Shenzhen Senior Technology Material Co., Ltd.

深圳市星源材質科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 6067

2026
INTERIM REPORT

Contents

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"A Share(s)"	domestic shares issued by our Company, with a nominal value of RMB1.00 each. The A shares are listed on ChiNext of the Shenzhen Stock Exchange and traded in Renminbi
"AESC"	Automotive Energy Supply Corporation, a company established in 2007 in Japan, and one of our major customers
"Articles of Association"	the articles of association of our Company, as amended from time to time
"Board", "Board of Directors" or "our Board"	the board of directors of our Company
"BYD"	BYD Company Limited (比亞迪股份有限公司), a company established in 1995 in the PRC, and one of our major customers
"CALB"	China Aviation Lithium Battery Co., Ltd. (中創新航科技集團股份有限公司), a company established in 2007 in the PRC, and one of our major customers
"CATL"	Contemporary Amperex Technology Co., Limited (寧德時代新能源科技股份有限公司), a company established in 2011 in the PRC, and one of our major customers
"Changzhou Senior"	Changzhou Senior New Energy Materials Co., Ltd. (常州星源新能源材料有限公司), a wholly owned subsidiary of our Company
"Company Law"	the Company Law of the People's Republic of China, as amended from time to time
"Company" or "Senior Material"	Shenzhen Senior Technology Material Co., Ltd. (深圳市星源材質科技股份有限公司), a joint stock company with limited liability established under the laws of the PRC
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of our Company
"Europe Senior"	Senior Material (Europe) AB, a wholly owned subsidiary of our Company
"EVE Energy"	EVE Energy Co., Ltd. (惠州億緯鋰能股份有限公司), a company established in 2001 in the PRC, and one of our major customers
"Foshan Senior"	Senior Material (Foshan) New Materials Technology Co., Ltd. (星源材質(佛山)新材料科技有限公司), a subsidiary of our Company
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Gotion High-tech"	Gotion High-Tech Co., Ltd. (國軒高科股份有限公司), a company established in 2006 in the PRC, and one of our major customers

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 dollars 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 controlled subsidiary of our Company
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"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"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"INV New Material" or "INV Malaysia"	INV New Material Technology (Malaysia) Sdn. Bhd. (英諾威新材料科技(馬來西亞)有限公司), a wholly-owned subsidiary of the Company
"Jiangsu Senior"	Jiangsu Senior New Energy Materials Co., Ltd. (江蘇星源新材料科技有限公司), a wholly owned subsidiary of our Company
"LG Energy Solution"	LG Energy Solution Ltd., a company established in 2020 in South Korea, and one of our major customers
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, being 23 June 2026, on which the H Shares are listed on the Stock Exchange and from which dealings in the H Shares are permitted on the Stock Exchange
"Ms. Chen"	Ms. Chen Weirong (陳蔚蓉), being the spouse of Prof. Chen, and one of our Single Largest Shareholders
"Murata"	Murata Manufacturing Co., Ltd., a company established in 1944 in Japan, and one of our major customers
"Nantong Senior"	Senior Material (Nantong) New Materials Technology Co., Ltd. (星源材質(南通)新材料科技有限公司), a wholly owned subsidiary of our Company
"PRC" or "China"	the People's Republic of China, but for the purposes of this report only (unless otherwise indicated) excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan Province

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

Corporate Information

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

Tianyuan Road North
Gongming Town
Guangming District
Shenzhen, Guangdong
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

Corporate Information

LEGAL ADVISERS

As to Hong Kong laws:
Clifford Chance
27/F, Jardine House
1 Connaught Place, Central
Hong Kong

As to PRC laws:
King & Wood
28/F, China Resources Tower
2666 Keyuan South Road, Nanshan District
Shenzhen, Guangdong
PRC

COMPLIANCE ADVISER

Vast Harbour Corporate Finance Limited
(formerly known as Goldlink Capital (Corporate Finance) Limited)
28/F, Bank of East Asia Harbour View Centre
56 Gloucester Road, Wanchai
Hong Kong

COMPANY'S WEBSITE

www.senior798.com

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 (鑫欏鋰電), 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.

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 application and promotion services, thereby laying a solid technological foundation for the Company's sustainable development. With the continuous improvement in the separator process technologies and product quality management, the Company's overall technical capabilities, including separator design and development, product manufacturing technology, and product performance indicators, have achieved a leading position in the global separator industry.

II. BUSINESS OVERVIEW

- **BUSINESS REVIEW**

(I) Company's main business operations

The Company is a national high and new technology enterprise specializing in the R&D, production, and sales of lithium-ion battery separators across the new energy, new materials, and new energy vehicle sectors. It serves as the lead unit and the deputy leader of the editorial committee for drafting national standards related to lithium-ion battery separators. Lithium-ion battery separators, as critical materials for lithium-ion batteries, along with lithium-ion batteries, constitute a new energy industry that is prioritized and supported for development by governments of various countries. With the mission of "Create a New Life with Senior Separators", the Company focuses on the new energy and new materials sectors, and is dedicated to contributing to global green energy development.

(II) Introduction to Company's main products

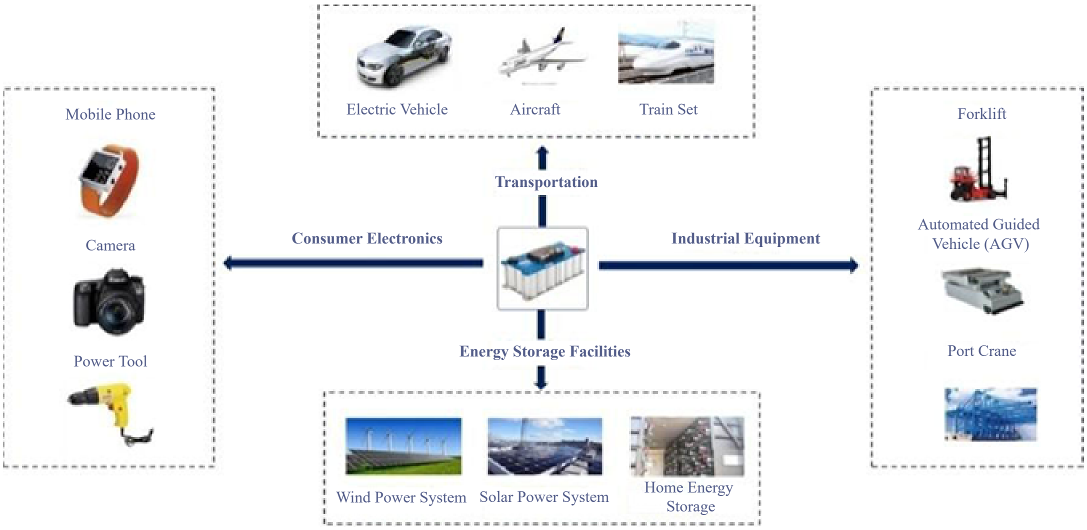
The separators produced by the Company primarily include wet process separators, dry process separators, coated separators, and various functional separators. These products are widely used in new energy vehicles, energy storage power stations, electric bicycles, power tools, aerospace, 3C digital products,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

