglanxin New Material Technology Co., Ltd.	**1,046**	–
	1,442	198
Procurement transactions:		

Notes to the Interim Financial Information

26. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Amounts due from related parties (trade in nature):		
– Shenzhen Youte Qingxin Filter Material Technology Co., Ltd.	**360**	207
– Shenzhen Cotran New Material Co., Ltd.	**1,314**	722
– Shenzhen Xinglanxin New Material Technology Co., Ltd.	**2,467**	2,717
	4,141	3,646

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Amounts due to related parties (trade in nature):		
– Shenzhen Xinyuanbang Technology Co., Ltd.	**2,919**	905
– N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.	**54**	89
	2,973	994

Note: The amounts are unsecured, interest-free and recoverable or repayable on demand.

26. RELATED PARTY TRANSACTIONS *(Continued)*

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability and significance of inputs to the measurements, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.

Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2026 and 31 December 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

– Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

– Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Fair value hierarchy

As at 30 June 2026 and 31 December 2025, the financial assets measured at fair value on a recurring basis by the above three levels were analysed below:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2026 (unaudited)				
Financial assets at FVTPL				
– Fund products	–	–	**69,291**	**69,291**
– Bank wealth management products (WMPs) and structured deposits	–	–	**41,264**	**41,264**
– Foreign exchange forward contracts and options	–	**1,468**	–	**1,468**
– Unlisted equity instruments	–	–	**94,598**	**94,598**
Financial assets at FVTOCI				
– Unlisted equity instruments	–	–	**127,933**	**127,933**
– Notes receivables measured at FVTOCI	–	–	**189,196**	**189,196**
	–	**1,468**	**522,282**	**523,750**
Financial liabilities at FVTPL				
– Foreign exchange forward contract and options	–	**1,143**	–	**1,143**

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Fair value hierarchy *(Continued)*

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2025				
Financial assets at FVTPL				
– Fund products	–	30,001	–	30,001
– Unlisted equity instruments	–	–	94,598	94,598
Financial assets at FVTOCI				
– Unlisted equity instruments	–	–	30,863	30,863
– Notes receivables measured at FVTOCI	–	–	369,753	369,753
	–	30,001	495,214	525,215
Financial liabilities at FVTPL				
– Foreign exchange forward contract and options	–	12,620	–	12,620

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly discounted cash flow approach and market approach. The inputs of the valuation technique mainly include expected rate of return, recent transaction price and discount rate.

Assets subject to Level 3 fair value measurement were mainly included fund products, notes receivables measured at FVTOCI, equity investments in unlisted entities at FVTPL and at FVTOCI. These assets and liabilities were measured mainly using discounted cash flow approach and market approach. The judgement of Level 3 of the fair value hierarchy is based on the materiality of unobservable inputs towards calculation of whole fair value.

During the six months ended 30 June 2026 and 2025, there was no transfer between Level 1 and Level 2 into or out of Level 3.

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Valuation techniques used to determine fair values *(Continued)*

The quantitative information of fair value measurements as at 30 June 2026 and 31 December 2025 for Level 2 and level 3 is as follows:

	Fair value hierarchy	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000	Valuation technique and key input(s)	Relationship of significant unobservable input(s) to fair value
Financial assets at FVTPL					
Fund products	Level 2	**–**	30,001	Quoted prices in the over-the-counter market	N/A
	Level 3	**69,291**	–	Net assets value of unlisted funds	The higher the net assets value of unlisted funds, the higher the fair value
Foreign exchange forward contracts and options	Level 2	**1,468**	–	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties	N/A
Bank wealth management products (WMPs) and structured deposits	Level 3	**30,000**	–	Expected rate of return	The higher the expected rate of return, the higher the fair value
	Level 3	**11,264**	–	Net assets value of the WMPs	The higher the net assets value of the WMPs, the higher the fair value
Unlisted equity investments	Level 3	**19,028**	19,028	Market approach, Recent transaction price	The higher the recent transaction price, the higher the fair value