Product series		Main specifications	Product appearance	Applications
Dry Process Separator	Conventional/Ultra-Thin/High-Strength/High-Toughness/ Liquid Injection Anti-wrinkle/ Multi-component Series	3-40μm		Used in batteries for electric vehicles, electric bicycles, power tools, digital devices, energy storage, etc.
Wet Process Separator	Conventional/Ultra-thin/Small Pore Size/Low Shutdown Temperature & High Meltdown Temperature/ High-strength/ Ultra-high-strength/Special Performance Series	3-25μm		Used in batteries for electric vehicles, power tools, high-end digital devices, etc.
Coated Separator	High heat resistance/Low Moisture & High Adhesion/High heat resistance & High Peel Strength & Low Impedance/ Ultra-thin high heat resistance/ High Meltdown Temperature & High Peel Strength/Semi-solid-state and Solid-state Series	5-25μm		Used in power, digital, and energy storage batteries with higher safety requirements

Management Discussion and Analysis

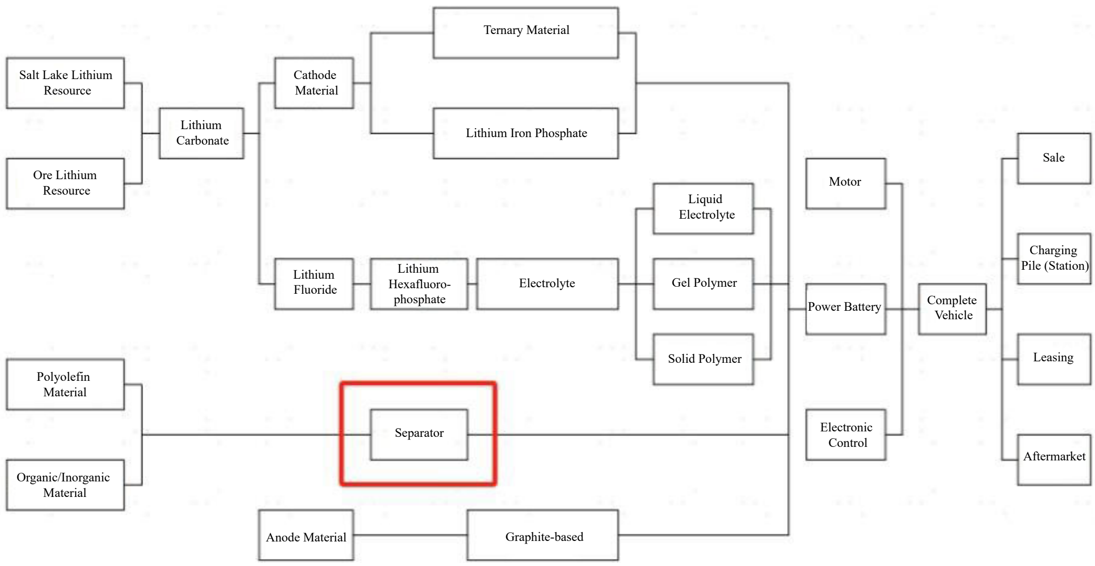
(III) Products and application areas

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:



1. Upstream industry

For the lithium-ion battery separator industry in which the Company operates, the upstream industries mainly include the chemical industries that supply materials such as polypropylene (PP), polyethylene (PE), ceramic powder, solid electrolyte materials, polymers, white oil, dichloromethane, and various additives.

2. Downstream industry

The lithium-ion battery separator industry is highly correlated with the downstream end-use application areas of battery products. The terminal application areas are primarily the three major industries of new energy, new materials, and new energy vehicles. These sectors have maintained a growth momentum in recent years due to their alignment with national industrial structure upgrading and consumption upgrading trends. Concurrently, lithium-ion battery products play a crucial role in digital electronic products, including mobile phones, tablet computers, laptops, wearable smart devices, and power banks, as well as in power-related application terminals such as new energy vehicles, power tools, energy storage facilities, and electric bicycles. The rapid development of consumer electronics, new energy vehicles, and the energy storage industry provides a vast market space for the separator industry.

(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 aids. The Company forecasts based on actual orders and historical data, and then negotiates with suppliers and distributors before issuing purchase orders. The Company has established a relatively comprehensive supplier selection and evaluation control procedure to screen suppliers. Qualified suppliers are added to the "Approved Supplier List" for management and undergo strict performance evaluations and regular assessments.

3. Production model: The Company primarily operates under a "make-to-order" (MTO) production model. It has implemented ERP and MES systems, established ISO production process control procedures, and developed a fast and efficient order processing workflow. After an order is signed, the Company manages the entire production process, including production planning, procurement organization, manufacturing and inventory, quality control, and shipment, based on the order's technical specifications, dimensions, quantity, and delivery date. This production model facilitates meeting diverse customer requirements, improves the on-time delivery rates and customer satisfaction, enhances product quality consistency, and reduces inventory levels, thereby rationally controlling costs and improving capital utilization efficiency. Furthermore, to fully utilize its production capacity, the Company also maintains normal inventory levels based on historical sales performance and specific customer demand.

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 technologies, production equipment, end-product applications, and special functional polymer membrane materials. The Company collaborates with Sichuan University and Guangdong University of Technology on "industry-academia-research" projects. It has jointly established a "Postdoctoral Innovation Practice Base" with South China University of Technology, and has cooperated with Tsinghua University, Peking University, Shanghai Jiao Tong University, Huazhong University of Science and Technology, Chongqing University, Southern University of Science and Technology, Nanjing University of Science & Technology, Jiangsu Industrial Technology Research Institute, and many other universities and research institutions on the development of equipment, processes, and technologies, as well as talent cultivation for high-performance power lithium-ion battery separators and various functional membranes. Meanwhile, to collaborate with international universities, attract leading international talent, integrate global resources, and build a global customer service network, the Company has established multiple research institutes in Germany, Sweden, Japan, Jiangsu, and other locations, thereby establishing a global R&D layout centered in Shenzhen.

The Company broadens its sources of information on innovation in and upgrading of product process technologies by participating in international industry exhibitions and academic exchange meetings, and through consultations and mutual visits with leading domestic and international enterprises.

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 technology R&D projects, major product innovation projects, and evaluate the adoption of patented technologies and selection of new equipment. It serves as the highest body guiding the Company's overall direction of scientific research and development. Each member of the Company's Technical Committee has many years of experience in research and development of lithium-ion battery separators and various functional membranes, possessing a deep understanding of the lithium-ion battery separator industry. The Company's R&D work is managed on a project basis. Through years of talent development and recruitment, the Company has built a team of numerous senior engineering technical experts with extensive experience in the R&D and production of lithium-ion battery separators. The above core management personnel and key business personnel have grown into an important force in the Company's R&D and operational management.

Based on independent R&D, the Company fully utilizes its existing R&D platforms, industry-academia-research cooperation platforms, technology exchange platforms, employee-wide innovation platforms, and information management platforms to create a multi-dimensional technology R&D and innovation system. The Company adopts a technology innovation pathway characterized by the phased approach of "conceive, pre-research, research, develop, and apply", establishes a relatively scientific and rational R&D process, fully mobilizes resources from all relevant parties, continuously improves its R&D capabilities and technological expertise, and enhances the Company's competitive edge in the industry.

(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 excellence, and through years of development, the Company has established a strong brand image in the industry and possesses an excellent customer base, laying a solid foundation for the Company's sustained and stable development. In the domestic market, the Company's main customers cover a wide range of well-known lithium-ion battery manufacturers such as CATL, BYD, CALB, Gotion High-tech, Sunwoda, Qingtao, EVE Energy, Xiamen Hithium, and Zhuhai CosMX. In the international market, the Company's products are supplied in batches to premier manufacturers such as LG Energy Solution, Samsung SDI, AESC, SK On, Murata, and the power battery subsidiary under the Volkswagen Group, and have established business cooperative relationships with many large-scale lithium-ion battery manufacturers. The Company has repeatedly won awards issued by leading customers, such as LG Energy Solution "Quality Excellence Award", "Excellent Partner", EVE Energy "Pioneer Award", and CALB "Excellent Supplier". At the same time, the Company continuously enhances its competitive advantages in the international market through planned performance improvement and innovative product development.

Management Discussion and Analysis

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 battery separator manufacturers globally to have mastered and industrialized patented technologies for dry, wet, and coated separators. Simultaneously, it possesses precise control capabilities over product performance indicators such as separator porosity, mechanical strength, pore size and distribution, air permeability, and thermal shrinkage. This results in separator products featuring uniform pore size, excellent permeability, high consistency and stability, and enhanced safety. Furthermore, the Company possesses a well-equipped and fully functional online detection and evaluation technical platform for separator performance. Through real-time monitoring of the entire separator production process, it achieves precise control over raw material formulations and product performance indicators, meeting the personalized quality requirements of battery manufacturers.

(3) Strengths in compatible formulations

Through deep processing of separators by surface coating with materials such as alumina, boehmite, polymers, nanofibers, and solid electrolyte materials, as well as various treatment methods, the thermal and electrochemical performance of the base film can be effectively improved. The Company began developing deep-processing technologies for separators in 2011 and holds over 240 related patents. Its product formulations balance high-temperature heat shrinkage resistance with low moisture content, with a meltdown temperature above 200°C. Products are supplied in bulk to leading battery manufacturers, with certain products serving as primary-supplier products.

(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 single production line features a working width exceeding 8 metres, with a single-line capacity of 250 million square metres. Compared to the fourth-generation wet production line, the single-line capacity has increased by more than 2 times, setting a new industry standard for production efficiency and creating a competitive barrier in equipment. The iterated production equipment has achieved breakthrough progress in automation and intelligence. It not only pioneered the industry's first Smart Manufacturing System 2.0 platform but also introduced Warehouse Management System (WMS) and Warehouse Control System (WCS), linking them with the Manufacturing Execution System (MES). Real-time monitoring, process-by-process inspection, and a unique ID for each product are achieved through the coordinated operation of MES, WMS, and WCS, enabling full-process product quality traceability and ensuring high-quality output. Simultaneously, the fifth-generation super wet production line also features characteristics such as ultra-low emissions and ultra-high recovery rates, setting new industry standards in quality, efficiency, intelligence, and low-carbon indicators.

(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 advantages to premier lithium-ion battery manufacturers at home and abroad. The Company's strong overall strength, good brand reputation, excellent product quality, and operational stability have been widely recognized by the market.

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 revenue.

The following table sets out an analysis of the Group's revenue by product and geographic region:

	Six months ended 30 June				
	2026		2025		
	Amount	**Percentage**	Amount	Percentage	YoY change
	RMB'000	**%**	RMB'000	%	%
By product					
Lithium-ion battery separator new energy material	**2,631,089**	**100**	1,880,636	100	39.9
By geographic region					
Chinese Mainland	**1,811,010**	**68.8**	1,634,516	86.9	10.8
Overseas	**820,079**	**31.2**	246,120	13.1	233.2

The increase in overseas revenue was primarily attributable to the sustained growth in sales volume driven by rising overseas demand, resulting in an increase of 233.2% in overseas revenue as compared with the corresponding period last year.

The increase in Chinese Mainland revenue was mainly due to the optimisation of product mix and the increase in unit selling prices driven by rising market demand, resulting in an increase of 10.8% in Chinese Mainland revenue as compared with the corresponding period last year.