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	Fair value hierarchy	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000	Valuation technique and key input(s)	Relationship of significant unobservable input(s) to fair value
Unlisted equity investments	Level 3	**75,570**	75,570	Market approach, Discount for lack of marketability ("DLOM") and Enterprise Value to Sales ("EV/S") multiples	The higher the value of DLOM, the lower the fair value; the higher the EV/S multiples, the higher the fair value
Financial assets at FVTOCI					
Unlisted equity investments	Level 3	**127,933**	30,863	Market approach, Recent transaction price	The higher the recent transaction price, the higher the fair value
Notes receivables measured at FVTOCI	Level 3	**189,196**	369,753	Discount rate	The higher the discount rate, the lower the fair value
		523,750	525,215		
Financial liabilities at FVTPL					
Foreign exchange forward contracts and options	Level 2	**1,143**	12,620	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate	

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Valuation techniques used to determine fair values *(Continued)*

Below is a summary of quantitative sensitivity analysis disclosed for the financial assets subject to Level 3 fair value measurement at the end of each of the reporting period:

	Valuation technique and key input(s)	Range of inputs		Sensitivity analysis
		As at 30 June 2026 (unaudited)	As at 31 December 2025	
Financial assets at FVTPL				
Fund products	Net assets value of unlisted funds	**N/A**	N/A	As at 30 June 2026, if net assets value of unlisted funds were increased/decreased by 5%, the fair value of fund products at FVTPL would have been approximately RMB3,465,000 (31 December 2025: nil) higher/lower.
Bank wealth management products (WMPs) and structured deposits	Expected rate of return	**2.45%**	N/A	As at 30 June 2026, if expected rate of return were increased/decreased by 0.5%, the fair value of Bank WMPs and structured deposits at FVTPL would have been approximately RMB2,000 (31 December 2025: nil) higher/lower.
	Net assets value of the WMPs	**N/A**	N/A	As at 30 June 2026, if net assets value of the WMPs were increased/decreased by 5%, the fair value of Bank WMPs and structured deposits at FVTPL would have been approximately RMB 563,000 (31 December 2025: nil) higher/lower.
Unlisted equity investments	Market approach, Recent transaction price	**N/A**	N/A	As at 30 June 2026, if the recent transaction price were increased/decreased by 5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB951,000 (31 December 2025: RMB951,000) higher/lower.

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27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Valuation techniques used to determine fair values *(Continued)*

Below is a summary of quantitative sensitivity analysis disclosed for the financial assets subject to Level 3 fair value measurement at the end of each of the reporting period: *(Continued)*

	Valuation technique and key input(s)	Range of inputs		Sensitivity analysis
		As at 30 June 2026 (unaudited)	As at 31 December 2025	
Unlisted equity investments	Market approach, DLOM	**16.55%**	16.55%	As at 30 June 2026, if the DLOM had been higher/lower by 5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB5,318,000 (31 December 2025: RMB5,318,000) lower/higher.
	Market approach, EV/S multiples	**4.46**	4.46	As at 30 June 2026, if the EV/S multiples was increased/decreased by 5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB4,438,000 (31 December 2025: RMB4,438,000) higher/lower.
Financial assets at FVTOCI				
Notes receivables measured at FVTOCI	Discount rate	**0.88%-1.55%**	0.5%-1.99%	As at 30 June 2026, if the discount rate had been higher/lower by 0.5%, the fair value of notes receivables at FVTOCI would have been approximately RMB919,000 (31 December 2025: RMB1,795,000) lower/higher respectively.
Unlisted equity investments	Market approach, Recent transaction price	**N/A**	N/A	As at 30 June 2026, if the recent transaction price were increased/decreased by 5%, the fair value of unlisted equity investments at FVTOCI would have been approximately RMB6,397,000 (31 December 2025: RMB1,543,000) higher/lower.

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Reconciliation of Level 3 fair value measurements

The following tables present the changes in level 3 financial instruments during the six months ended 30 June 2026 and 2025:

(i) Financial assets at FVTPL

	Bank WMPs and structured deposits RMB'000	Fund products RMB'000	Unlisted equity investments RMB'000
As at 1 January 2026	**–**	**–**	**94,598**
Additions (unaudited)	**287,027**	**67,398**	**–**
Disposals (unaudited)	**(245,883)**	**–**	**–**
Fair value gains (unaudited)	**120**	**1,893**	**–**
As at 30 June 2026 (unaudited)	**41,264**	**69,291**	**94,598**
As at 1 January 2025	260,564	–	76,982
Additions (unaudited)	670,000	–	–
Disposals (unaudited)	(931,840)	–	–
Fair value gains (unaudited)	1,276	–	1,529
As at 30 June 2025 (unaudited)	–	–	78,511

Notes to the Interim Financial Information

27. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*