2. GROSS PROFIT MARGIN

	Six months ended 30 June				
	2026		2025		
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin	YoY change
	RMB'000	**%**	RMB'000	%	%
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
Non-current assets						
Property, plant and equipment	**16,891,003**	**61.8**	16,932,017	68.3	-6.5	Mainly attributable to depreciation during the period and exchange rate fluctuations.
Right-of-use assets	**852,278**	**3.1**	886,508	3.6	-0.5	Mainly attributable to amortisation during the period and exchange rate fluctuations.
Current assets						
Inventories	**1,114,433**	**4.1**	762,381	3.1	1.0	Mainly attributable to the increase in inventory reserves to meet customer demand.
Trade and notes receivable	**2,831,788**	**10.4**	2,480,060	10.0	0.4	Mainly attributable to the corresponding increase in receivables as a result of the increase in revenue.
Cash and cash equivalents	**3,301,654**	**12.1**	1,187,671	4.8	7.3	Mainly attributable to the issuance of H Shares and increase in borrowings.
Current liabilities						
Trade and notes payable	**848,134**	**3.1**	669,699	2.7	0.4	Mainly attributable to the growth in purchases and payables in line with business expansion.
Other payables and accruals	**990,881**	**3.6**	1,015,518	4.1	-0.5	Mainly attributable to the decrease in payables for equipment and construction works as progress of project settlement advanced.
Borrowings	**6,091,113**	**22.3**	5,748,288	23.2	-0.23	Mainly attributable to the increase in short-term operating loans as a result of business expansion.
Non-current liabilities						
Borrowings	**7,449,996**	**27.3**	6,361,445	25.7	1.6	Mainly attributable to the increase in long-term bank borrowings.

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

Item	Six months ended 30 June		
	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 borrowings amounted to RMB13,541.1 million, of which the portion repayable within one year amounted to RMB6,091.1 million. As at 30 June 2026, the Group's outstanding loans mainly comprised RMB loans, EUR loans and USD loans. Most of the Group's borrowings are floating rate borrowings.

The Group monitors its capital structure through the use of the gearing ratio (i.e. total liabilities/ total assets). The Group's gearing ratio was 59.3% as at 30 June 2026 (59.1% as at 31 December 2025). The increase in the gearing ratio was mainly attributable to the increase in bank borrowings.

The Group finances its development needs primarily through cash generated from operating activities and financing activities such as share issuance and external borrowings.

The Group has sufficient liquidity to meet its day-to-day working capital management, repayment of maturing debts and capital expenditure requirements.

9. FOREIGN EXCHANGE RISK MANAGEMENT

Most of the Group's revenue and cost of sales are denominated in RMB. As the Group's manufacturing bases and sales markets are also located in certain countries and regions outside the PRC, and a certain proportion of the Group's transactions are settled in foreign currencies such as USD and EUR, the Group is exposed to the risk of foreign exchange fluctuations. Pursuant to its internal risk control policies, in managing foreign exchange risks, the Group closely monitors changes in foreign currency exchange rates and, when necessary, adopts hedging measures (such as derivative instruments, which mainly cover forward, option and swap contracts) to mitigate the risk.

10. CONTINGENT LIABILITIES

As of 30 June 2026, the Group had no material contingent liabilities.

11. MATERIAL INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

As of 30 June 2026, the Group did not have any material investments, which refer to investments in an investee company with an investment amount accounting for 5% or more of the Group's total assets.

During the Reporting Period, the Group did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures.

As of 30 June 2026, the Group had no other plans for material investments or acquisitions of capital assets.

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

Driven by the "dual carbon" goal that is accelerating the transition of the global energy structure, the Company leverages its composite competitive advantages in technology R&D, production capacity scale and product quality to continuously expand the global influence of the "SENIOR" brand. The Company has established long-term and stable cooperative relationships with renowned domestic and overseas lithium-ion battery manufacturers such as CATL, BYD, Gotion High-tech, CALB, EVE Energy, Sunwoda, LG Energy Solution, Samsung SDI, and Murata. With the development of the industry in which the Company operates and the continuous release of the Company's production capacity, the Company has continued to deepen and accelerate its stable business cooperation with renowned overseas lithium-ion battery manufacturers in recent years, and has actively advanced relevant product certification work.

Management Discussion and Analysis

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 through the interfacial compatibility bottleneck of traditional separators in solid-state battery systems; through a unique electrolyte composite coating design, it achieves a substantial improvement in room-temperature ionic conductivity as well as low impedance and high stability at the electrode/separator interface, representing an excellent solution for high-performance solid-liquid hybrid batteries. The "GuRui" series of rigid scaffold membranes adopts three novel core technologies, simultaneously achieving the characteristics of thinness and lightness, high porosity, and adjustable micropore sizes, making them suitable for the filling and compositing of various polymer, sulfide, or organic-inorganic composite electrolytes, effectively improving the energy density of all-solid-state batteries and resolving the challenges of roll-to-roll assembly processes. This series of products is simultaneously compatible with semi-solid-state, quasi-solid-state and all-solid-state battery routes, providing a practical and viable material solution for the industrialisation of high-energy-density, intrinsically safe batteries.

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 and approved by the Company's Board of Directors and is 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 application scenarios of piezoelectric micro-fluidic control include MFC mass flow controllers, lithium battery coating die heads, piezoelectric dispensing machines/dispensing valves, medical micro-injection and others; the principal application scenarios of piezoelectric micro-displacement platforms include micro-displacement control for high-end semiconductor precision equipment, fast steering mirrors which are the core components of ATP (acquisition, tracking and pointing) in satellite laser communications, and deformable mirrors which are the core components of space-to-ground laser communications, and others. Monolayer piezoelectric ceramic plates are widely used in ultrasonic transducers, achieving functions such as ultrasonic welding and ultrasonic cleaning.

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", through offline special training and online learning platform model, to establish new employee onboarding training, company-level general management training, department-level professional training, job skills training, mentorship training, technical forums, management seminars, action learning and other online and offline blended learning models. The Company has established an internal trainer team and developed an internal corporate training system. These efforts aim to enhance the overall quality and capabilities of employees and provide talent support to ensure the implementation of the Company's strategies and the achievement of its business objectives.

CONTINUING DISCLOSURE OBLIGATIONS UNDER THE HONG KONG LISTING RULES

During the Reporting Period, the Group had no continuing disclosure obligations pursuant to Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

Corporate Governance and Other Information

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 the Board on 10 September 2024 and at the extraordinary general meeting of the Company held on 27 September 2024, and approved and adopted an employee incentive plan (the "**2026 Share Incentive Plan**") by the Board on 12 March 2026 and at the extraordinary general meeting of the Company held on 31 March 2026 (collectively, the "**Share Incentive Plans**"). The Share Incentive Plans were in effect during the Reporting Period. As the Share Incentive Plans do not involve the grant of Share Options or awards by the Company after the Listing to subscribe for new shares or award shares, their terms are not required to comply with the provisions of Chapter 17 of the Listing Rules.

I. SUMMARY OF THE PRINCIPAL TERMS OF SHARE INCENTIVE PLANS

1 Purposes

The purposes of the Share Incentive Plans are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The Share Incentive Plans are implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realisation of our development strategy and business objectives.

2 Type of Share Incentives

Under the 2024 Share Incentive Plan, we may grant Share Options to eligible participants, and the A Shares underlying the Share Options under the 2024 Share Incentive Plan can only be issued after the vesting or exercise thereof.

Under the 2026 Share Incentive Plan, we may grant Restricted Stocks to eligible participants. The A Shares corresponding to the Restricted Stocks granted under the 2026 Share Incentive Plan are repurchased by the Company from the secondary market. Such Restricted Stocks shall be transferred to eligible participants upon completion of the grant, but shall remain subject to lock-up restrictions until the applicable vesting conditions have been satisfied.

3 Administration

Each of the Share Incentive Plans is subject to the approval of our Company's general meeting, administration of the Board and the supervision of the independent non-executive Directors.

Corporate Governance and Other Information

4 Participants

Participants under the Share Incentive Plans include (i) Directors and senior management, (ii) middle-level management personnels, and (iii) core technical or business employees, but do not include (i) independent non-executive Directors, (ii) Shareholders who, individually or in aggregate, holding 5% or more of the Shares of our Company, or actual controller(s) and their respective spouse, parents and children.

Foreign employees of our Group are not included as participants in the 2026 Share Incentive Plan, but are included under the 2024 Share Incentive Plan.

5 Source and Maximum

The underlying Shares for the Share Options granted under the 2024 Share Incentive Plan are new A Shares to be issued by our Company. The underlying Shares for the Restricted Stocks granted under the 2026 Share Incentive Plan are A Shares repurchased by the Company from the secondary market. The number of Shares granted to any individual grantee under all the Share Incentive Plans of our Company currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in the terms of the Share Incentive Plans, the maximum number of Share Options initially available to be granted under the 2024 Share Incentive Plan and the maximum number of Restricted Stocks granted under the 2026 Share Incentive Plan are as follows:

Share Incentive Plan	Maximum number of Shares corresponding to initial Share Options/ Restricted Stocks that may be granted	Maximum number of Shares corresponding to Share Options/ Restricted Stocks that are reserved for and may be further granted[(1)]
2024 Share Incentive Plan	12,630,000 A Shares	370,000 A Shares
2026 Share Incentive Plan	8,580,200 A Shares	Not applicable[(2)]

Notes:

(1) For the granting conditions of the Share Options, please see "Share Incentive Plans — 7. Conditions to the Grant of Share Options and Restricted Stocks" in this section.

(2) On 31 March 2026, the Shareholders approved the grant of all 8,580,200 A Shares corresponding to the Restricted Stocks under the 2026 Share Incentive Plan to 63 eligible participants, the registration of which was completed on 17 April 2026.

Pursuant to the terms of the 2024 Share Incentive Plan, any Share Options (or portions thereof) reserved for further grants under the 2024 Share Incentive Plan shall be cancelled if no eligible participant is determined within 12 months after the 2024 Share Incentive Plan is approved at the 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.

11 Adjustment

Subject to the other terms and conditions contained in the Share Incentive Plans, the number and/or exercise price of granted Share Options and the number and/or consideration of granted Restricted Stocks may be adjusted upon the occurrence of certain events from the date of the announcement of the relevant Share Incentive Plans to the completion of relevant registration or exercise by the grantees. These events include, as the case may be, (i) capitalisation of reserves, (ii) distribution of stock dividends, (iii) share subdivision, (iv) share consolidation, (v) rights issue, and (vi) share issuance.

12 Dividend and Voting Rights

Upon the vesting and exercise of Share Options and the vesting of the Restricted Stocks in accordance with the relevant Share Incentive Plans, the grantees will be entitled to exercise the right of Shareholders, including but not limited to the right to receive dividends and right to vote at the general meeting.

II. MOVEMENTS OF SHARE OPTIONS AND RESTRICTED STOCKS DURING THE REPORTING PERIOD

At the beginning and at the end of the Reporting Period, there were no Share Options or Restricted Stocks available for further grant under the Share Incentive Plans. During the Reporting Period, the number of A Shares that may be issued pursuant to the Share Options granted under the 2024 Share Incentive Plan, as a percentage of the weighted average number of issued A Shares (excluding treasury shares) of the Company during the Reporting Period, was 0.5%. The awards granted under the 2026 Share Incentive Plan are settled by the Company’s existing A Shares, and do not involve the issuance of new shares.

Corporate Governance and Other Information

Details of the movements of Share Options granted under the 2024 Share Incentive Plan during the Reporting Period are set out as follows:

			Number of Share Options						
Grantee	Date of Grant	Exercise Price per Share (RMB)	Outstanding as at 1 January 2026 (0'000 shares)	Granted during the Reporting Period (0'000 shares)	Vested or Exercised during the Reporting Period (0'000 shares)	Lapsed during the Reporting Period (0'000 shares)	Cancelled during the Reporting Period (0'000 shares)	Outstanding as at 30 June 2026 (0'000 shares)	Closing Price Immediately before the Date of Grant (RMB/per A Share)
Director									
Xu Liqiang *(Executive Director)*	9 October 2024	3.70	0.5	–	–	–	–	0.5	12.35
Other grantees									
Other employees	9 October 2024	3.70	622.75	–	–	–	–	622.75	12.35
	19 August 2025	3.70	37	–	–	–	–	37	12.43
Total			**660.25**	**-**	**-**	**-**	**-**	**660.25**	**-**

Details of the movements of Restricted Stocks granted under the 2026 Share Incentive Plan during the Reporting Period are set out as follows:

			Number of Restricted Stocks						
Grantee	Date of Grant	Purchase Price per Share (RMB)	Unvested as at 1 January 2026 (0'000 shares)	Granted during the Reporting Period (0'000 shares)	Vested during the Reporting Period (0'000 shares)	Lapsed during the Reporting Period (0'000 shares)	Cancelled during the Reporting Period (0'000 shares)	Unvested as at 30 June 2026 (0'000 shares)	Closing Price Immediately before the Date of Grant of Restricted Stocks (RMB/per A Share)
Director									
Xu Liqiang *(Executive Director)*	7 April 2026	7.50	–	5	–	–	–	5	13.96
Other grantees									
Other employees	7 April 2026	7.50	–	853.02	–	–	–	853.02	13.96
Total			**-**	**858.02**	**-**	**-**	**-**	**858.02**	**-**

Notes:

(1) During the Reporting Period, the fair value of the Restricted Stocks granted on 7 April 2026 pursuant to the 2026 Share Incentive Plan is RMB6.92 per share. Details of the accounting standards and policies adopted are set out in note 24 to the consolidated financial statements. No Share Options were granted under the 2024 Share Incentive Plan during the Reporting Period, therefore, pursuant to Rule 17.07(1)(c)(v) of the Listing Rules, the fair value of the Share Options at the grant date and the relevant accounting standards and policies are not applicable.

(2) Details of the vesting and exercise arrangements for the Share Options and Restricted Stocks granted under the Share Incentive Plans are set out in "Share Incentive Plans – I. Summary of the Principal Terms of Share Incentive Plans – 9 Vesting and Exercise of Share Options and Restricted Stocks" under this section. Whether the Share Options and Restricted Stocks can be vested or exercised depends on whether the conditions of the Company's performance indicators and individual performance indicators are met. For details, please refer to the announcements of grant published by the Company on the Shenzhen Stock Exchange dated 9 October 2024, 20 August 2024 and 7 April 2026.

(3) No Share Options or Restricted Stocks granted under the Share Incentive Plans vested and/or were exercised during the Reporting Period. Accordingly, pursuant to Rule 17.07(1)(d) of the Listing Rules, the weighted average closing price of the relevant shares immediately before the date of exercise or vesting of the Share Options or Restricted Stocks is not applicable.

(4) No employee grantees have been granted share incentives in excess of 1% of the issued Shares of the Company on a standalone basis.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interests and/or short positions (if applicable) of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (if applicable) which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange are set out below:

Name of Director	Nature of interest	Class of Shares	Number of Shares	Long position/ short position/ lending pool	Approximate percentage of class of issued Shares (%)	Approximate percentage of total issued Shares (%)
Prof. Chen	Beneficial owner	A Shares	170,489,491	Long position	12.67	11.40
	Interest of spouse[1]	A Shares	346,700	Long position	0.03	0.02
Mr. Xu Liqiang	Beneficial owner	A Shares	55,000	Long position	0.00	0.00

Notes:

1. Ms. Chen, as the spouse of Prof. Chen, is interested in 346,700 A Shares. As such, by virtue of the SFO, Prof. Chen is deemed to be interested in the Shares held by Ms. Chen.

2. Comprising (i) 5,000 A Shares underlying the Share Options granted to Mr. Xu Liqiang under the 2024 Share Incentive Plan; and (ii) 50,000 A Shares corresponding to the Restricted Stocks granted to Mr. Xu Liqiang under the 2026 Share Incentive Plan.

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 IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2026, to the knowledge of the Directors of the Company, the following persons (other than the Directors and the chief executive of the Company) had interests and/or short positions (if applicable) in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under section 336 of the SFO (as applicable):

Name of shareholder	Nature of interest	Class of Shares	Number of Shares	Long position/ short position/ lending pool	Approximate percentage of class of issued Shares (%)	Approximate percentage of total issued Shares (%)
Ms. Chen Weirong	Beneficial owner	A Shares	346,700	Long position	0.03	0.02
	Interest of spouse[1]	A Shares	170,489,491	Long position	12.67	11.40
Fullgoal Fund Management Co., Ltd.	Investment manager	H Shares	14,780,500	Long position	9.88	0.98
JPMorgan Chase & Co.	Beneficial owner	H Shares	1,629,000	Long position	1.09	0.11
	Beneficial owner	H Shares	1,629,000	Short position	1.09	0.11
	Person holding a security interest in shares	H Shares	11,024,000	Long position	7.37	0.74
Huatai Securities Co., Ltd.[2]	Interest of controlled corporation	H Shares	11,027,500	Long position	7.38	0.74
	Interest of controlled corporation	H Shares	10,270,500	Short position	6.87	0.67

Notes:

1. Prof. Chen, as the spouse of Ms. Chen, is interested in 170,489,491 A Shares. As such, by virtue of the SFO, Ms. Chen is deemed to be interested in the Shares held by Prof. Chen.

2. Huatai Capital Investment Limited (which holds a long position of 11,024,000 H Shares and a short position of 10,270,500 H Shares of the Company) and Huatai Financial Holdings (Hong Kong) Limited (which holds a long position of 3,500 H Shares of the Company) are both wholly-owned subsidiaries of Huatai International Financial Holdings Company Limited, which in turn is a wholly-owned subsidiary of Huatai Securities Co., Ltd.

   As such, by virtue of the SFO, Huatai Securities Co., Ltd. is deemed to be interested in the Shares held by Huatai Capital Investment Limited and Huatai Financial Holdings (Hong Kong) Limited.

Save as disclosed above, as at 30 June 2026, to the knowledge of the Directors, no other person (other than the Directors and chief executive of the Company) had interests and/or short positions (if applicable) in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept under section 336 of the SFO (if applicable).

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this report, during the period from the Listing Date to the date of this report, neither the Company nor any of its subsidiaries entered into any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and no Director, or his/her respective spouse, or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate, or had exercised any such right.

INTERIM DIVIDEND

The Company does not plan to pay any interim dividend for the six months ended 30 June 2026.

AUDIT COMMITTEE

The Board has established the audit committee (the "**Audit Committee**"). The primary duties of the Audit Committee include, among others, reviewing and supervising the financial reporting process and internal controls system of the Group, reviewing connected transactions, and providing advice and comments to the Board.

The Audit Committee, together with management, has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2026 and this report, and considers that this report complies with the applicable accounting standards, relevant laws and regulations, and has made sufficient disclosures.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Save as disclosed above, there has been no event that has had a material impact on the Group since 30 June 2026 and up to the date of this report.

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (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)
Other comprehensive (loss)/income for the period, net of tax			
Item that will be reclassified subsequently to profit or loss:			
Translation of financial statements of foreign operations, net of tax		**(294,805)**	279,035
Total comprehensive (loss)/income for the period		**(130,542)**	400,452
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(157,390)**	379,470
Non-controlling interests		**26,848**	20,982
		(130,542)	400,452
Earnings per share ("EPS") for profit attributable to owners of the Company	12		
Basic (in RMB per share)		**0.10**	0.08
Diluted (in RMB per share)		**0.10**	0.08

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
Financial assets at fair value through profit or loss	14	**94,598**	94,598
Financial assets at fair value through other comprehensive income	15	**127,933**	30,863
Time deposits		**53,142**	52,525
Prepayments, other receivables and other assets	18	**417,369**	467,090
Deferred income tax assets		**62,139**	66,742
		18,676,313	18,709,401
Current assets			
Inventories	16	**1,114,433**	762,381
Trade and notes receivables	17	**2,831,788**	2,480,060
Prepayments, other receivables and other assets	18	**487,493**	440,517
Amounts due from related parties	26(c)	**4,141**	3,646
Prepaid income tax		**14,623**	5,441
Financial assets at fair value through profit or loss	14	**112,023**	30,001
Financial assets at fair value through other comprehensive income	15	**189,196**	369,753
Restricted bank deposits	19	**456,628**	571,202
Time deposits		**147,080**	233,037
Cash and cash equivalents		**3,301,654**	1,187,671
		8,659,059	6,083,709
Current liabilities			
Trade and notes payables	20	**848,134**	669,699
Financial liabilities at fair value through profit or loss		**1,143**	12,620
Contract liabilities		**20,810**	18,139

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**	93,384
Adjustments for:		
Share of results of associates and joint venture, net	**2,396**	(534)
Depreciation of property, plant and equipment (Note 13)	**501,699**	397,041
Depreciation of right-of-use assets	**12,310**	10,011
Amortisation of intangible assets	**1,909**	1,340
Depreciation of investment properties	**2,443**	–
Investment income from financial assets and financial liabilities at fair value through profit or loss (Note 7)	**(13,468)**	(10,003)
Net fair value gains on financial assets at fair value through profit or loss (Note 7)	**(2,332)**	(26,797)
Net losses on disposal of property, plant and equipment (Note 7)	**23**	12,281
Net impairment losses (reversed)/recognised on inventories (Note 8)	**(15,946)**	4,967
Finance costs (Note 9)	**126,590**	103,105
Net impairment losses reversed on trade and notes receivables and other receivables	**3,798**	2,660
Share-based payment expenses (Note 24)	**14,937**	26,510
Amortisation of deferred government grants (Note 6)	**(24,980)**	(30,095)
Net foreign exchange losses (Note 7)	**83,890**	33,605
Operating profit before working capital change	**877,493**	617,475
(Increase)/decrease in trade and notes receivables and notes receivables at FVOCI	**(174,995)**	115,343
Increase in prepayments and other receivables	**(131,243)**	(178,455)
Increase in inventories	**(334,895)**	(176,268)
Increase/(decrease) in trade and notes payables	**178,434**	(57,303)
(Decrease)/increase in other payables and accruals	**(6,297)**	235,622
Increase/(decrease) in contract liabilities	**2,671**	(3,656)
Cash generated from operations	**411,168**	552,758
Income tax paid	**(20,050)**	(16,561)
Net cash flows generated from operating activities	**391,118**	536,197

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.

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 based on the internal organisation structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group's result and financial position as a whole, major customers and geographic information are presented.

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group's revenue during the six months ended 30 June 2026 and 2025 is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A	**477,423**	268,835
Customer B	**550,469**	222,547
Customer C	**N/A***	290,846
Customer D	**N/A***	221,296
Customer E	**306,095**	N/A*
	1,333,987	1,003,524

* *The corresponding revenue for the customer didn't contribute over 10% of the total revenue of the Group during the period.*

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
Net losses on disposal of property, plant and equipment	**(23)**	(12,281)
Others	**(1,382)**	(6,336)
	(69,495)	(15,422)

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
Logistics fees	**19,359**	18,923
Official and travel expenses	**78,009**	20,900
Tax and surcharges	**39,556**	19,417
Legal and professional fees	**15,099**	11,663
Listing expenses	**1,787**	936
Auditor's remuneration	**900**	900
Others	**59,549**	60,168
	2,296,277	1,766,147

9. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense on bank borrowings	**94,378**	81,985
Interest expense on other borrowings	**32,102**	19,033
Interest expense on lease liabilities	**110**	2,087
	126,590	103,105

Note: During the six months ended 30 June 2026, the amount of approximately RMB42,026,000 (six months ended 30 June 2025: RMB62,209,000) finance costs on borrowings and lease liabilities, which funds were specifically invested in construction in progress, have been capitalised.

10. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current income tax	**7,365**	31,963
Deferred income tax charge/(credit)	**12,596**	(59,996)
	19,961	(28,033)

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

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

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

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of approximately RMB770,087,000 (six months ended 30 June 2025: RMB2,890,563,000).

During the six months ended 30 June 2026, depreciation of approximately RMB501,699,000 (six months ended 30 June 2025: RMB397,041,000) was charged and items of property, plant and equipment with a net carrying amount of approximately RMB434,000 (six months ended 30 June 2025: RMB13,487,000) were disposed of during the six months ended 30 June 2026, resulting in net loss on disposal of approximately RMB23,000 (six months ended 30 June 2025: RMB12,281,000).

During the six months ended 30 June 2026, the exchange realignment of negative approximately RMB308,968,000 (six months ended 30 June 2025: positive RMB335,674,000), resulting from a foreign currency translation of the financial statements of companies whose functional currency is not RMB for the property, plant and equipment.

During the six months ended 30 June 2026, the Group renewed several lease agreements and entered into new or extension of lease agreements with lease terms ranged from 3 to 7 years (six months ended 30 June 2025: nil). On date of lease commencement, the Group recognised right-of-use assets of approximately RMB3,500,000 (six months ended 30 June 2025: RMB9,007,000) and lease liabilities of approximately RMB3,500,000 (six months ended 30 June 2025: RMB9,007,000).

During the six months ended 30 June 2026, depreciation of right-of-use assets of approximately RMB24,535,000 (six months ended 30 June 2025: RMB24,889,000) was charged. Among them, the depreciation of right-of-use assets (net of capitalisation in construction in progress) of approximately RMB12,310,000 (six months ended 30 June 2025: RMB10,011,000) was charged into profit or loss.

During the six months ended 30 June 2026, the Group purchased intangible assets of RMB5,549,000 (six months ended 30 June 2025: RMB10,150,000).

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.

17. TRADE AND NOTES RECEIVABLES *(Continued)*

The ageing analysis of trade receivables based on recognition date is as follows:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Within 1 year	**2,203,933**	1,898,142
Over 1 year but within 2 years	**2,288**	8,624
Over 2 years but within 3 years	**6,223**	7,325
Over 3 years	**19,068**	17,958
	2,231,512	1,932,049

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Other receivables	**30,296**	33,270
Less: allowance for impairment	**(1,552)**	(1,671)
	28,744	31,599
Prepayment for acquisition of non-current assets	**161,755**	147,205
VAT recoverable	**616,327**	651,205
Prepayments for materials and others	**98,036**	58,351
Deferred listing expenses	**–**	19,247
	904,862	907,607
Analysed for reporting purposes as:		
Current assets	**487,493**	440,517
Non-current assets	**417,369**	467,090
	904,862	907,607

19. RESTRICTED BANK DEPOSITS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
Restricted bank deposits	**456,628**	571,202
Pledged bank deposits for notes payables	**303,024**	286,850
Pledged bank deposits for bank borrowings	**122,333**	43,706
Pledged bank deposits for other purposes (Note)	**31,271**	240,646
	456,628	571,202

Note: As at 30 June 2026, other restricted deposits amounted to approximately nil (31 December 2025: RMB219,042,000), representing funds placed in a designated securities investment account under an Entrusted Asset Management Contract with an independent third party.

As at 30 June 2026, the Group's restricted bank deposits, other than those held in designated securities investment accounts amounting to approximately nil (31 December 2025: RMB219,042,000) which are denominated in USD, are primarily denominated in RMB.

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:

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000
– Within 1 year	**536,571**	442,019
– Over 1 year but within 2 years	**3,833**	7,142
– Over 2 years but within 3 years	**6,187**	1,356
– Over 3 years	**2,697**	1,984
	549,288	452,501

As at 30 June 2026 and 31 December 2025, no matured notes payables were unpaid.

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

During the six months ended 30 June 2026, the Group had new borrowings of approximately RMB3,400,084,000 (six months ended 30 June 2025: RMB2,988,132,000), repaid of borrowings approximately RMB1,939,164,000 (six months ended 30 June 2025: RMB1,225,421,000).

As at 30 June 2026 the borrowings bear effective interest rates range of 2.11%~4.7% (31 December 2025: 1.96%~4.14%) per annum.

Bank credit facilities amounted to approximately RMB11,338,677,000 had not been utilised as at 30 June 2026 (31 December 2025: RMB9,078,950,000).

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

23. SHARE CAPITAL AND TREASURY SHARES *(Continued)*

The detail of the treasury shares reserve and number of treasury shares outstanding at 30 June 2026 and 31 December 2025 are as follows:

	Six months ended 30 June 2026 RMB'000 (unaudited)	Year ended 31 December 2025 RMB'000
At the beginning of the period/year	**350,758**	62,765
Repurchase and cancellation of shares under restricted shares incentive schemes	**–**	(11,989)
Revocable dividends attributable to restricted shareholders	**(85)**	–
Grant of shares in treasury shares under restricted shares incentive schemes (Note 24)	**(35,638)**	–
(Cancellation)/repurchase of shares	**(50,764)**	299,982
At the end of the period/year	**264,271**	350,758
Number of treasury shares (in thousands)	**28,436**	30,849

24. SHARE-BASED EMPLOYEE COMPENSATIONS

(a) Share-based compensation expenses during the six months ended 30 June 2026 and 2025 were as follows:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Equity settled share-based compensation	**14,937**	26,510

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:		
– Shenzhen Xinyuanbang Technology Co., Ltd.	**9,480**	492
– N-Tech Environment Protection Science and Technology (Changzhou) Co., Ltd.	**81**	96
	9,561	588

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)*

(d) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Fees	**160**	99
Salaries, allowances, discretionary bonuses and benefits in kind	**2,872**	4,631
Retirement scheme contributions	**76**	111
Share-based compensation expenses	**755**	3,858
Total compensation paid to key management personnel	**3,863**	8,699

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

Notes to the Interim Financial Information

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: *(Continued)*

	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 that reflects the credit risk of various counterparties	N/A

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.

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

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

(c) Reconciliation of Level 3 fair value measurements *(Continued)*

(ii) Financial assets at FVTOCI

	Notes receivables measured at FVTOCI RMB'000	Unlisted equity investment RMB'000
As at 1 January 2026	**369,753**	**30,863**
Additions (unaudited)	**454,116**	**97,070**
Disposals (unaudited)	**(634,673)**	**–**
As at 30 June 2026 (unaudited)	**189,196**	**127,933**
As at 1 January 2025	292,318	–
Additions (unaudited)	999,327	18,816
Disposals (unaudited)	(1,109,768)	–
As at 30 June 2025 (unaudited)	181,877	18,816

28. CONTINGENT LIABILITY

As of 30 June 2026, the Group has no other outstanding litigation or contingent liability that in the opinion of the directors of the Company would have material impact to the Group's financial position.

29. EVENT AFTER THE END OF THE REPORTING PERIOD

There is no any significant event subsequent to 30 June 2026.